



## BOARD POLICY ON DEBT ISSUANCE AND MANAGEMENT

The Governing Board is committed to long-term capital and financial planning and recognizes that the issuance of debt is a key source for funding the improvement and maintenance of school facilities and managing cash flow. Any debt issued by John Adams Academy, Inc. shall be consistent with law and this policy.

When the Board determines that it is in the best interest of John Adams Academies, Inc., the Board may issue debt. The Executive Director or designee shall make recommendations to the Board regarding appropriate financing methods for capital projects or other projects that are authorized purposes for debt issuance. When approved by the Board, the Executive Director or designee shall administer and coordinate John Adams Academies, Inc.'s debt issuance program and activities.

The Executive Director or designee shall retain a financial advisor, municipal advisor, investment advisor, and other financial services professionals as needed to assist with the structuring of the debt issuance and to provide general advice on John Adams Academies, Inc.'s debt management program, financing options, investments, and compliance with legal requirements. Contracts for services provided by such advisors may be for a single transaction or for multiple transactions. In the event that John Adams Academies, Inc. issues debt through a negotiated sale, underwriters may be selected for multiple transactions if multiple issuances are planned for the same project. In addition, John Adams Academies, Inc. shall select a legal team on an as-needed basis to assist with debt issuances or special projects.

### **Goals**

John Adams Academies, Inc.'s debt issuance activities and procedures shall be aligned with John Adams Academies, Inc.'s vision and goals for providing adequate facilities and programs that support scholar learning and well-being. When issuing debt, John Adams Academies, Inc. shall strive to:

1. Maintains accountability for the fiscal health of John Adams Academies, Inc. and its various charter schools, including prudent management and transparency of John Adams Academies, Inc.'s financing programs;
2. Attains the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements;

3. Takes all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues;
4. Maintains effective communication with rating agencies and, as appropriate, credit enhancers such as bond insurers or other providers of credit or liquidity instruments in order to enhance the creditworthiness, liquidity, or marketability of the debt;
5. Monitors John Adams Academies, Inc.'s debt limit in relation to revenue within John Adams Academies, Inc.;
6. When determining the timing of debt issuance, considers market conditions, cash flows associated with repayment, and John Adams Academies, Inc.'s ability to expend the obtained funds in a timely, efficient, and economical manner consistent with federal tax laws;
7. Determines the amortization (maturity) schedule which will fit best within the overall debt structure of John Adams Academies, Inc. at the time the new debt is issued;
8. Considers the useful lives of assets funded by the debt issue, as well as repair and replacement costs of those assets to be incurred in the future; and
9. Meets the ongoing obligations and accountability requirements associated with the issuance and management of debt under state and federal tax and securities laws.

#### **Authorized Purposes for the Issuance of Debt**

John Adams Academies, Inc. may issue debt for any of the following purposes:

1. To pay for the cost of capital improvements, including acquiring, constructing, reconstructing, rehabilitating, replacing, improving, extending, enlarging, and/or equipping district facilities;
2. To refund existing debt; and
3. To provide for cash flow needs.

#### **Authorized Types of Debt**

The Executive Director or designee shall recommend to the Board potential financing method(s) that result in the highest benefit to John Adams Academies, Inc., with the cost of staff and consultants considered. The Board shall review and approve disclosures associated with any securities issued by or on behalf of JAA.

### **Internal Controls**

The Executive Director or designee shall establish internal control procedures to ensure that the proceeds of any debt issuance are directed to the intended use. Such procedures shall assist John Adams Academies, Inc. in maintaining the effectiveness and efficiency of operations, properly expending funds, reliably reporting debt incurred by John Adams Academies, Inc. and the use of the proceeds, complying with all laws and regulations, preventing fraud, and avoiding conflict of interest.

In addition, the Executive Director or designee shall ensure that John Adams Academies, Inc. completes, as applicable, all performance and financial audits that may be required for any debt issued by John Adams Academies, Inc., including disclosure requirements applicable to a particular transaction.