

CAPITAL FINANCING

The board may attempt to add money to the Capital Projects Fund regularly in such amounts as are available and appropriate to the district's needs as determined by the board and permitted by State law. Money in that fund that is not immediately needed shall be invested in those securities permitted by law which shall provide maximum return to the fund. In addition to that fund, the board may finance capital projects through (1) a capital levy, (2) non-voter approved bonds (2) voter approved bonds, all as determined by the Board and permitted by State law. The board may also seek state financing assistance pursuant to chapter 28A.525 RCW to the maximum extent available as well as any federal funds that may be available. The Board may also consider other alternative capital financing methods.

Capital Levies

If the board determines that there is insufficient money in the Capital Projects Fund for construction, modernization or remodeling of school facilities, the board may seek voter approval of a two through six-year excess property tax levy pursuant to Article 7, Section 2(a) of the Washington Constitution and RCW 84.52.053.

Non-Voter Approved Bonds

If the board decides it is prudent, it may authorize, pursuant to RCW 28A.520.080, the issuance of non-voter approved bonds within its statutory debt limit (*i.e.*, 3/8th of 1% of the value of taxable property within the district). Such bonds may be used to pay costs to (a) purchase land for buildings, playgrounds, physical education and athletic facilities, and other necessary structures; (b) make energy efficiency improvements; (c) make structural changes and additions to existing school facilities (*i.e.*, modernization); and (d) purchase any real or personal property, or property rights. The board shall publish notice and conduct a public hearing if it intends to issue non-voter approved bonds in excess of \$250,000. The district shall comply with all legal requirements for the issuance, sale and delivery of non-voter approved bonds, including, but not limited to, State law, and federal tax and securities laws, as applicable. The specific terms, conditions and manner of sale of the non-voter approved bonds (or parameters with respect thereto) shall be fixed by one or more resolutions of the board, all as deemed necessary and advisable by the board and as permitted by law.

Voter Approved Bonds

If the board determines that there is insufficient money in the capital projects fund for a construction project, the board may, pursuant to Article 7, Section 2(b) of the Washington Constitution and RCW 28A.530.010, seek voter approval of general obligation bonds to pay costs of such a construction project. The district shall comply with all legal requirements for bond elections and the issuance, sale and delivery of voter approved bonds, including, but not limited to, State law, and federal tax and securities laws, as applicable.

The resolution adopted by the board calling for the bond election shall specify the purposes of the bond including the specific buildings to be constructed or remodeled and any other purposes authorized in RCW 28A.530.010. The board resolution shall also describe the specific purposes the board anticipates for using any state financing assistance, if any. If circumstances alter the purposes for which the board believes it is in the best interest of the district to use the state funds or those raised through the bond, the board shall conduct a public hearing to consider the circumstances and to receive public testimony. At a meeting subsequent to the public hearing the board may either amend its original resolution or adopt a new one describing the specific purposes to which the state and/or bond funds will be put. The specific terms, conditions and manner of sale of the voter approved bonds (or parameters with respect thereto) shall be fixed by one or more resolutions of the board, all as deemed necessary and advisable by the board and as permitted by law. Upon the sale of bonds duly authorized as prescribed by law, the proceeds shall be credited by the county treasurer to the district's Capital Projects Fund.

State Financing Assistance

The Superintendent and/or Executive Director of Financial Services shall consult with Office of the Superintendent of Public Instruction ("OSPI") early in the development of capital projects to determine eligibility for state financing assistance under chapter 28A.525 RCW. Further, the Superintendent and/or Executive Director of Financial Services shall comply with all statutory laws and administrative regulations established by OSPI and/or the State Board of Education, as applicable, to ensure the district's eligibility for state financing assistance with respect to such capital projects.

Other Financing Alternatives

In addition to the foregoing financing methods, the board, in its discretion, may consider a variety of other alternative capital financing sources, including, but not limited to, short term notes (tax anticipation notes, bond anticipation notes and revenue anticipation notes), capital financing leases and conditional sales contracts, lines of credit and State of Washington LOCAL Program. The district may also obtain money from some or all of the following sources: (1) Capital Project Fund money, including investment earnings (*e.g.*, real property sale proceeds, federal money, insurance proceeds, rental proceeds and gifts); (2) mitigation fees from environmental impacts by the State Environmental Protection Act ("SEPA"); and (3) impact fees or charges for expanding school facilities to meet growth under the Growth Management Act ("GMA"); and (4) Payment in Lieu of Taxes (also known as PILT money).

Refunding Bonds

Pursuant to chapter 39.53 RCW, other provisions of State law and federal tax and securities laws, as applicable, the board may also issue bonds to refund non-voter and voter approved bonds.

Consultation with Bond Counsel

Prior to determining the applicable financing method, the Superintendent and/or Executive Director of Financial Services shall consult with the district's bond counsel to ensure the legality of the contemplated financing method.

Legal References:

Article 7, Section 2(a) of the Washington Constitution
Article 7, Section 2(b) of the Washington Constitution
RCW 28A.320.310 Investment of building funds — Restrictions
RCW 28A.525.020 Duties of state board of education
RCW 28A.525.080 Federal grants — Rules and regulations
RCW 28A.530.010 District Bonds for Land, Buildings and Equipment
RCW 28A.530.020 Bond Issuance – Election – Resolution to specify purposes.
RCW 28A.530.030 Disposition of bond proceeds — Capital projects fund
RCW 28A.530.080 Additional authority to contract indebtedness
RCW 39.36.020 Limitation of indebtedness prescribed
Chapter 39.46 RCW Bond- Other Miscellaneous Provisions- Registration
Chapter 39.53 RCW Refunding Bond Act
RCW 84.52.053 Levies by School Districts authorized-When-Procedure
Sections 103, 141, 148, 149, 150 and 265 of the Internal Revenue Code of 1986
Securities and Exchange Commission Rule 15c2-12
WAC 392-123-180 Bond Proceeds

RSD NO: 400

Adoption Date: 06-26-2012