

**Loans for Current
Maintenance
Expenses**

A college district may borrow money for the purpose of paying maintenance expenses and may evidence those loans with negotiable or nonnegotiable notes, except that the loans may not at any time exceed 75 percent of the previous year's income. The notes may be payable from and secured by a lien on and pledge of any available funds of the college district, including proceeds of a maintenance tax.

The term "maintenance expenses" or "maintenance expenditures" as used in this policy means any lawful expenditure of the college district other than payment of principal of and interest on bonds. The term includes expenditures relating to notes issued to refund notes previously issued under this section if the refunding notes are coterminous with the refunded obligation. The term also includes all costs incurred in connection with environmental cleanup and asbestos cleanup and removal programs implemented by the college district or in connection with the maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric, or other building systems of existing school properties.

Notes issued pursuant to this policy may be issued to mature in not more than 20 years from their date. Notes issued for a term longer than one year shall be treated as "debt" as defined in Section 26.012(7), Tax Code, as amended.

Notes may be issued only after a budget has been adopted for the current school year. Notes must be authorized by resolution adopted by a majority of the board of trustees, signed by the president or vice president and attested to by the secretary of the board.

A note may contain a certification that it is issued pursuant to and in compliance with Education Code 45.108 and pursuant to a resolution adopted by the board of trustees. The certification is sufficient evidence that the note is a valid obligation of the district.

Education Code 45.108, 130.084(a)

The maximum rate of interest for any issue or series of public securities, including an issue or series that is issued in exchange for property, labor, services, materials, or equipment under another law, is a net effective interest rate of 15 percent. *Gov't Code 1204.006*

Short-term notes shall be issued in accordance with the Public Security Procedures Act. *Gov't Code Ch. 1201*