



### **Actions taken by the DSST Public Schools Foundation Board**

The following actions were taken by the DSST Public Schools Foundation Board through consent via email. Due to time pressures, these decisions were needed prior to the next scheduled board meeting in May, 2021.

#### Approval to Transfer Dollars to Fund the Debt Service Reserve

On 2/24 DSST received approval from CECFA to get state Moral Obligation (MO) backed bonds which will allow DSST to issue bonds at the State of Colorado's credit rating. In order to issue bonds, DSST will be required to fund a debt service reserve equal to one year of principal and interest payments. The debt service reserve will be held in a trustee account until it is used for the final year of debt payments.

Management requested \$1.1m from the Foundation in order to fund this debt service reserve. The Foundation Board provided unanimous approval of the proposal on 3/16.

#### Approval of Revenue Pledge Agreement

In order to get access to MO bonds, DSST and the obligated group of schools needs to obtain an investment grade credit rating. One of the key factors that the rating agency will look at is DSST's profitability. Adding in the Foundation's revenues will ensure that DSST's audited financials reflect a positive net income.

Management proposed an agreement between the Foundation and DSST that pledges the Foundation's revenues to pay debt payments if needed.

1. This would not obligate any of the Foundation's current assets or assets for any prior year into the future.
2. This is essentially putting into writing the practice we have already established of DSST, Inc. requesting funds from the Foundation when needed, no changes to process.
3. Our governmental revenue at Elevate will be many multiples of the debt payments to be intercepted, so in practice the Foundation's revenues will not be needed to cover debt payments.

The Foundation Board provided unanimous approval of the proposal on 3/19.