

Debt Management Policy

This Debt Management Policy of the Plainfield Library District (the “Library”) sets forth certain debt management objectives for the Library and establishes overall parameters for issuing and administering the Library’s debt. The purpose of this Debt Management Policy is to assist the Library in pursuit of the following objectives:

- Minimize debt service and issuance costs
 - Maintain access to cost-effective borrowing
 - Achieve the highest practical credit rating
 - Full and timely repayment of debt
 - Maintain full and complete financial disclosure and reporting
 - Ensure financial controls are in place with respect to proceeds of debt issuances
 - Ensure compliance with applicable State and Federal laws
1. Debt Management Goals and Objectives. The Library’s debt issuance activities and procedures shall be aligned with the Library’s vision and goals for providing adequate facilities and programs that support the residents. The Library shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue. When issuing debt, the Library shall ensure that it:
 - a. Maintains accountability for the fiscal health of the Library, including management and transparency of the Library’s financing programs.
 - b. Seeks 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.
 2. General Provisions, Types of Debt that May be Issued. The Library may use any borrowing methods approved for library districts under State of Illinois Law. Further, the Library will strive to ensure that any issuance of debt is exempt from federal taxation to the extent possible. The following types of debt may be issued under this policy subject to State and Federal law:
 - a. Debt Certificates
 - b. General Obligation Bonds (Alternate Revenue Source)
 - c. General Obligation Bonds, pursuant to referendum

Prior to issuance of debt, the Library will consider the cost of debt service and its impact on the Library's operations. The Library will evaluate a projection of future financial performance that demonstrates the affordability of the proposed borrowing, and any operational adjustments, if any, required to accommodate bond debt service. Bond refundings that produce debt service savings are not subject to this requirement.

The Library will not issue debt with a variable interest rate or borrow using financial products that incorporate derivatives, directly or indirectly.

3. Purposes for Borrowing. Long-term borrowing may be used to finance capital improvements, renovations, acquisition of property, construction of new buildings, or any other purpose permitted under Illinois law. As part of a long term borrowing, the Library may also fund capitalized interest, costs of issuance, required reserves, and any other financing related costs which may be legally funded from bond proceeds. Long-term borrowing shall not be used to fund operating costs.

Borrowings to refinance existing borrowings for savings are permissible if the refinancing produces net present value savings of at least 3.0%. Borrowings to restructure outstanding debt that do not achieve the savings target are permissible if they meet the requirements for issuing new debt described ins Section 2 above.

Except to address an unavoidable and temporary shortfall in funds, the Library shall not use short-term borrowing as a funding mechanism. In the event that the Library should require borrowing on a short-term basis, it shall immediately formulate a plan to avoid such borrowing in the future.

4. Responsibility for Debt Management Activities. The Finance Manager, directed by the Library Director, shall be responsible for managing and coordinating all activities related to the issuance and administration of debt, including the implementation of internal control procedures to ensure that the proceeds of debt are directed to the intended use. The Finance Manager is responsible for the Library's debt administration activities, particularly the timely payment of debt, investment of bond proceeds, monitoring compliance with bond covenants, continuing disclosure, and arbitrage compliance for tax-exempt debt. The Finance Manager is also responsible for implementing internal control procedures to ensure that bond proceeds or other debt is directed to the intended use.
5. Debt Repayment. Debt will be structured with a maturity consistent with a fair allocation of costs to current and future beneficiaries of the financed capital project. The Library shall structure its debt issues so that the maturity of the debt issue is consistent with the economic or useful life of the capital project to be financed.
6. Professional Assistance. The Library shall utilize the services of bond counsel on all debt financings. The Library shall utilize the services of independent financial/municipal advisors when deemed appropriate by the Finance Manager. The Finance Manager shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize net Library debt costs. Such services, depending on the type of financing, may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, and special tax consulting. The goal in

selecting service providers, whether through a competitive process or single-source selection, is to achieve an appropriate balance between service and cost.

7. Method of Sale. The Finance Manager shall be responsible for determining the appropriate manner in which to offer any securities to investors. The Library may use competitive bid, negotiated sale, or private placement to sell its bonds. On a case-by-case basis the Finance Manager will make a determination as to the most effective method of sale.
8. Investment of Bond Proceeds. Investment of bond proceeds or other forms of debt shall be consistent with federal tax requirements, the Library's Investment Policy as modified from time to time, and with requirements contained in the governing bond documents.
9. Disclosure Practices and Arbitrage Compliance
 - a. Financial Disclosure. The Library is committed to full and complete primary and secondary market financial disclosure in compliance with its Continuing Disclosure Undertakings and in accordance with disclosure requirements established by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, as may be amended from time to time. The Library is also committed to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, timely, and accurate financial information. The Finance Manager will be responsible for the execution of financial disclosure responsibilities, which responsibilities may be delegated.
 - b. Arbitrage Compliance and Tax-exemption Maintenance. The Finance Manager shall maintain a system of record keeping and reporting to meet the arbitrage compliance requirements of federal tax law. The Finance Manager shall establish internal control procedures to ensure that the proceeds of any debt issuance are directed to the intended use. The Library shall be vigilant in ensuring that bond or other proceeds are only expended in accordance with the stated purposes at the time such debt was. This includes maintaining records of draws on said proceeds which identify the purpose and payee of said draw. The policy of the Library is to comply with all federal tax and securities law which may be applicable to its debt, which may include requirements relating to arbitrage, rebate and continuing disclosure. Reviews of such requirements in connection with prior and new debt issues may be conducted by Library Counsel or bond counsel. Any Library personnel involved in conducting such reviews may receive periodic training regarding their responsibilities as needed. In addition, the Finance Manager or designee shall ensure that the Library completes, as applicable, all performance and financial audits that may be required for any debt issued by the Library, including disclosure requirements applicable to a particular transaction.
10. Review. This policy shall be reviewed periodically by the Board consistent with other policies.