

# Breaking down the Nov. 3

# 2020 Bond Proposal Language

## CHARLOTTE PUBLIC SCHOOLS BONDING PROPOSAL

## EXPLANATION

Shall Charlotte Public Schools, Eaton County, Michigan, borrow the sum of not to exceed Thirty-Six Million Dollars (\$36,000,000) and issue its general obligation unlimited tax bonds therefor, for the purpose of:

The District will sell bonds totaling \$36,000,000. 99% of this amount will be spent on proposed projects with the remaining 1% used for bond issuance (closing) costs.

erecting additions to, remodeling, including security improvements to, furnishing and refurbishing, and equipping and re-equipping existing school buildings; erecting, furnishing, and equipping a new agricultural learning building and a support building; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; and equipping, developing and improving athletic facilities, play fields, playgrounds, driveways, parking areas, and sites?

Improve facilities to support 21st century teaching, as well as upgrade agricultural and athletic spaces to prepare our students for the future.  
Address imminent infrastructure issues and implement operational efficiencies.  
Improve safety and security, including the removal of portable classrooms for our youngest learners.  
Upgrade current technology to support educational programming.

### The following is for informational purposes only:

The estimated millage that will be levied for the proposed bonds in 2021, under current law, is 0.0 mill (\$0.00 on each \$1,000 of taxable valuation) for a -0- mill net increase over the prior year's levy. The maximum number of years the bonds may be outstanding, exclusive of any refunding, is thirty (30) years. The estimated simple average annual millage anticipated to be required to retire this bond debt is 2.14 mills (\$2.14 on each \$1,000 of taxable valuation).

With successful passage of the bond proposal, there will be ZERO INCREASE to the voters' current millage rate.

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 \$18,575,455 and the estimated total interest to be paid thereon is \$20,693,307. The estimated duration of the millage levy associated with that borrowing is 24 years and the estimated computed millage rate for such levy is 7.59 mills. The estimated computed millage rate may change based on changes in certain circumstances.

Many school districts utilize this State program to ensure a stable and predictable millage rate throughout the term of the 'loan'. This is separate from the \$36 million raised from the bond issue in paragraph 1 above. The amount of the bond proceeds going towards proposed projects is more than \$35.5 million.

The total amount of qualified bonds currently outstanding is \$62,625,000. The total amount of qualified loans currently outstanding is \$2,199,901.

This is the amount of current debt outstanding for the District from prior voter approved bonds. The repayment of this debt is included in the total 7.59 mills referenced in paragraph 3 above.

(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.)

The Board of Education contracts with an outside accounting firm to conduct an annual audit of all District finances, including a dedicated audit specific to bonded capital projects. These audits are available on our website.