

1 Joint School District No. 2, Meridian
2 Meridian Technical Charter High School, Inc. has adopted West Ada's (Joint School District No. 2) policy.
3 BUSINESS OPERATIONS

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5 Series 800

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8 Policy Title Debt Management Policy Code No. 807.50

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10 GENERAL OBLIGATION DEBT:

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13 Debt Limits:

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15 As provided in Idaho Code 33-1103, Joint School District No. 2 will limit general
16 obligation debt to an amount not to exceed five percent (5%) of the market value for
17 assessment purposes, less the aggregate outstanding indebtedness.

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20 Paying for Existing Debt:

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22 As provided in Idaho Code 33-801, Joint. School No. 2 authorizes a bond and interest
23 obligation local property tax levy as is required to satisfy all maturing bond and bond
24 interest obligations. The District computes the bond and interest property tax levy as
25 provided in Idaho Code 33-802A. When the board of trustees determines and makes
26 the levy and incorporates the levy as a part of the Districts' budget to service all maturing
27 bond and interest payments for the ensuing year, the District takes into consideration
28 any balances remaining in the bond interest and redemption fund after meeting its bond
29 and interest obligations for the current year. The levy for the ensuing fiscal year shall be
30 an amount which, together with any state bond levy equalization funds provided
31 pursuant to section 33-906, Idaho Code, and the balance in its bond interest and
32 redemption fund remaining after meeting its current fiscal year bond and bond interest
33 obligations, shall satisfy all maturing bond and bond interest payments for at least the
34 ensuing twelve (12) months, and not to exceed the ensuing twenty-one (21) months
35 counted from July 1 of the current calendar year.

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37 The property tax rate required by Joint School District No. 2 to pay off the debt is to be
38 maintained at a relatively constant level, at or below \$2.70 per \$1,000 of assessed
39 value. When structuring the debt service on new bonds and refinancing bonds the
40 District will strive to create an amortization schedule that will provide for an
41 approximately constant property tax rate.

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44 Purposes for New Debt:

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46 General Obligation Bonds may be used for acquisition, construction, improving,
47 furnishing and equipping of schools and school site(s) and facilities, and making
48 improvements to existing schools and school facilities, including lighting, heating,
49 ventilation and sanitation facilities and appliances necessary to maintain and operate
50 said buildings and facilities, when deemed by the board of trustees of Joint School
51 District no. 2 to be required for the welfare of the District may be financed using general
52 obligation bonding.

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55 Authorization for New Debt;

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57 As provided in Idaho Code 33-1103, the Board of Trustees of the District, upon approval
58 of a majority thereof, may submit to the qualified electors of the school district the
59 question as to whether the board shall be empowered to issue negotiable coupon bonds
60 of the District in an amount and for a period of time to be named in the notice of election.

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62 As provided in the Constitution of the State of Idaho, Article VIII, Section 3, the District
63 must have two thirds (2/3) voting "yes" of the qualified electors voting at the election in
64 order to have authorization for new bonded debt.

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66 As required by Idaho Code 34-440, the following information will be disclosed by the
67 District as a part of the public notice of the bond election as well as a part of the official
68 ballot:

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- 70 1. The total existing indebtedness, including interest accrued, of the school District;
- 71 2. The interest rate which is anticipated on the proposed bond issue, the range of
72 anticipated rates, and the maximum rate if a maximum is specified in the
73 submission of the question; and
- 74 3. The total amount to be repaid over the life of the bond issue based on the
75 anticipated interest rate, if the bond election is approved.

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78 Bond Election Plan:

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80 A bond election plan shall be integrated into a long-range capital improvement plan to be
81 adopted at the time the annual budget of the District is adopted.

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83 Joint School District No. 2 desires to provide voters with complete information on
84 projects and infrastructure, along with their estimated costs, that will be constructed or
85 purchased from proceeds of general obligation bonds. The Board of Trustees sets forth
86 the following requirements for presenting general obligation packages to the voters for
87 approval.

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89 Not less than 14 days prior to a bond election called by the Board of Trustees, the Board
90 of Trustees will adopt a list of projects and acquisitions to be funded with the bond
91 proceeds, along with the estimated cost and the proposed time-line for construction and
92 acquisition. The list will include:

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- 94 1. The projected annual operating costs for construction projects.
- 95 2. For proposed land acquisition, the estimated number of acres to be acquired and
96 the planned use for the property.
- 97 3. A projected schedule of the sale of bonds if authorized by the voters.

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99 A substantial modification in the implementation of an adopted list of projects and
100 acquisitions to be funded by bond proceeds will require approval by the Board of
101 Trustees. Substantial means any of the following:

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- 103 • An increase or decrease in estimated costs of 25% or more.
- 104 • A delay in a projected construction or implementation schedule of 12 months or
105 more.
- 106 • A delay in the scheduled sale of bonds of 24 months or more.
- 107 • Any project that is not constructed.
- 108 • Any project that is added to those to be constructed.

- Any increase or decrease in the project scope by 25% or more.

Term of the Debt:

As provided in Idaho Code 33-1107, the District's bonds will be redeemed in full within twenty (20) years from the date of the bonds.

Financing Team:

Joint School District No. 2 employs outside financial specialists to assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. The key players in the District's financing transactions include its financial advisor and bond counsel, the underwriter, the District Superintendent and the Director of Finance. Other outside firms such as those providing paying agent or auditing services are retained as required. The financing team meets periodically to review the overall financing strategy of the District.

REFINANCING OF OUTSTANDING DEBT:

The District may undertake refinancing of outstanding debt under the following circumstances:

- Debt Service Savings – when total debt service savings can be realized while not increasing the property tax rate necessary to repay the bonds above the stated policy of the District in any current or future years. Net Present Value Savings from refinancing must be equal to or greater than 3.00% of the par amount of the bonds to be refinanced, unless the District Board determines that some other public benefit can be obtained through refinancing at a lower Net Present Value savings amount, however any refinancing must produce a positive Net Present Value Savings.
- Defeasance – when public policy benefits or savings in future debt service requirements outweigh the costs associated with the defeasance of the bonds and the benefits of using bond fund reserve moneys for current bond payments.

CAPITAL LEASES:

The District will not fund current operations from the proceeds of borrowed funds.

Date of Revision:
5/10/05

Legal Reference: Code of Idaho
33-1103, 33-801, 33-802A,
33-906, 33-1107, 34-440
