



Douglas La Follette, *Secretary of State*
Dawn Marie Sass, *State Treasurer*
J.B. Van Hollen, *Attorney General*
Tia Nelson, *Executive Secretary*

125 S. Webster Street
Room 200
PO Box 8943
Madison, WI 53708-8943

608 266-1370 INFORMATION
608 266-0034 LOANS
608 267-2787 FAX
bcpl.state.wi.us

Managing Wisconsin's trust assets for public education.

Dear School District Official:

Thank you for inquiring about a Trust Fund loan. Attached please find an outline titled "Steps to Request a Municipal Application" and a "Worksheet for Municipal Application Request" form.

To comply with Section 121, Subch.VII, Wis. Stats., the school district must determine if a referendum approving the borrowing is necessary for their district. **A district should not take the approval of a State Trust Fund loan as satisfying the referendum requirement in 121.91 (4) (c) 2.** The Board of Commissioners of Public Lands, as a lender, is concerned with the legality of the procedure used to authorize the borrowing, not the revenue limit issue. The district should consult its legal counsel and may contact the Department of Public Instruction, School Financial Resources and Management Services at (608) 266-3851 for assistance in the area of the revenue limit.

The school board should not pass any resolutions or notice any meetings concerning this request for a loan until the completed worksheet is returned to our office. The appropriate forms will be provided after the worksheet is reviewed and approved by a Loan Analyst.

The current interest rates for Trust Fund loans used for purposes other than refinancing prior service pension liability obligations are:

<u>Term</u>	<u>Interest Rate</u>
Up to 5 years	3.50%
Over 5 up to 10 years	4.50%
Over 10 up to 20 years	5.50%

The current interest rates for Trust Fund loans used for refinancing prior service pension liability obligations are:

<u>Term</u>	<u>Interest Rate</u>
Up to 5 years	4.25%
Over 5 up to 10 years	5.25%
Over 10 up to 20 years	6.25%

The current loan application limit per calendar year is \$1,000,000.

Interest rates, which are set by the Board of Commissioners of Public Lands, are subject to change. However, once a loan is approved at a certain rate, the rate remains constant for the duration of the loan.

Please contact our Loan Analyst at (608) 266-0034 if you have questions about the program. We appreciate your interest and look forward to working with your School District.

STEPS TO REQUEST A SCHOOL DISTRICT APPLICATION

Please send a cover letter on school district letterhead along with the form called “Worksheet for School District Application Request,” which is enclosed. Please include the following information on the worksheet:

1. The purpose of the loan
2. The exact amount of the loan
3. The term of the loan
4. The estimated completion date of the project and its current status, or, in the case of an equipment purchase, the expected date of delivery
5. Dates of the school district’s next two board meetings
6. The worksheet **must be signed by the District Administrator**

Please include a copy of the official minutes authorizing the project. An application cannot be sent if the minutes do not accompany the Worksheet.

Please send the completed worksheet and a copy of the minutes to:

Board of Commissioners of Public Lands
PO Box 8943
Madison, WI 53708-8943

Please contact our office at **608-266-0034** if you have any questions.

WORKSHEET FOR SCHOOL DISTRICT APPLICATION REQUEST

Board of Commissioners of Public Lands

125 South Webster Street, Room 200

PO Box 8943

Madison, WI 53708-8943

Phone 608-266-0034

DATE _____

SCHOOL DISTRICT _____

DIST. ADMINISTRATOR _____ Phone #: _____

ADDRESS _____

CONTACT PERSON _____ Phone #: _____

(If different from District Administrator)

CONTACT ADDRESS _____

LOAN PURPOSE: _____

AMOUNT OF LOAN: _____

TERM OF LOAN: _____ Years

EXPECTED DATE BIDS WILL BE AWARDED OR PURCHASE ORDERS ISSUED: _____

DATES OF NEXT TWO SCHEDULED SCHOOL BOARD MEETINGS: _____

SELECT THE BORROWING PROCEDURE THE DISTRICT WILL USE:

_____ Ten Year Promissory Note Procedure (Loan term must be 10 years or less.)

_____ Ten Year Promissory Note Procedure Using Exemption (Loan term must be 10 years or less.)

_____ Special Meeting (Common and Union Districts ONLY when loan term is more than 10 years.

_____ Annual Meeting (Common and Union Districts ONLY when loan term is more than 10 years.

_____ Referendum

Expected date referendum will be held: _____

Referendum held _____, vote was _____ (yes) to _____ (no)

(Attach copy of referendum ballot)

DISTRICT ADMINISTRATOR SIGNATURE

INFORMATION SHEET FOR SCHOOL BORROWING

The following is a brief overview of the effect the legislation passed in Act 16 relating to Revenue Limits has on borrowing.

Section 121.91 places revenue limits on districts through the 1997-98 school year. Section 121.92 imposes severe penalties if a school district exceeds its revenue limit. The revenue limit may be relaxed for several reasons. The following two reasons are pertinent for loan purposes -- taken from Section 121.91 (4)(c):

1. Funds needed for the payment of any general obligation debt service ... authorized prior to August 12, 1993 ...
2. Funds needed for the payment of any general obligation debt service ... authorized on or after August 12, 1993 by a referendum ...

The district should contact its legal counsel for assistance in determining this issue. The Department of Public Instruction, Division of School Financial Resources will also answer questions regarding debt service and the district's revenue limit.

A DISTRICT SHOULD NOT TAKE THE APPROVAL OF A STATE TRUST FUND LOAN AS SATISFYING THE REFERENDUM REQUIREMENT IN 121.91 (4)(C) 2.

1. PROMISSORY NOTE PROCEDURE WITH PUBLISHING [Sec. 67.12 (12)(e)2] (All school districts may use this procedure)

1. Can only be used for terms of 10 years or less.
2. District submits worksheet for application request. If approved by the loan committee, the necessary forms including resolutions(s) will be provided to the district.
3. School board makes the resolution to borrow. A notice must be published within ten days after the board makes the resolution. The electors have 30 days to petition the action in order to have the borrowing go to referendum.
4. When using this procedure, the school board does not use its "million dollar exemption."

2. PROMISSORY NOTE PROCEDURE WITHOUT PUBLISHING [Sec. 67.12 (12)(e)2g] (All school districts may use this procedure)

1. Can only be used for terms of 10 years or less.
2. District submits worksheet for application request. If approved by the loan committee, the necessary forms including resolutions(s) will be provided to the district.
3. School board adopts the resolution to borrow and applies this amount toward its exemption, using only the board's authority to borrow money. The exemption is \$1,000,000 or less depending on the size of the school district.
4. Once the school board has borrowed its limit under this authority it cannot use this method again until it pays back the loans. As the school district pays back the loans it rebuilds the exemption amount.
5. This exemption amount should not be confused with the State Trust Fund loan limit. The State Trust Fund Loan Program has a loan limit per calendar year per school district.

**3. SPECIAL DISTRICT MEETING [Sec. 24.66 (3) and 120.08]
(Used by Common and Union districts only)**

1. Can be used for terms of 20 years or less.
2. District submits worksheet for application request. If approved by the loan committee, the necessary forms including resolutions(s) will be provided to the district.
3. School board makes the motion to have a Special District Meeting at which the electors will vote on the resolution to borrow money from the State Trust Fund loan program.
4. The meeting notice is published for two weeks; the last publication not less than one day nor more than 8 days prior to the meeting.
5. A majority vote by written ballot is needed to pass the resolution to borrow. [Sec. 5.64 (2) and 7.08 (1) (a)]

**4. ANNUAL MEETING [Sec. 24.66 (3) and 120.08]
(Used by Common and Union districts only)**

1. Can be used for terms of 20 years or less.
2. District submits worksheet for application request. If approved by the loan committee, the necessary forms including resolutions(s) will be provided to the district.
3. School district follows normal procedures for notifying public of an annual meeting.
4. School Board must adopt a resolution to seek a loan prior to the annual meeting.
5. A majority vote by written ballot is needed to pass the resolution to borrow. [Sec. 5.64 (2) and 7.08 (1) (a)]

5. REFERENDUM

If the district decides to pursue an election referendum, the district may be able to use the authority from that referendum to request a loan from the State Trust Fund loan program. The district should contact us prior to the actual referendum for loan committee approval of the "Request for an Application" or contact us after a successful referendum to see if your request will receive approval. We will confirm the availability of funds after the district has held a referendum.

It is not necessary that the referendum be written in such a way that the district would be limited to borrowing from the State Trust Fund loan program. The purpose stated in the referendum would need to correspond to the purpose in the loan application and there would need to be sufficient borrowing authority in the referendum to cover the amount requested in the application.

Because of the complex nature of a referendum, we are unable to provide technical assistance for anything other than our own procedures. We can provide phone numbers of other state departments which can provide limited assistance. If the district has a successful referendum, you will need to contact us for the loan application and resolution authorizing borrowing from the State Trust Fund loan program.