08-0827-PO5

August 27, 2008

[redacted]

[redacted]

[redacted]

[redacted]

The Board should not finance general operating costs from debt having maturities greater than [illegible]

in the Board's annual operating budget and having a useful life of less than one year. However, [illegible]

C. Use of tax-exempt bond proceeds:

[redacted]

satisfied from and after the date of issuance of the bonds. Among other things, these include requirements related to the use of proceeds of the bonds. The use of tax-exempt financed [redacted]

Charter School leases shall comply with any applicable federal or state laws regarding tax exempt financing.

III. Debt Issuance Methodology

A. Establishing Financing Priorities

The Board faces continuing capital infrastructure and cash requirements, the costs of which will be met, in large part, through the issuance of various types of debt instruments.

d) **Debt Burden Measures.** The Board will consider the impact of the issuance of additional debt on the following measures as evaluated against debt burden benchmarks which may be published by or obtained from nationally recognized credit rating agencies, the Government Finance Officer's Association, or other similar sources:

- *Ratio of Net Bonded Debt to Estimated Full Value*. The formula for this computation is Net Bonded Debt, which is the total outstanding debt, divided by the current Estimated Full Value.

5. Risks and considerations associated with Variable Rate Debt:

   a) **Risk/Benefit Analysis.** The impact of variable rate debt on the Board's future debt service and budgetary obligations must be quantified and either mitigating

   factors identified or increased financial benefits such as interest cost savings or increased proceeds established to compensate for the risks identified below.

   Modeling different stress case scenarios may quantify this impact. The

[redacted]

other party fulfilling its obligations. To the extent that the counterparty does not

[redacted]

This risk may be mitigated by collateral requirements, Triple –A rated counterparties, strong downgrade provisions, and rights to assign the agreement.

[redacted]

Structures which increase savings through alternatives such as derivative contracts, non-standard call provisions, and investments other than Treasury Securities shall be evaluated by identifying additional risks, quantifying potential costs, and either identifying mitigating factors or

3. Derivative Instrument Reporting. The CAFR will provide detailed disclosure of the

information, and an explanation of the risks associated with the transaction.

The Board shall also prepare a comprehensive quarterly report for each derivative

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Approved for Consideration:

Chief Operating Officer

Respectfully Submitted:

Chief Executive Officer

Noted:

Pedro Martinez
Chief Financial Officer

Approved as to Legal Form:

Patrick J. Rocks
General Counsel