Foxborough Regional Charter School
Debt Management Policy

GENERAL POLICY

Foxborough Regional Charter School (the “School”) is committed to advancing and employing management practices consistent with a debt management program capable of providing for all of the School’s short-term and long-term capital needs.

The School desires to make this Debt Management Policy available to the public in order to inform professionals in the capital markets, institutional and individual investors, and interested citizens of the principles upon which some of the School’s most critical fiscal decisions are based.

PURPOSE

The purpose of the Debt Management Policy is to foster and, where possible, enhance management practices that will reduce transaction costs related to the School’s debt transactions, and that will ensure that the School maintains a manageable level of total outstanding debt. These management practices will reduce to the greatest extent possible the amount the School pays to obtain money it requires to finance its capital needs, and the rate of interest it must pay for the capital it borrows. The practical result of these management practices will be the ability of the School to access the capital markets at the lowest possible cost.

These management practices are ultimately designed to enable the School to borrow the amounts it needs to protect and enhance the School’s infrastructure, maintain and construct the School’s buildings and classrooms, and to deliver services that continue to promote the School’s mission in educating its students.

AUTHORIZATION FOR AND RESTRICTIONS ON DEBT ISSUANCE

All indebtedness of the School must be authorized by the Board. The School will explore both the public and private markets to access capital. The School issues debt through a conduit issuer, a governmental entity authorized to issue tax-exempt, taxable, and tax credit conduit bonds for public and private entities.

RATIOS

DEBT SERVICE COVERAGE RATIO

The School will maintain a historical debt service coverage ratio of at least 1.20x for each fiscal year. The ratio is obtained by dividing the School’s net income available for debt service for such fiscal year by the maximum annual debt service.

LOAN-TO-VALUE RATIO

The School shall maintain a loan-to-value ratio less than or equal to 83%. The loan-to-value ratio is obtained by dividing the outstanding principal balance (as of the testing date) of the School’s Bonds (reduced by the portion of such outstanding principal of the Bonds, if any, that is then guaranteed by the Issuer under the Massachusetts Development Finance Agency Guaranty) and the School’s Series 2017B Bonds, by the fair market value of the Property as set forth in the most recently obtained approved appraisal.

UNRESTRICTED CASH

The School shall maintain an unrestricted cash balance as of the end of each fiscal year of at least 5% of its operating expenses for the prior fiscal year.

REFINANCING DEBT

The School shall consider refunding outstanding debt when net present value savings are at least 3% of refunded par. The School may also undertake a refunding to defease bonds secured by indentures containing restrictive covenants or restructure outstanding debt in order to advance the School's debt management goals.

COMPLIANCE WITH DISCLOSURE GUIDELINES

The School recognizes the increased role of the Securities and Exchange Commission in the tax- exempt market and increasing requirements for full disclosure by issuers. The School shall provide complete and continuing disclosure of its financial condition, operating results and debt issuance in order to satisfy these requirements and maintain good relations with the investment community. The School shall prepare an official statement for all public debt issues.

COMPLIANCE WITH ARBITRAGE REBATE REGULATIONS

The School shall maintain records that are sufficient to comply with the requirements of the Tax Reform Act of 1986 and its amendments. The School shall monitor earnings from bond proceeds and provide, if necessary, a mechanism to rebate in a timely manner any excess earnings above the maximum allowable yield in order to preserve the tax-exempt status of such debt and avoid any other penalty that might be imposed.

INVESTMENTS

The School's investments of funds are generally restricted by Massachusetts General Laws Chapter 44, section 55, which statue permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal governments of an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization. The Board Treasurer and the Director of Finance will review the investment portfolio, recommending changes to the Board. All investments will be approved by the Board.

ALTERNATIVE FUNDING SOURCES

The School shall pursue all programs and funding sources which provide an alternative source of funds for capital maintenance and improvement projects.