

COMPARISON OF SINKING FUND AND OTHER CAPITAL IMPROVEMENT FINANCING OPTIONS

for Michigan Public School Districts



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Uses	Sinking Fund MCL §380.1212	Voted or Non-Voted Bonds MCL §380.1351 MCL §380.1351a	Non-Voted Bonds or Note Paid from Sinking Fund Levy MCL §380.1351 MCL §380.1351a MCL §141.2405◊	Energy Conservation or Operational Improvement Bonds or Lease Purchase Agreements MCL §380.1274a	Installment Purchase Agreements (“IPA”) and Finance Leases under Act 99 MCL §123.721	Bond Anticipation Note (“BAN”) MCL §141.2413
Acquire Real Property (land and/or buildings)	Yes	Yes	Yes	No	Yes	Yes
New Construction	Yes	Yes	Yes	No	Limited	Yes
Remodeling	Yes	Yes	Yes	Limited	Limited	Yes
Technology Infrastructure	Yes	Yes	Yes	Limited	Limited	Yes
Site Improvements	Yes	Yes	Yes	Limited	Limited to equipment and fixtures	Yes
Fixtures	Yes	Yes	Yes	Energy conservation or operations	Yes	Yes
Equipment	No	Yes	No	Energy conservation or operations	Yes	Yes
Technology Equipment†	Yes*†	Yes	Yes*	N/A	Yes	Yes
Software	Operating or customized application only*†	Operating or customized application only†	Operating or customized application only*†	Energy controls or operations	Yes	Operating or customized applications only†
Security Equipment§	Yes*§	Yes	Yes*§	No	Yes	Yes
Buses	No	Yes	No	No	Yes	Yes
Repairs (curative rather than preventative measures or maintenance)	Yes	No	No	No	No	No
Purpose	Purchase of real estate and construction or repair or school buildings. No equipment other than technology and security equipment for proposals voted after March 2017.	Capital expenditures. No repairs or maintenance.	Purchase of real estate and construction of school buildings. No repairs and no equipment other than technology and security equipment for sinking fund proposals voted after March 2017.	Energy conservation or operational improvements. In order to be issued on a tax-exempt basis must be capital improvements (no management or non-capital operational measures)	Purchase of discrete real or personal property.	Short-term note issued in anticipation of long-term bond. Use of BAN limited to allowable uses of bond.
Limits on Amount Borrowed and/or Levy for Repayment	For proposals voted before March 2017, up to 5 mills for up to 20 yrs. For proposals voted after March 2017, up to 3 mills for up to 10 yrs. Subject to Headlee rollbacks.	Voted bond issue size: 15% of the District’s State Equalized Value (“SEV”) or if SBQLP** Qualified, no debt limit other than projected ability to repay SBQLP loans, if any, on series within 60 months after maturity. Non-voted bond issue size: Total bonded debt of District (voted and non-voted) may not exceed 5% of SEV.	Bond issue size determined by lesser of: (1) amount of annual debt service which can be funded from annual proceeds of sinking fund mills levied, or (2) Non-voted bond issue size limitation: Total bonded debt of District (voted and non-voted) may not exceed 5% of SEV.	No debt limit on par amount of bonds or lease purchase agreement. Match debt service to annual savings	All outstanding IPAs and finance leases cannot exceed 1-¼% of the District’s Taxable Value.	BAN cannot exceed 50% of the principal amount of the proposed long-term bonds.
Term of Repayment	N/A	Lesser of 30 years or useful life of financed projects.	Lesser of 30 years or useful life of financed projects.	Bond: Lesser of 30 years or the useful life of financed energy projects. Lease purchase agreement: Lesser of 20 years or useful life of financed energy projects.	Lesser of 15 years or useful life of financed projects.	BAN shall mature not more than the earlier of 3 years from the date of issuance or 60 days after the issuance of the long-term bond.
Period of Expenditure	Proceeds received annually. Spend as needed, no time limit.	Proceeds of each series received up front. If issued on a tax-exempt basis, must expect to spend at least 85% of proceeds of each series within 3 years of issuance and have at least 50% of financed projects under contract within 6 months.	Proceeds of each series received up front. If issued on a tax-exempt basis, must expect to spend at least 85% of proceeds of each series within 3 years of issuance and have at least 50% of financed projects under contract within 6 months.	Proceeds of each series received up front. If issued on a tax-exempt basis, must expect to spend at least 85% of proceeds of each series within 3 years of issuance and have at least 50% of financed projects under contract within 6 months.	Proceeds of each series received up front. If issued on a tax-exempt basis, must expect to spend at least 85% of proceeds of each series within 3 years of issuance and have at least 50% of financed projects under contract within 6 months.	Proceeds received up front. If issued for capital improvements on a tax-exempt basis, must expect to spend at least 85% of proceeds within 3 years of issuance and have at least 50% of financed projects under contract within 6 months.

* Only effective for sinking fund proposal approved by the voters after March 2017.
** School Bond Qualification and Loan Program (“SBQLP”).

† Limited to instructional technology for student use. Computers and other technology equipment used by administrators and teachers is considered equipment.

§ Limited to capital improvements or purchases that deter unauthorized entry or otherwise promote security.

◊ Short-term note issued in anticipation of sinking fund tax levy (“CAP-TAN”). CAP-TAN term cannot exceed the anticipated sinking fund tax levy for the current fiscal year and shall mature not later than the receipt of the anticipated taxes.



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Student Conduct	Cybersecurity
Restructuring Counsel	Intellectual Property
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Construction-Related Agreements	Cash Flow Borrowings
FOIA/OMA/Governance	Energy Conservation
Technology	Property Disposition/Real Estate
Labor Agreements	Investigations

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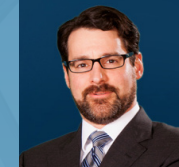
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