

SECOND BOARD REPORT AS OF 8/27/08

[REDACTED]

ADVISORY BOARD MANAGEMENT POLICY

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

THE CHIEF EXECUTIVE OFFICER RECOMMENDS:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Board should not finance general operating costs from debt having maturities greater than
one year. General operating costs include, but may not be limited to, those items normally funded

in the Board's annual operating budget and having a useful life of less than one year. However,
the Board may deem it necessary to finance such future requirements under certain circumstances.

C Use of tax-exempt bond proceeds:

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 ~~is governed by the Internal Revenue Code of 1986, as amended (the "Code")~~

~~Charter School leases shall comply with any applicable federal or state laws regarding tax~~

[REDACTED]

exempt financing.

III. **Debt Issuance Methodology**

A. **Establishing Financing Priorities**

The Board faces continuing capital infrastructure and other requirements, the costs of which will

[REDACTED]

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

sources, including the Government Finance Officers 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 specified, and with quantification~~

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

Counterparty Risk. The success of the derivative transaction depends on the

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

This risk may be mitigated by collateral requirements, Triple -A rated counterparties, strong downgrade provisions, and rights to assign the agreement. The Board should diversify its exposure to counterparties

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 mitigation 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
transaction that into the CAFR together with their circumstances. The national amount of the

Approved for Consideration:

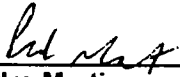


Respectfully Submitted:



Chief Operating Officer

Noted:



Pedro Martinez
Chief Financial Officer

Chief Executive Officer

Approved as to Legal Form:



Patrick J. Rocks
General Counsel