Treasure Valley Community College

Code:	DBDA
Adopted:	9/27/2000
Readopted:	10/14/09; 3/30/10; 3/16/21

Debt Guidelines

A debt policy will help the College guide both the issuance and management of debt. Adherence to a debt policy helps ensure that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

Purpose

The College recognizes the foundation of any well-managed debt program is a debt policy. A debt policy sets forth the parameters for issuing debt and managing outstanding debt and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. Advantages of a debt policy are as follows:

1. Enhances the quality of decisions by imposing order and discipline;

2. Promotes consistency and continuity in decision making;

3. Rationalizes the decision-making process;

4. Identifies objectives for staff to implement;

5. Demonstrates a commitment to long-term financial planning objectives; and

6. Is regarded positively by the rating agencies in reviewing credit quality.

Spending Affordability

Administration shall annually review and evaluate current and projected revenues and expenditures of the College and make recommendations related to revenue projections, level of College spending and new College debt authorization for the next fiscal year, systematic funding, and the expected effect recommendations will have on future budgets, and other findings and/or recommendations administration considers appropriate.

Planning and Structure

The College plans long-and short-term debt issuance to finance its capital programs based on its cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The Vice President of Administrative Services or designee coordinates the timing, issuance process and marketing of the College's borrowing and capital funding activities required in support of the capital improvement plan.

The College employs outside financial specialists to assist it in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. The key players in the College's financing transactions include the President, Vice President of Administrative Services, bond counsel, and the underwriter. Other outside firms, such as those providing paying agent/registrar, trustee, credit enhancement, auditing, or printing services, are retained as required.

Credit Ratings

The Vice President of Administrative Services or designee is responsible for maintaining relationships with the rating agencies that assign ratings to the College's various debt obligations. This effort includes providing periodic updates on the College's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.

Debt Principles

The College will not fund current operations from the proceeds of long term borrowed funds; however, capital leases may be utilized for projects or equipment.

The College will confine long-term borrowing and capital leases to capital improvements, projects, or other capitalizable fixed assets that cannot be financed from current financial resources. (See DID-AR for Fixed Asset Capitalization Policy)

The College will analyze market conditions prior to debt issuance to determine the most advantageous average life. The debt structure will be lengthened during low interest rates and shortened during high rates.

When the College finances capital improvements, or other projects or equipment by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project or equipment. Debt related to equipment ancillary of a construction project may be amortized over a period less than that of the primary project.

The College will maintain good communications about its financial condition with bond and credit rating institutions.

The College will follow a policy of full disclosure in every annual financial report and financing official statement/offering document.

Revenue Policies

The College will try to maintain a diversified and stable revenue structure to shelter it from short-run fluctuations in any one revenue source.

The College will attempt to maintain a diversified and stable economic base by supporting policies promoting all aspects of our mission and goals.

The College will estimate its annual revenues by an objective, analytical process.

Management Practices

The College has instituted sound management practices and will continue to follow practices that will reflect positively on it in the rating process. Among these are long-term financial and capital improvement plans, management of expense growth in line with revenues and maintenance of an adequate level of operating reserves.

The College will comply with the standards of the Government Finance Officers Association for financial reporting and budget presentation and the disclosure requirements of the Securities and Exchange Commission.

END OF POLICY

Legal Reference(s):

ORS 294.305 to -294.565

OAR 150-294-0430