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Owner Clint Ewell: VP-Finance & Administrative Services
Area 7.0 Finance

Debt Management, 7.06

PURPOSE

In line with the Yavapai College value of integrity, this policy outlines the objectives and guidelines for debt management practices which are compliant with the Arizona Revised Statutes. The Vice President, Finance & Administrative Services will evaluate and recommend debt management practices and options that help ensure all College debt is issued in a prudent and cost-effective manner.

POLICY APPLICATION

This Debt Management Policy shall be applicable to all debt instruments proposed and/or issued by the College, regardless of the basis for issuance of the funding source for repayment.

OPERATIONAL POLICY

The College's Debt Management Policy is intended to demonstrate a commitment to long-term financial planning, and will be used in conjunction with the College's Campus Master Plan, Strategic Plan, District Governing Board reserve requirements and other long-range planning strategies.

I. Debt Management Objectives

The College's primary objective is to ensure prudent debt management practices which:

- A. Maintain the College's financial stability;
- B. Preserve public trust;
- C. Minimize costs to taxpayers;
- D. Minimize borrowing costs; and

- E. Maintain or improve the College's current credit rating.

II. Borrowing Methods

The College's Administration will consider, and will recommend to the District Governing Board (DGB), debt management practices and options tailored to address particular College needs, projects, and financial situations. Among other options and to the extent permitted by applicable and prevailing laws and regulations, the Administration may consider:

- A. General Obligations Bonds;
- B. Non-General Obligation Revenue Bonds and/or Debt Obligations;
- C. Refunding Bonds;
- D. Lines of Credit; and
- E. Lease Purchase Agreements for the acquisition of equipment and other capital assets.

III. Debt Guidelines

- A. Debt is a financing tool, which should be judiciously used within the College's legal, financial, and debt market capacities.
- B. Long-Term Debt: Bonds with long-term maturities of greater than twelve months will be considered for financing essential capital activities and/or to fund other special programs approved by the District Governing Board.
- C. Short Term Debt: Debt with a maturity of twelve months or less may be considered for projects that cannot be funded from available current resources. To the extent permitted by law, the College may consider short-term financing as a cash management tool to provide interim financing to cover temporary cash flow deficits within a fiscal year.
- D. The College will consider structuring debt to achieve the lowest possible net interest cost to the District's given market conditions.
- E. The College should attempt to maintain a debt service tax levy that is stable and avoids significant year-to-year fluctuations.
- F. To obtain the lowest possible financing costs, debt will be structured with the strongest possible authorized security.
- G. Debt maturity structures will not exceed the useful life of the projects financed.
- H. Debt service should not exceed the expected revenues used to repay the debt at any time.
- I. Call features should be structured to provide maximum flexibility relative to cost.
- J. The College will consider Negotiated Sale or Competitive Sale on a case-by-case basis in consultation with its Municipal Advisor.

IV. Compliance

- A. The College shall implement procedures designed to ensure compliance with all laws, regulations, IRS provisions, and other mandates and/or restrictions applicable to the

taxable and tax-exempt borrowing measures used by the College.

- B. The College's Vice President of Finance & Administrative Services is authorized and directed to ensure that all reporting, monitoring, and other regulatory activities are performed on behalf of the College in accordance with applicable requirements and the advice of any consultants or advisors the College has engaged with respect to particular transactions.

RELATED PROCEDURES

No related procedures.

RELATED POLICIES

No related policies

RELATED INFORMATION

Yavapai College Facilities Master Plan

Yavapai College Strategic Plan

POLICY HISTORY

Adopted X/XX/XXXX;

COPY

Approval Signatures

Step Description	Approver	Date
Approval: PRC	Jamie Oltersdorf	Pending
Approval: Formatting & Admin	Jamie Oltersdorf	8/11/2023
Policy Owner Approval	Clint Ewell: VP- Finance & Administrative Services	8/2/2023