CLASS B SCHOOL IMPROVEMENT BONDS

(A) BALLOT LAWFUL USES:

1. Purchasing school lots.
2. Building school buildings.
3. Renovating school buildings.
4. Improving school grounds.
5. Pupil transportation vehicles.
6. Bond counsel fees, financial advisory fees, printing costs, paying agent, registrar.
7. Liquidating indebtedness incurred for such purposes.

(B) VOTER INFORMATION PAMPHLET LAWFUL USES:

1. Use bond proceeds only for capital improvements listed in the publicity pamphlet.
2. Exception: up to 10% of the bond proceeds may be used for general capital purposes, including cost overruns (but not for unlawful uses listed below).

(C) UNLAWFUL USES:

1. Soft capital purposes (15-962(D) short-term capital items that are required to meet academic adequacy standards, such as technology, textbooks, library resources, instructional aids, furniture and equipment).
2. Bond Election expenses.
3. Any capital improvements not listed in the publicity pamphlet, except up to 10% of bond proceeds may be used for general capital expenses, including cost overruns.
4. Any item whose useful life is less than the average useful life of the bonds.
5. Any item whose useful life is less than five (5) years.
6. Any Computer Hardware. Computer hardware is defined as including any electronic device with an integrated circuit that performs logic, arithmetic or memory functions and all input, output, processing, storage, software or communication facilities that are connected or related to such device in a system or network.
(D) **DEBT LIMITS:**

1. Greater of (i) $5/10 \%$ of the secondary assessed value or (ii) $1,500$ per student.
2. Combined Class A bonds and Class B bonds $15/30 \%$ of secondary assessed value.

(E) **ISSUANCE RESTRICTIONS:**

1. Shall not issue Class B bonds until the proceeds of any Class A bonds issued have been obligated in contract.
2. Bond authorization shall expire six years after the date of the election.
3. Useful life of assets financed shall exceed the average useful life of the bonds.
4. No item with a useful life less than five (5) years can be financed.
5. Internal Revenue Code Requirements:
   (i) Reasonably expect to spend $85\%$ of the proceeds in three (3) years;
   (ii) Within six (6) months of issuance district must incur a substantial binding obligation equal to at least five (5) percent of the proceeds;
   (iii) Use of the proceeds with due diligence;
   (iv) Not more than $5\%$ of financed facilities (measured by space, time and other factors), may be used by the federal government or private persons;
6. The longest maturity cannot exceed twenty (20) years from their date.
7. Premium may not exceed greater of two (2) percent of the par amount of the bonds or $100,000.

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