

Plainwell Community Schools

November 5, 2019 Bond Proposal

Frequently Asked Questions & Answers

Vote Date: November 5, 2019

The Frequently Asked Questions & Answers are broken into five sections: Proposed Bond Project Scope Information, Financial Information, Voting Information, Input and Feedback Information, and Additional Information.

PROPOSED BOND PROJECT SCOPE INFORMATION

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 technology. 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.

What safety improvements are included in this bond proposal?

- All Elementary Facilities (Cooper / Gilkey / Starr)
 - Selective site reconfiguration and safety bollards to provide adequate separation between cars, buses and pedestrians
 - Air Conditioning: allows the buildings to remain more secure (eliminate propped doors and open windows) during periods of warm weather; also keeps students from becoming overheated
 - Playground equipment improvements including replacement of selective age appropriate equipment, enhanced safety surface and selective fencing
 - Video surveillance upgrades
- Middle School
 - Selective site reconfiguration and safety bollards to provide adequate separation between cars, buses and pedestrians
 - Air Conditioning: allows the buildings to remain more secure (eliminate propped doors and open windows) during periods of warm weather; also keeps students from becoming overheated
 - Fire Alarm System Upgrade
 - Video surveillance upgrades
- High School
 - Safety bollards to provide adequate separation between cars and pedestrians
 - Fire Alarm System Upgrade
 - Video surveillance upgrades
- Community Center
 - Secure Entry Improvements
 - Fire Alarm System Upgrade
 - Emergency Lighting System

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

While funding from this bond proposal is independent of the support the district receives from the State of Michigan for annual operations on a per pupil basis, the bond would likely have a positive impact on the annual operating budget. It would allow the district to reallocate operating funds that are currently being spent on aging facilities and mechanical systems, technology and buses. The savings generated from new and cost-efficient facilities could be redirected to student programs and resources.

Where would the students go to school during the proposed construction phases?

We are working carefully to lay out a plan for our students during the construction. We plan to address schedules, shared staff, and coordinate instructional spaces to minimize disruption.

Why are the school buildings proposed to be remodeled and upgraded?

The district's elementary schools were originally constructed in the 1950s and 1960s. Although these buildings have undergone additions and renovations over the years, they haven't seen significant upgrades in over 10 years. A recent facilities assessment identified specific systems that have exceeded their expected lifecycle(s) – lighting, roofing, HVAC, etc. If the bond were to pass, it would include selective replacement of these systems and would also include the addition of air conditioning throughout each elementary facility.

Plainwell Middle School was originally constructed in 1973. This building has undergone additions and renovations, but the majority of its building systems – roofing, lighting and HVAC have exceeded their expected lifecycles. In addition, educational delivery models have changed drastically over the years and new teaching and learning practices are better supported when students have more space, flexible furniture and the ability to collaborate with one another. If the bond proposal is approved, existing classrooms would be expanded to meet the standards of modern learning environments and additional classrooms would be added to the building.

The existing community pool is connected to the middle school and was originally constructed in the 1970s. The pool houses community programs, elementary learn to swim programs, age group competitive swim programs and middle school / high school competitive swim programs. The pool's major systems including HVAC, electrical, pumps and filtration equipment have exceeded their expected lifecycles. In addition, the size of the current facility, pool tank and support spaces are unable to meet the demand of District programs. If the bond proposal is approved, the District would construct a new competition pool, and convert the existing pool into a multi-purpose facility that support both academic and athletic programs. The proposed multi-purpose space would include a projector and sound system for instructional and training space, basketball hoops, drop-down batting cages, and drop-down wrestling/tumbling mats.

Plainwell High School was originally constructed in 1963. Similar to the elementary schools, the building has undergone additions and renovations over the years, but no major renovations in the last 10 years. The recent facilities assessment identified systems that have exceeded their expected lifecycle(s). If the bond proposal is approved, it would include selective replacement of these systems.

A new competition gymnasium would be constructed for District and community use. This space would offer additional athletic space for students of all ages and would allow students to practice earlier in the day and get home at reasonable time. The competition gym would allow the District the opportunity to host larger events such as conference, district, regional games. The gym would feature a three-station gym space, new locker rooms and support spaces, and a walking track. Open times would be available for community walking/running/classes similar to the current pool space.

For the Community Center to be occupied as a school, certain improvements need to be made to meet modern building code. Improvements would include renovations to the restrooms to be A.D.A. compliant, fire safety improvements, and egress improvements. Once construction is complete, the District would relocate RHS and Adult Education programming to this building. Transferring these programs to the Community Center would eliminate the cost of lease and utilities at the current RHS facility.

FINANCIAL INFORMATION

How would the bond proposal impact my homeowner property taxes?

If approved by voters, it is projected that the debt tax rate would increase by approximately 3.27 mills over the current debt tax rate. This equals approximately an additional \$13.63 per month for every \$100,000 of market value home.

MARKET VALUE	TAXABLE VALUE	COST/YEAR	COST/MONTH	COST/WEEK
\$100,000	\$50,000	\$163.50	\$13.63	\$3.14
\$200,000	\$100,000	\$327.00	\$27.25	\$6.29
\$300,000	\$150,000	\$490.50	\$40.88	\$9.43

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When would the new bond proposal be paid off?

If the bond proposal is approved by voters on November 5, 2019, the final levy for this proposal is estimated to be 2053. The maximum number of years the bonds in each series may be outstanding, exclusive of any refunding, is thirty (30) years.

\$48,655,000 is a lot of money. Why does it cost so much to renovate the buildings?

Commercial building costs have greatly increased over the years due to rising material and labor costs. According to RS Means (Reed Construction Data), the Historical Cost Index for Commercial Construction in Grand Rapids, Michigan has increased as the following:

2003-2018 (15yrs) – increase of 173.9%

1998-2018 (20yrs) – increase of 193.4%

1988-2018 (30yrs) – increase of 254.4%

National averages are similar to these figures.

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.

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 the project to ensure compliance.

In the ballot language, the first paragraph states a not to exceed figure of \$48,655,000 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 \$48,655,000.

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 0.55 mills, what does this mean?

This means that the total estimated bond millage rate to be levied in the first year (2020) for this proposal is 0.55 mills. (0.55 mills new bonds + 10.00 mills existing bonds = 10.55 total estimated 2020 millage rate)

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

Yes, the bond millage rate is estimated to increase by 3.27 mills (10.55 - 7.28). For a \$100,000 market value home this equates to an estimated increase of \$163.50 per year or \$13.63 per month.

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?

Each bond series in the proposal must have a length of 30 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 5.46 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 5.46 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 \$0 and estimated interest is \$1,464,723. What does this mean?

In order to achieve a lower targeted total bond millage rate of 10.55, 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

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the borrowing period. This paragraph provides the estimated amount of borrowing and interest associated with this bond proposal by participating in the SLRF.

In the ballot it states that the estimated duration of the borrowing is 16 years and that the estimated computed millage rate for such levy is 10.55 mills. What does this mean?

This section means that it is estimated that the school district will participate in the SLRF for a 16 year duration and that the presently agreed upon participation bond millage rate is 10.55.

In the ballot language it states that the amount of qualified bonds currently outstanding is \$36,495,000 and that the total amount of qualified loans currently outstanding is \$6,235,083. What does this mean?

The Michigan School Bond Qualification and Loan Program ("SBQLP") is a state program that assists school districts with voted bond issues by providing a bond rating credit enhancement which assists in reducing borrowing costs. The term "qualified" in this case means that the school district has existing bonds outstanding that are qualified by the SBQLP. At the time of the election the principal amount of qualified bonds is \$36,495,000.

In order to achieve a lower targeted total bond millage rate, the school district has utilized 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. In this case the term "qualified loans" is referring to the school district's present estimated principal and interest SLRF balance of \$6,235,083.

When will the millage for this proposal first be levied?

On the December 1, 2020 property tax bill.

Is the school district going to immediately issue \$48,655,000 of bonds?

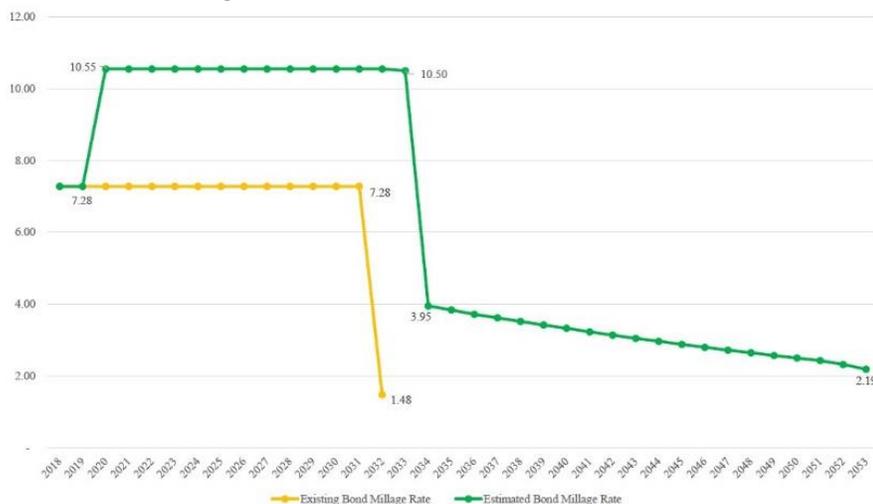
No. The bonds are proposed to be issued in 3 series (2020, 2022, 2024). This allows for years of bond repayments to occur before a new bond issue is completed.

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

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

Is the bond millage rate expected to be the same for the next 30 years?

No. The bond millage rate is estimated to remain at 10.55 mills through 2032, thereafter it is estimated to decline due to bond repayment and taxable value growth.



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?

The present 5 year historical taxable value growth rate for the school district is 2.73%. The present 20 year average taxable value growth rate is 2.89%. For years 2020 through 2024, a 2.73% taxable value growth assumption has been used. For years 2025 and beyond, a 2.89% taxable value growth assumption has been used.

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.

VOTING INFORMATION

Where can I find more information about this bond proposal?

- Visit the district website at www.plainwellschools.org
- Like us on Facebook at www.facebook.com/PlainwellCommunitySchools
- Follow us on Twitter at www.twitter.com/plnwellschools
- Follow us on Instagram at www.instagram.com/plainwellschools
- Attend a Public Information Forum
 - September 17, 2019
 - at Plainwell Community Center - 798 E Bridge St, Plainwell, MI 49080
 - 7:00 p.m.
 - October 16, 2019
 - at Plainwell Middle School - 720 Brigham St, Plainwell, MI 49080
 - 6:30 p.m. building tour and 7:00 p.m. forum

Where and when will the vote occur?

Registered voters may 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. The election will be held on Tuesday, November 5, 2019. Polls will be open from 7:00am to 8:00pm.

How is an absentee ballot obtained?

Absentee ballots are available to any registered voter. Registered voters must complete and submit an application for an absentee ballot. Applications are available from your city/township office. You also may obtain an application online at www.mi.gov/sos. Click "Elections in Michigan" on the left side menu, and then click on "Information for Voters." Absentee ballots are available by September 21 through November 5, 2019.

If I rent a house, can I vote? How would my taxes increase if I rent a house?

Yes, if you rent a house you can still vote. As a renter, unless you are responsible for paying the property taxes, your taxes would not increase. You do need to be a registered voter in the city or township you are living in.

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What are the key dates leading up to the Tuesday, November 5, 2019 vote?

- Absentee Voting: Contact your city/township; absentee voter ballots are available from September 21 until November 5, 2019
- Vote Date: Tuesday, November 5, 2019. Polls will be open from 7:00am to 8:00pm

INPUT AND FEEDBACK INFORMATION

Will I be able to provide input regarding the design of the buildings?

Yes. If the bond proposal is approved, the community will have the opportunity to participate in the final planning, design, and implementation of the school buildings. A committee for each building would be created for stakeholders to participate and provide input and feedback.

What oversights would hold the district accountable?

If approved by voters, the district's Architect/Engineer would design the proposed projects and prepare construction documents and specifications for the projects. Once the projects are designed, the district's Construction Manager will assemble bid packages and publicly advertise and solicit competitive bids for all work. This is required by law, as outlined in the Revised School Code. This process ensures that the district selects the lowest responsive and responsible bidder. All qualified contractors will have an opportunity to attend a pre-bid meeting to obtain additional information and project clarification. All qualified contractors will have the opportunity to participate in the competitive bid process.

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 the project to ensure compliance.

At what point would the State of Michigan, as well as the local fire and police departments, provide input into the bond projects?

Each project will be required to be submitted to both the Bureau of Construction Codes (BCC) and the Bureau of Fire Services (BFS) for both plan review and permitting. These agencies will review the projects to ensure they comply with applicable codes, before any building permits are issued. Building plans and specifications must be signed and sealed by a Licensed Architect/Professional Engineer before submission.

As of March 21, 2019, Michigan law requires school districts to consult on the plans for the construction or major renovation regarding school safety issues with the law enforcement agency that is the first responder for that school building. This consultation would happen after a bond proposal has been approved by voters, before construction documents are finalized prior to project commencement.

Why isn't the High School getting air conditioning like the other buildings?

If the bond passes, the district plans to add air conditioning to high school classrooms using district general funds as part of our five (5) year and fifteen (15) year facilities plan. Money that would normally be budgeted for roofing, parking lots, lighting, and other items in our traditional budget will be covered with the bond proposal, and therefore can be used for other projects like adding A/C to the high school. Adding A/C to the high school would occur at the same time as the other building projects for the district, with several classrooms added each summer over the course of approximately 5 years.

If the bond passes and the district adds air conditioning to all classrooms, does this mean we are going to implement a "year-round" school calendar?

No, year-round school is not currently being considered by the district. We will consider starting prior to Labor Day with input from the community, staff, and Board of Education. By state law, our calendar requires 180 days of instruction for students, and no additional days of school would be added, though the start date, end date, and breaks during the year could be adjusted to match current Allegan County programs utilized by our students.

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ADDITIONAL INFORMATION

What is the ballot language?

PLAINWELL COMMUNITY SCHOOLS BONDING PROPOSAL

Shall Plainwell Community Schools, Allegan, Kalamazoo and Barry Counties, Michigan, borrow the sum of not to exceed Forty-Eight Million Six Hundred Fifty-Five Thousand Dollars (\$48,655,000) and issue its general obligation unlimited tax bonds therefor, in one or more series, for the purpose of:

erecting, furnishing and equipping additions to school buildings; remodeling, equipping and re-equipping, and furnishing and refurbishing school buildings; acquiring, installing and equipping or re-equipping school buildings for instructional technology; and preparing, developing, improving and equipping playgrounds and sites?

The following is for informational purposes only:

The estimated millage that will be levied for the proposed bonds in 2020, under current law, is .55 mill (\$0.55 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 thirty (30) years. The estimated simple average annual millage anticipated to be required to retire this bond debt is 5.46 mills (\$5.46 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 \$-0- and the estimated total interest to be paid thereon is \$1,464,723. The estimated duration of the millage levy associated with that borrowing is 16 years and the estimated computed millage rate for such levy is 10.55 mills. The estimated computed millage rate may change based on changes in certain circumstances.

The total amount of qualified bonds currently outstanding is \$36,495,000. The total amount of qualified loans currently outstanding is approximately \$6,235,083.

(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.)

QUESTIONS

If you have additional questions, please contact Matthew Montange, Superintendent, at 269.685.5823 or matthew.montange@plainwellschools.org

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