



Capital Projects Funding

**Board of Education
Committee of the Whole
February 13, 2012**

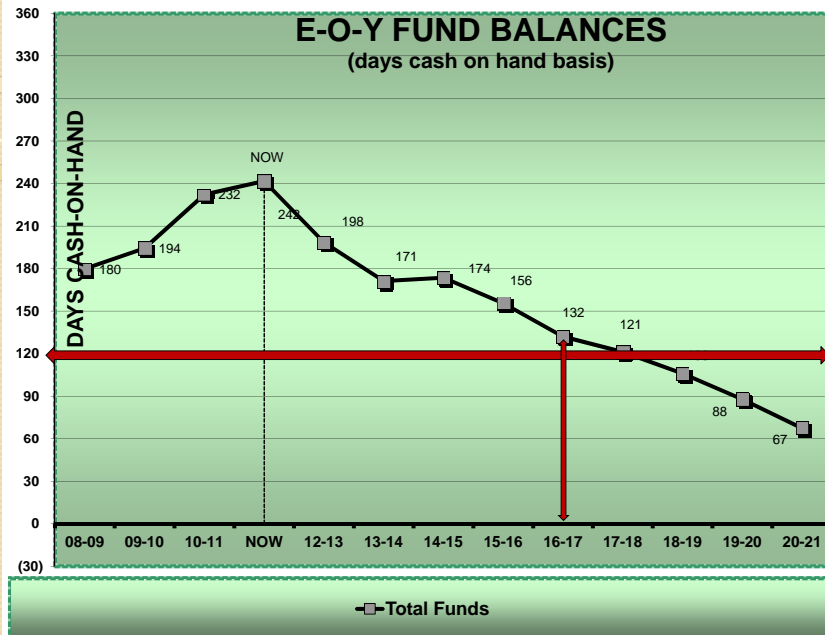


Capital Projects Funding Options

1. Self-funding
2. Debt Certificates
3. Debt Service Extension Base

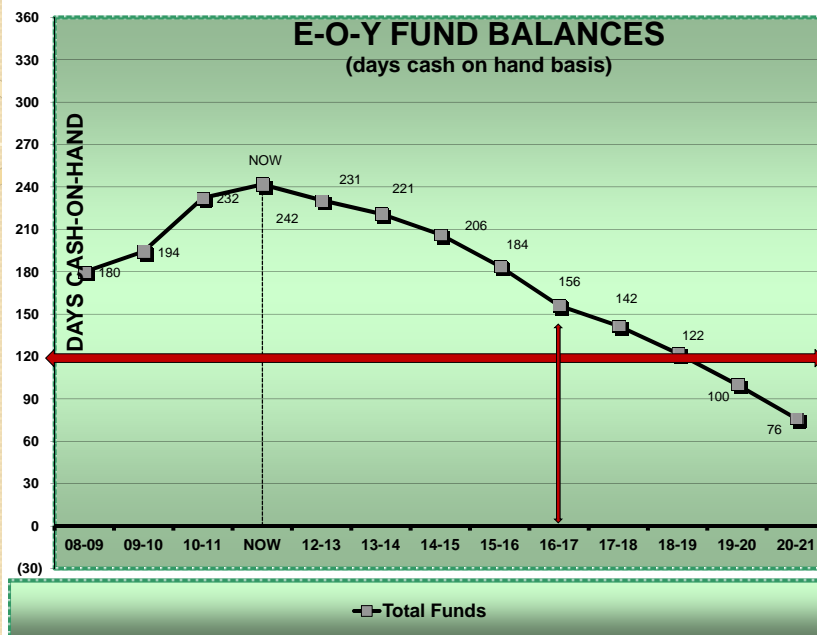
Self-funding

- Draw down on fund balances
 - Education Fund
 - Working Cash Fund



Debt Certificates

- Count against the Debt Limit
 - (6.9% of the value of the taxable property)
- May be issued for capital projects
- Require the Board of Education to approve an authorizing resolution
- Not subject to public hearing or petition period
- Repayment from O & M Fund
 - Permanent transfers from Ed Fund or Working Cash Fund




Debt Service Extension Base (DSEB)


- Is the amount of principal and interest that a school district can use to repay non-referendum general obligation bonds on an annual basis.
- Authorized in 1995 as an amendment to the Property Tax Extension Limitation Law (PTELL).
- 1994 levy year (base year) the District levied \$1,759,745 for debt service on non-referendum bonds.
- Law amended in 2009 to allow this amount to annually increase by CPI.

DSEB

- All debt issued under DSEB is subject to a petition period (Backdoor Referendum).
 - Board Action:
 - Requires a resolution authorizing the sale of bonds.
 - Resident Reaction:
 - 30 days to challenge such action by acquiring 10% of registered voters to sign petition.
 - Forces Board to ask for funding through a referendum question.



Cost of Borrowing

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- ### 20 Year Debt Certificates
- Within the “tax capped funds”
 - \$14,000,000
 - Interest Rate – 3.274%
 - Interest Cost – \$5,067,248
 - Average Annual Payment – \$960,000
 - Repayment is from Operations & Maintenance Fund
 - Requires a permanent transfer from Education Fund or Working Cash Fund

20 Year Debt Extension Base (DSEB)

- Outside the “tax capped funds”
- \$14,000,000
- Interest Rate – 3.271%
- Interest Cost – \$5,247,246
- Average Annual Payment – \$970,000
- Repayment through the tax levy process
 - Estimated rate adjustment \$0.04
 - Impact on \$400,000 market value + \$50.31

Board Discussion