

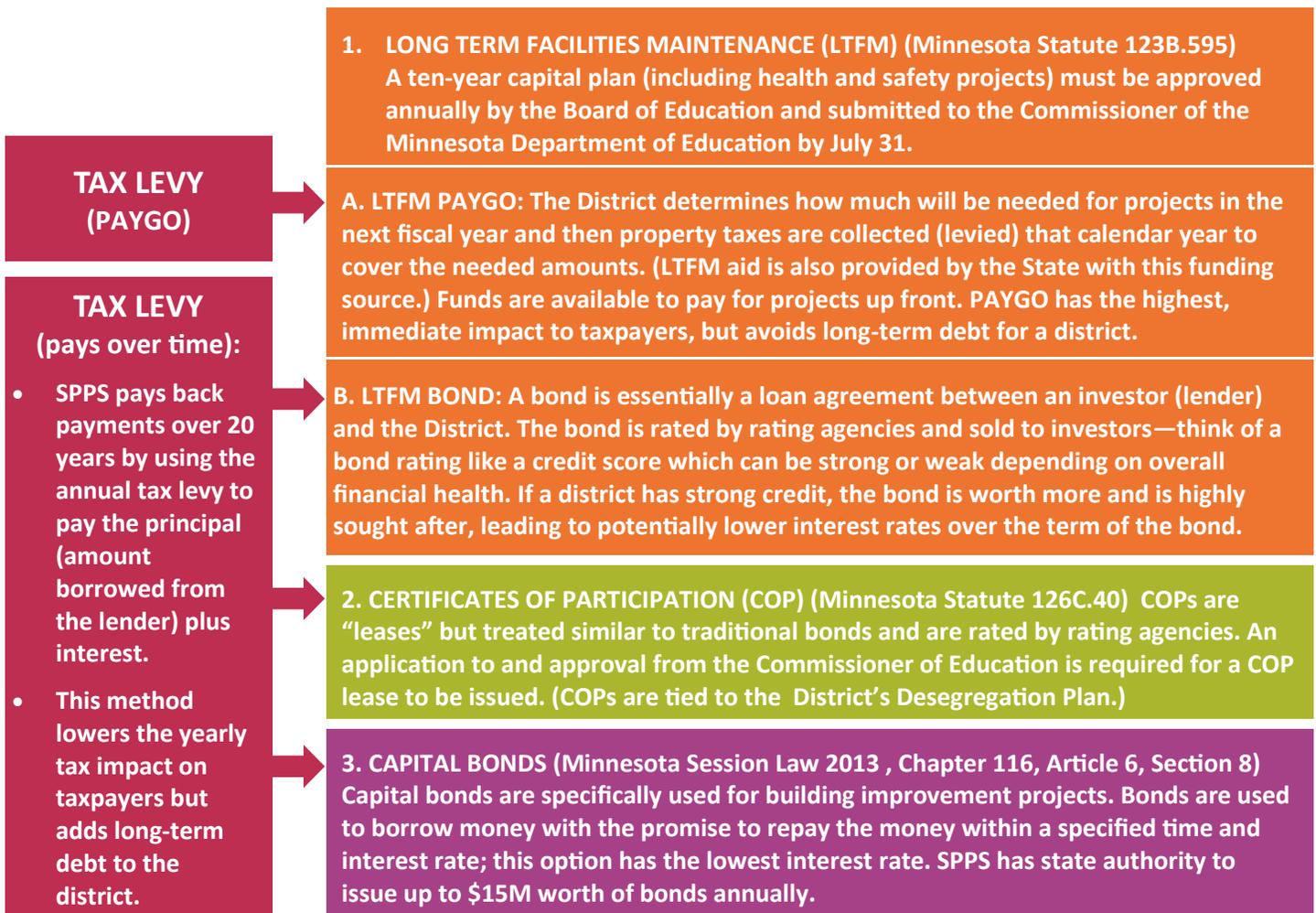


FUNDING STRUCTURE AND OPTIONS

When SPPS schools need building-system replacements, renovations, additions or a new building, construction projects are **mainly funded through the property taxes (tax levy)** of Saint Paul residents. Taxes are used to pay for construction projects in two ways:

1. **Pay-as-you-go/PAYGO:** Paying for projects using today’s dollars, similar to paying for the purchase of a house with cash to avoid paying the interest on the principal of a loan. This payment method is referred to as “PAYGO.”
2. **Debt repayment over time:** Paying a debt/loan plus the interest over a period of years, similar to paying off a mortgage of a house (principal plus interest). These loans are called “bonds” or “capital leases” depending on the funding source; in either case, investors provide the money at the front end while property taxes are used to pay investors back over time.

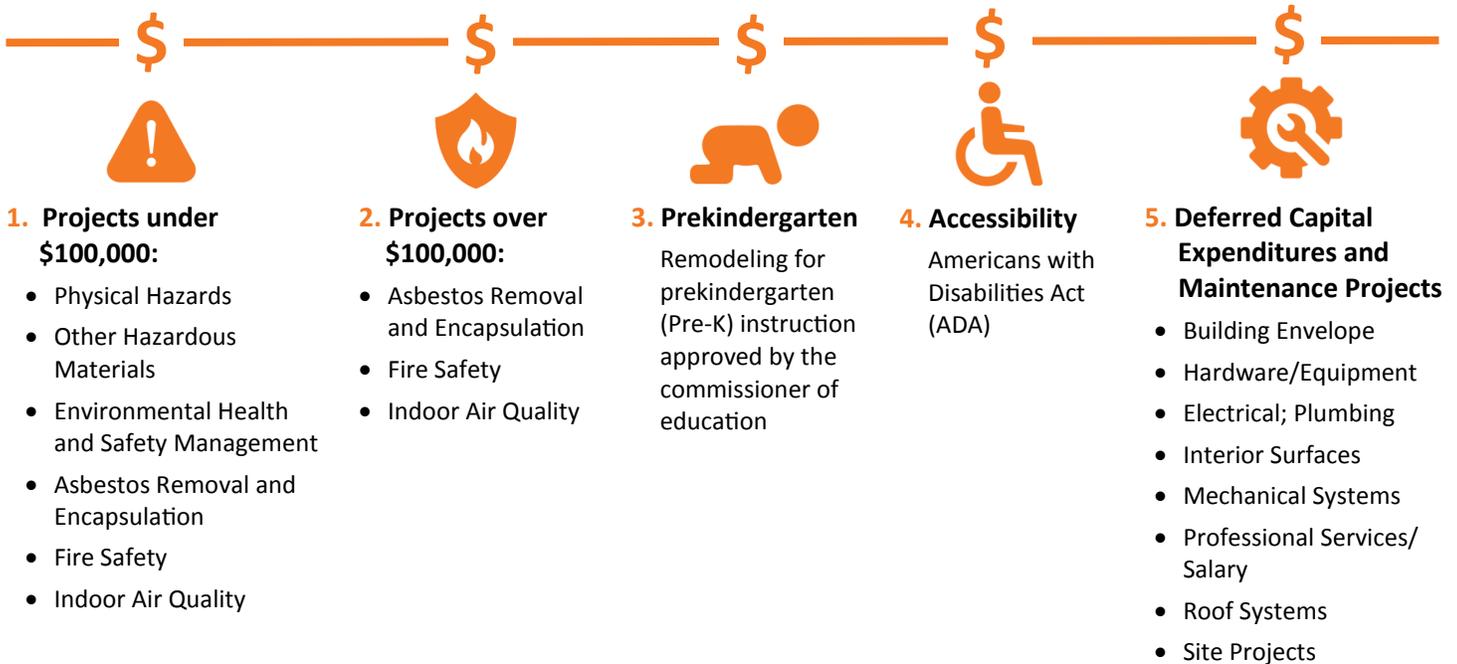
There are **four ways to structure the funding of and paying off the debt on building improvements** (also known as capital improvements). The state of Minnesota regulates each of these funding structures. Each year, the Board of Education approves the funding sources and related levied and bonded amounts. The graphic below shows how funds raised through the tax levy functions with these four funding/payment structures.



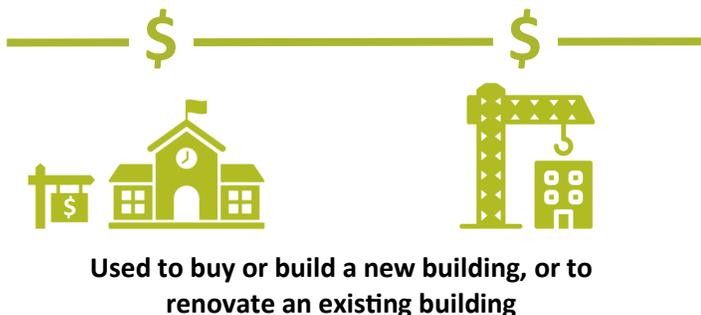
FUNDS THAT PAY FOR SPECIFIC TYPES OF PROJECTS

The funding options available to Saint Paul Public Schools have different requirements in how the money can be used to pay for specific types of projects.

LONG TERM FACILITIES MAINTENANCE



CERTIFICATES OF PARTICIPATION



CAPITAL BONDS



Did you know, SPPS owns and maintains:

73 buildings • 7.5 million square feet • 500+ acres of land

When SPPS started implementing its Facilities Master Plan in 2017, **only 9%** of its buildings had been **constructed in the last 25 years** and just **over 51%** were **constructed between 1953 and 1982**.

Modernizing and maintaining these assets is critical to ensure students have high-quality, safe learning environments. These facilities also enrich the larger Saint Paul community through Community Education, facility rental, and sustaining property values.

For more information on SPPS' Facilities Master Plan, visit: <https://www.spps.org/fmp>