



PMA[®]
SECURITIES



Long Term Facilities Maintenance Bonds

STATUTE REFERENCE:

- [123B.595](#)

BOND SECURITY:

- General Obligation of the District

PROCESS:

- School Board approves 10 year facilities maintenance plan including any proposed debt service schedules
- Submit plan to MDE for commissioner approval
- At least 20 days before the earliest of the issuance of bonds or the final certification of levies, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

FUNDING SOURCE:

- Construction paid from bond proceeds
- Bond debt paid with long term facilities maintenance funds.
- For most district's LTFM Funds = $\$380 \times \text{Adjusted Pupil Units} \times (\text{Average Building Age} / 35)$
- Additional funds can be generated to pay for projects greater than \$100,000 per site related to indoor air quality, fire alarm and suppression, and asbestos abatement.

TAX IMPACT:

- Bonds will create a tax impact on net tax capacity
- Bonds only create a tax impact if additional revenue is being requested for eligible projects.
- If issuing bonds paid by current \$380 per APU, it will cause reduction in taxes on agricultural land due to Ag2School Credit.
- For IAQ, fire alarm and suppression and asbestos abatement projects the increase in taxes will be levied on net tax capacity.

STATE AID IMPACT:

- No increase or decrease in state aid when the LTFM revenues are changed to pay for debt service.



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ELIGIBLE PROJECTS

- Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;
- Increasing accessibility of school facilities;
- Health and safety capital projects under section 123B.57
- Building remodeling for voluntary Pre-K program

Revenue CANNOT be used for

- for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;
- to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;
- for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration, or for a purpose unrelated to elementary and secondary education; or
- for violence prevention and facility security, ergonomics, or emergency communication devices.

KEY NOTES:

- The bonds must be paid off within 30 years.
- No review and comment required



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