

Potterville Public Schools
August 3, 2021 Bond Proposal
Frequently Asked Questions & Answers

Introduction: Our community will have the opportunity to vote on a Potterville Public Schools bond proposal on the August 3, 2021 election ballot. If approved, it would provide \$28,000,000 for building & site improvements to address identified and ongoing facility needs based on facility assessments and community input.

What are the key projects in this bond proposal?

- Adding early childhood classrooms at Potterville Elementary
- Addition of auxiliary gym at the Middle School / High School
- Athletics and site work at the Middle School / High School
- Energy efficiency and aged-building system improvements
- Please see the proposed project list at www.ppsvikings.org

What is a bond proposal and how can funds from a bond be spent?

A bond proposal is how a public school district asks its community for authorization to borrow money to pay for capital expenditures. Voter-approved bond funds can be spent on new construction, additions, remodeling, site improvements, athletic facilities, playgrounds, buses, furnishings, equipment, and other capital needs. Funds raised through the sale of bonds cannot be used on operational expenses such as employee salaries and benefits, school supplies, and textbooks. Bond funds must be kept separate from operating funds and must be audited by an independent auditing firm.

Why a bond proposal now?

The State of Michigan defines the useful life of a school building at 40 years. The District currently operates three school buildings that range in age from 48 to 67 years old, the newest building being the Elementary School, constructed in 1973. The childcare building was constructed in 1954 and has not received extensive renovations since the mid 1970's. The Elementary School last saw updates 10 years ago, and it has been 20 years since upgrades were completed at the Middle School / High School. Many core infrastructure systems have outlived their expected life cycles. The District has done as much preventative maintenance as possible; simply to the point where systems can no longer be repaired and should be replaced. A recent facilities assessment identified specific systems that have exceeded their expected lifecycle(s) – roofing, flooring, etc. If the bond proposal is approved, it would include replacement of the identified systems.

While the Elementary, Middle and High School buildings are also older than 40 years old, those buildings have been improved over the decades and support teaching and learning.

Would the approval of the bond proposal have any impact on our current operational budget?

While funding from this bond proposal is independent of district's general fund operating budget, the bond would likely have a positive impact on the district's general fund by allowing the district to reallocate operating funds that are currently being spent on aging facilities, mechanical systems, and technology. The operational savings generated from new and cost-efficient facilities would be redirected to student programs and resources.

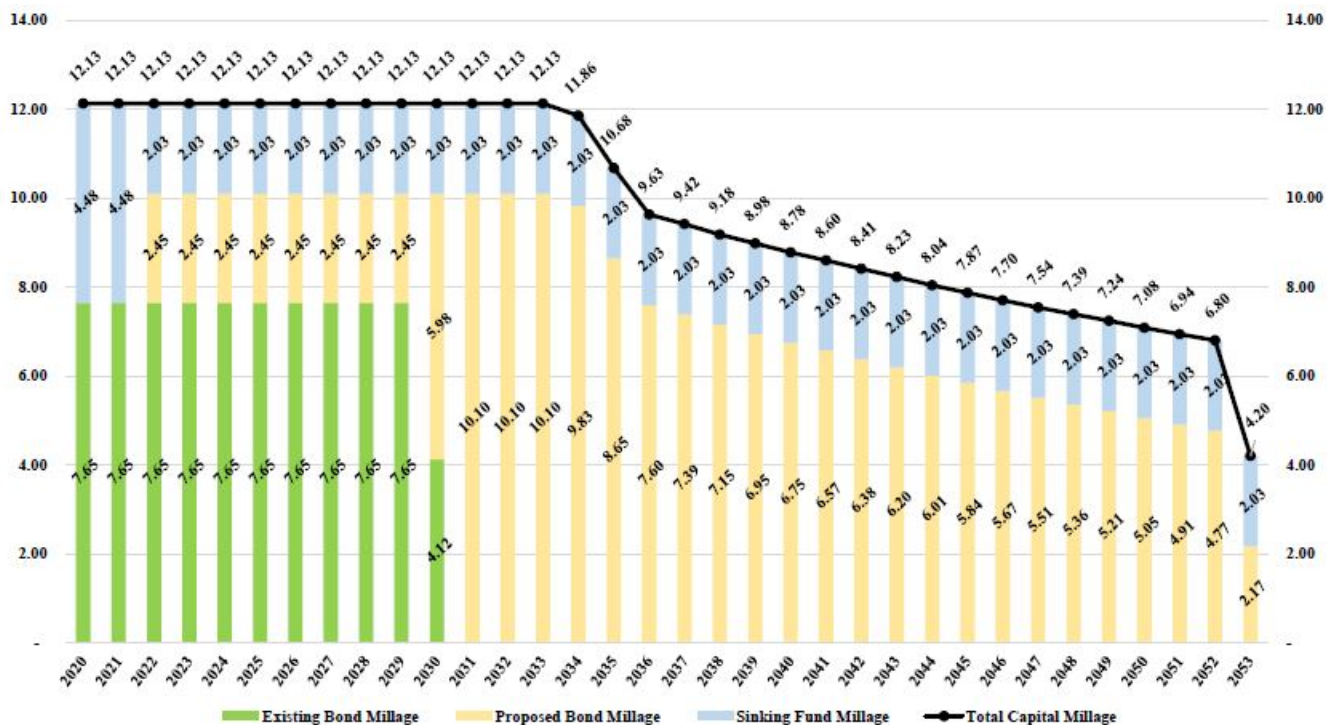
How would the bond proposal impact my property taxes?

If approved by voters, the District would decrease the sinking fund rate by 2.45 and it is estimated that in 2022 the bond millage would increase by 2.45 mills, which would have a net tax impact of 0 mills, meaning the total tax rate would not increase.

Estimated Capital Millage Rate Difference Chart	2021 Millage Rate (Existing)	2022 Millage Rate (Proposed)	Net Difference
Proposed bonds	-	2.45	2.45
Existing bonds	7.65	7.65	0.00
Sinking Fund	4.48	2.03	-2.45
Total Capital Millage	12.13	12.13	0.00
Annual Net Tax Impact to Property Owners			\$0.00

What are the projected millage rates if the bond proposal is approved?

If approved by voters, the District's estimated capital millages are illustrated below. The existing bond millage rates shown in green would be levied until 2030. The proposed bond millage rates shown in yellow would be levied until 2053. The sinking fund rates shown in blue are currently 4.48 mills and would decrease to 2.03 mills if the bond is approved, which would have a net tax impact of 0 mills, and the total capital tax rate would not increase. The sinking fund rates in the graph assume the sinking fund is renewed at 2.03 mills at applicable election dates.



How would I know the bond funds would be spent the way they are supposed to be spent?

Michigan law requires that expenditure of bond proceeds must be audited, and the proceeds cannot be used for repair or maintenance costs, teacher, administrator or employee salaries, or other operating expenses. An audit would be completed at the end of each series to ensure compliance.

How much money would the bond proposal generate?

The proposal would generate \$28,000,000 which would be spent over multiple years on district-wide school building and site improvements.

Would money from the bond proposal be used to pay teachers' salaries and benefits?

No. School districts are not allowed to use funds from a bond for operating expenses such as teacher, administrator or employee salaries, routine maintenance, or operating costs. Bond revenue must be kept separate from operating funds and bond revenue expenditures must be audited by an independent auditing firm.

If I rent a house, can I vote?

Yes, if you rent a house you can still vote. You must be a registered voter in the city or township you are living in and live within our district boundaries.

Are owners of property in the school district eligible to vote if they do not reside in the school district?

Owners of property are only eligible to vote if that property is their homestead residence. To be eligible to register to vote you must be:

- A Michigan resident (at the time you register) and a resident of your city or township for at least 30 days (when you vote)
- A United States citizen
- At least 18 years of age (when you vote)
- Not currently serving a sentence in jail or prison

How do I register to vote?

Visit Michigan.gov/vote to register to vote online.

It is recommended by the Secretary of State to register by mail by July 19, 2021 to participate in the August 3, 2021 election. Individuals may also register in-person at their local clerk's office through August 3, 2021, with the required documentation. For assistance in obtaining the address of your local clerk, visit Michigan.gov/vote.

How is an absentee voter ballot obtained?

Registered voters must complete and submit the application to receive their absentee voter ballot. To vote by mail, fill out the application and sign it, and then return it to your local clerk. For assistance in obtaining the address of your local clerk, visit Michigan.gov/vote. When filling out the application, if you check the box to be added to the permanent absentee voter list, you will get an application mailed to you before every election.

If you registered to vote after absentee voter ballot applications were mailed, applications may be obtained online at Michigan.gov/vote. Absentee voter ballots are available by June 19 through August 3, 2021.

Where and when will the vote occur?

Tuesday, August 3, 2021 is election day, but absentee voting can occur leading up to that date. All registered voters may cast an absentee voter ballot by mail. Voters may also cast a ballot at the polling location established by their city/township. If you have questions or do not know where you vote, please contact your city/township office. Polls will be open from 7:00 am to 8:00 pm on Tuesday, August 3, 2021.

What are the key dates leading up to the Tuesday, August 3, 2021 election day?

- Registering to vote:
 - The last day for voters to register by mail is July 19, 2021
 - Voters may register in-person through August 3, 2021 (election day) with the required documentation
- Absentee Voting:
 - Absentee voter ballots are available from June 19 until August 3, 2021
 - Contact your local clerk with questions

Is there an increase in the total capital millage rate in this bond proposal?

No, the capital millage rate is estimated to remain the same as illustrated in the table to the right.

When will the millage for this proposal first be levied?

On the July 1, 2022 property tax bill and the Dec 1, 2022 tax bill.

Is the district going to immediately issue \$28,000,000 of bonds?

No. The bonds are proposed to be issued in 3 series (2022, 2025, 2026). This allows for years of bond repayments to occur before a new bond issue is completed.

Is the bond millage rate expected to be the same for the next 32 years?

No. The bond millage rate is estimated to remain at 10.10 mills through 2034, thereafter it is estimated to decline due to bond repayment and taxable value growth.

Are there property tax exemptions to anyone of any kind?

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.

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

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

Estimated Capital Millage Rate Difference Chart	2021 Millage Rate (Existing)	2022 Millage Rate (Proposed)	Net Difference
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Annual Net Tax Impact to Property Owners			\$0.00

What is the ballot language?

POTTERVILLE PUBLIC SCHOOLS BONDING PROPOSAL

Shall Potterville Public Schools, Eaton County, Michigan, borrow the sum of not to exceed Twenty-Eight Million Dollars (\$28,000,000) and issue its general obligation unlimited tax bonds therefor, in one or more series, for the purpose of:

erecting, furnishing, and equipping an early childhood classroom addition to the Elementary School and an auxiliary gym addition to the Middle School/High School; remodeling, furnishing and refurnishing, and equipping and re-equipping school buildings; and erecting, equipping, preparing, developing, and improving athletic fields and facilities, playgrounds, parking areas, driveways, and sites?

The following is for informational purposes only:

The estimated millage that will be levied for the proposed bonds in 2022, under current law, is 2.45 mills (\$2.45 on each \$1,000 of taxable valuation). The maximum number of years the bonds of any series may be outstanding, exclusive of any refunding, is twenty-nine (29) years. The estimated simple average annual millage anticipated to be required to retire this bond debt is 5.60 mills (\$5.60 on each \$1,000 of taxable valuation).

The school district expects to borrow from the State School Bond Qualification and Loan Program to pay debt service on these bonds. The estimated total principal amount of that borrowing is \$1,055,077 and the estimated total interest to be paid thereon is \$227,536. The estimated duration of the millage levy associated with that borrowing is 14 years and the estimated computed millage rate for such levy is 10.10 mills. The estimated computed millage rate may change based on changes in certain circumstances.

The total amount of qualified bonds currently outstanding is \$10,800,000. The total amount of qualified loans currently outstanding is approximately \$215,993.

(Pursuant to State law, expenditure of bond proceeds must be audited and the proceeds cannot be used for repair or maintenance costs, teacher, administrator or employee salaries, or other operating expenses.)

In the ballot language, the first paragraph states a not to exceed figure of \$28,000,000 of general obligation unlimited tax bonds, what does this mean?

With approval of this bond proposal, the maximum amount of bonds to be issued can be no greater than \$28,000,000.

In the ballot language, it states that the estimated millage that will be levied in 2022 to pay the proposed bonds in the first year is 2.45 mills, what does this mean?

This means that the total estimated bond millage rate to be levied in the first year (2022) for this proposal is 2.45 mills. (2.45 mills new bonds + 7.65 mills existing bonds = 10.10 total estimated 2022 bond millage rate)

In the ballot it states that the estimated duration of the borrowing is 14 years and that the estimated computed millage rate for such levy is 10.10 mills. What does this mean?

This section means that it is estimated that the school district will participate in the SLRF for a 14 year duration and that the presently agreed upon participation bond millage rate is 10.10.

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 29 years, what does this mean?

Each bond series in the proposal must have a length of 29 years or shorter.

In the ballot language it states that estimated simple average annual millage that will be required to retire each bond series is 5.60 mills annually, what does this mean?

This means that over the entire life of the bond proposal (all bond series) that the simple average annual bond millage rate is estimated to be 5.60 mills.

In the ballot language it states that the school district does expect to borrow from the State to pay debt service on the bonds. It also says the estimated total principal amount of the borrowing is \$1,055,077 and estimated interest is \$227,536. What does this mean?

In order to achieve a lower targeted total bond millage rate of 10.10, the school district is utilizing a State program known as the School Loan Revolving Fund ("SLRF"). The SLRF provides loans to school districts for voted bond issues reducing the amount property taxes needed to be collected from the community in order to fund the annual bond payments during the borrowing period. This paragraph provides the estimated amount of borrowing and interest associated with this bond proposal by participating in the SLRF.

Questions?

If you have further questions, contact Kevin Robydek, Superintendent, at (517) 645-4705 or robydekk@ppsvikings.org