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MAY 2020 BOND PROPOSAL
FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)
AND SUMMARY

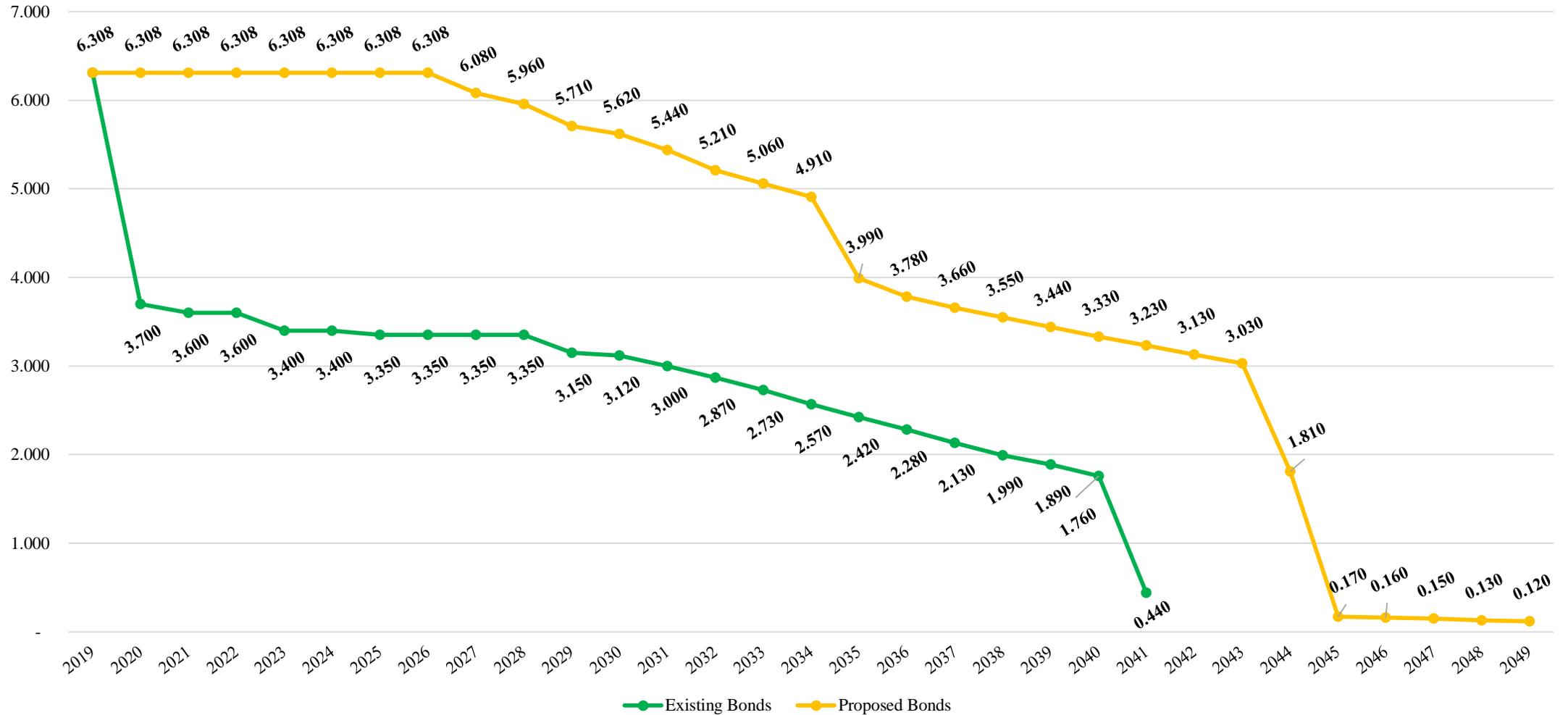
SUMMARY OF CAPITAL IMPROVEMENT PLAN

<u>Bonds issue year</u>	<u>2020 Bonds</u>	<u>2022 Bonds</u>	<u>Total Proposal</u>
<u>Estimated uses of funds</u>			
Construction deposit	\$9,943,312	\$26,698,308	\$36,641,620
Underwriter's discount allowance	100,000	266,750	366,750
Bond issuance/election costs	97,750	87,750	185,500
Less estimated interest income	(141,062)	(377,808)	(518,870)
Totals	<u>\$10,000,000</u>	<u>\$26,675,000</u>	<u>\$36,675,000</u>

<u>Bond millage rate difference</u>	<u>2020</u>	<u>2019</u>	<u>Difference</u>
Proposed bonds	2.608		2.608
Existing bonds	<u>3.700</u>	<u>6.308</u>	<u>(2.608)</u>
Total	6.308	6.308	-

ESTIMATED BOND MILLAGE STUDY

(Assumes Taxable Value Growth of 3.00%)



ESTIMATED BOND PRINCIPAL BALANCE AND BOND MILLAGE RATE

Estimated Bonds Principal Balance						Estimated Bonds Millage Rate		
As of June 30th	Existing Bonds Principal Balance	Proposed Bonds Principal Balance			Total Existing and Proposed Principal Balance	Existing Bonds Millage	Proposed Bonds Millage	Total Bonds Millage
		2020 Bonds	2022 Bonds	Total Proposed Principal Balance				
2020	\$38,110,000	\$10,000,000	\$0	\$10,000,000	\$48,110,000	3.700	2.608	6.308
2021	36,875,000	8,490,000	-	8,490,000	45,365,000	3.600	2.708	6.308
2022	35,540,000	6,865,000	26,675,000	33,540,000	69,080,000	3.600	2.708	6.308
2023	34,160,000	6,530,000	26,295,000	32,825,000	66,985,000	3.400	2.908	6.308
2024	32,735,000	6,180,000	25,885,000	32,065,000	64,800,000	3.400	2.908	6.308
2025	31,260,000	5,820,000	25,395,000	31,215,000	62,475,000	3.350	2.958	6.308
2026	29,735,000	5,445,000	24,785,000	30,230,000	59,965,000	3.350	2.958	6.308
2027	28,160,000	5,055,000	24,085,000	29,140,000	57,300,000	3.350	2.730	6.080
2028	26,475,000	4,710,000	23,420,000	28,130,000	54,605,000	3.350	2.610	5.960
2029	24,700,000	4,390,000	22,725,000	27,115,000	51,815,000	3.150	2.560	5.710
2030	22,885,000	4,040,000	22,000,000	26,040,000	48,925,000	3.120	2.500	5.620
2031	21,010,000	3,660,000	21,245,000	24,905,000	45,915,000	3.000	2.440	5.440
2032	19,080,000	3,250,000	20,460,000	23,710,000	42,790,000	2.870	2.340	5.210
2033	17,050,000	2,850,000	19,645,000	22,495,000	39,545,000	2.730	2.330	5.060
2034	15,000,000	2,375,000	18,795,000	21,170,000	36,170,000	2.570	2.340	4.910
2035	12,950,000	1,800,000	17,905,000	19,705,000	32,655,000	2.420	1.570	3.990
2036	10,900,000	1,400,000	17,545,000	18,945,000	29,845,000	2.280	1.500	3.780
2037	8,850,000	1,300,000	16,875,000	18,175,000	27,025,000	2.130	1.530	3.660
2038	6,800,000	1,200,000	16,085,000	17,285,000	24,085,000	1.990	1.560	3.550
2039	4,750,000	1,100,000	15,165,000	16,265,000	21,015,000	1.890	1.550	3.440
2040	2,650,000	1,000,000	14,145,000	15,145,000	17,795,000	1.760	1.570	3.330
2041	550,000	900,000	12,995,000	13,895,000	14,445,000	0.440	2.790	3.230
2042	-	800,000	10,135,000	10,935,000	10,935,000	-	3.130	3.130
2043	-	700,000	6,565,000	7,265,000	7,265,000	-	3.030	3.030
2044	-	600,000	2,820,000	3,420,000	3,420,000	-	1.810	1.810
2045	-	500,000	500,000	1,000,000	1,000,000	-	0.170	0.170
2046	-	400,000	400,000	800,000	800,000	-	0.160	0.160
2047	-	300,000	300,000	600,000	600,000	-	0.150	0.150
2048	-	200,000	200,000	400,000	400,000	-	0.130	0.130
2049	-	100,000	100,000	200,000	200,000	-	0.120	0.120

BALLOT LANGUAGE FREQUENTLY ASKED QUESTIONS (“FAQ’S”)

Q. In the ballot language, the first paragraph states a not to exceed figure of \$36,675,000 of general obligation unlimited tax bonds, what does this mean?

A. If this bond proposal is approved by voters, the maximum amount of bonds to be issued can be no greater than \$36,675,000.

Q. In the ballot language, it states that the estimated millage that will be levied in 2020 to pay the proposed bonds in the first year is 2.608 mills, what does this mean?

A. This means that the total estimated bond millage rate to be levied in the first year (2020) for this proposal is 2.608 mills. (2.608 mills new bonds + 3.700 mills existing bonds = 6.308 total estimated 2020 millage rate)

Q. Is there an estimated increase in the bond millage rate in this bond proposal?

A. No, the bond millage rate is estimated to remain the same as illustrated in the below table.

	2020	2019	Difference
Proposed bonds	2.608		2.608
Existing bonds	3.700	6.308	(2.608)
Total estimated bond millage rate	6.308	6.308	-

BALLOT LANGUAGE FREQUENTLY ASKED QUESTIONS (“FAQ’S”)

Q. In the ballot language, it states that the maximum number of years any series of bonds may be outstanding, exclusive of refunding, is not more than 30 years, what does this mean?

A. The school district plans to issue the bonds in 2 separate series, in 2020 and 2022. Each bond series would have a length of 30 years or shorter.

Q. In the ballot language, it states that estimated simple average annual millage that will be required to retire each bond series is 2.06 mills annually, what does this mean?

A. This means that over the entire life of the bond proposal (2 bond series) that the average annual bond millage rate is estimated to be 2.06 mills.

OTHER FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)

Q. When would the millage for this proposal first be levied?

A. On the July 1, 2020 property tax bill.

Q. Is the school district going to immediately issue \$36,675,000 of bonds?

A. No, the bonds are proposed to be issued in 2 series (2020, 2022). This allows for years of bond repayments to occur before a new bond issue is completed.

Q. Are technology purchases going to be amortized over a 30 year period? Is there a technology replacement plan?

A. No, technology purchases are anticipated to be amortized over a 5 year period beginning at the time of installation. Yes, each bond series has an allowance for future technology purchases and updates.

OTHER FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)

Q. Is the bond millage rate estimated to be the same for the entire life of the bond proposal?

A. No, the bond millage rate is estimated to remain at 6.308 mills through 2026, thereafter it is estimated to decline due to bond repayment and taxable value growth.

Q. What are the present 5 year and 20 year historical taxable value growth averages for the school district? What taxable value growth assumptions are being utilized to estimate the proposed bond millage rate?

A. The present 5 year historical taxable value growth rate for the school district is 4.59%. The present 20 year average taxable value growth rate is 3.14%. For years 2020 and beyond, a 3.00% taxable value growth assumption has been used.

Q. Why is the entire bond proposal not being completed in one bond issuance?

A. The bond proposal is being completed in 2 bond series to coincide with the timing of when construction of the improvements will occur. There is a goal of avoiding bond interest expense for improvements that are not scheduled to be completed until later in the long-term capital plan. The bond series strategy also provides future allowances to maintain and update instructional technology.

OTHER FINANCIAL FREQUENTLY ASKED QUESTIONS (“FAQ’S”)

Q. Are there property tax exemptions to anyone of any kind?

A. If a business has been granted an Industrial Facilities Tax ("IFT") credit then only half of the taxable value is subject to the bond millage. The business would need to verify if some of the taxable value has been designated for the IFT credit.

One item a community member could research is the Michigan Homestead Property Tax Credit. The Michigan Homestead Property Tax Credit is a method through which some taxpayers can receive a credit for an amount of their property tax that exceeds a certain percentage of their household income. This program establishes categories under which homeowners or renters are eligible for a Homestead Property Tax Credit. We would recommend that community members consult their tax provider to determine if they are eligible for this tax credit.

Q. Are businesses and second homes (non-homestead) and primary homes (homestead) treated the same regarding bond millage?

A. Yes, businesses and second homes (non-homestead) and primary homes (homestead) are treated the same regarding bond millage.