



# Dexter Community School District

*May 2025 Bond Proposal Summary & Financial Frequently Asked Questions "FAQs"*

12/12/2024

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# Summary Of Capital Improvement Plan

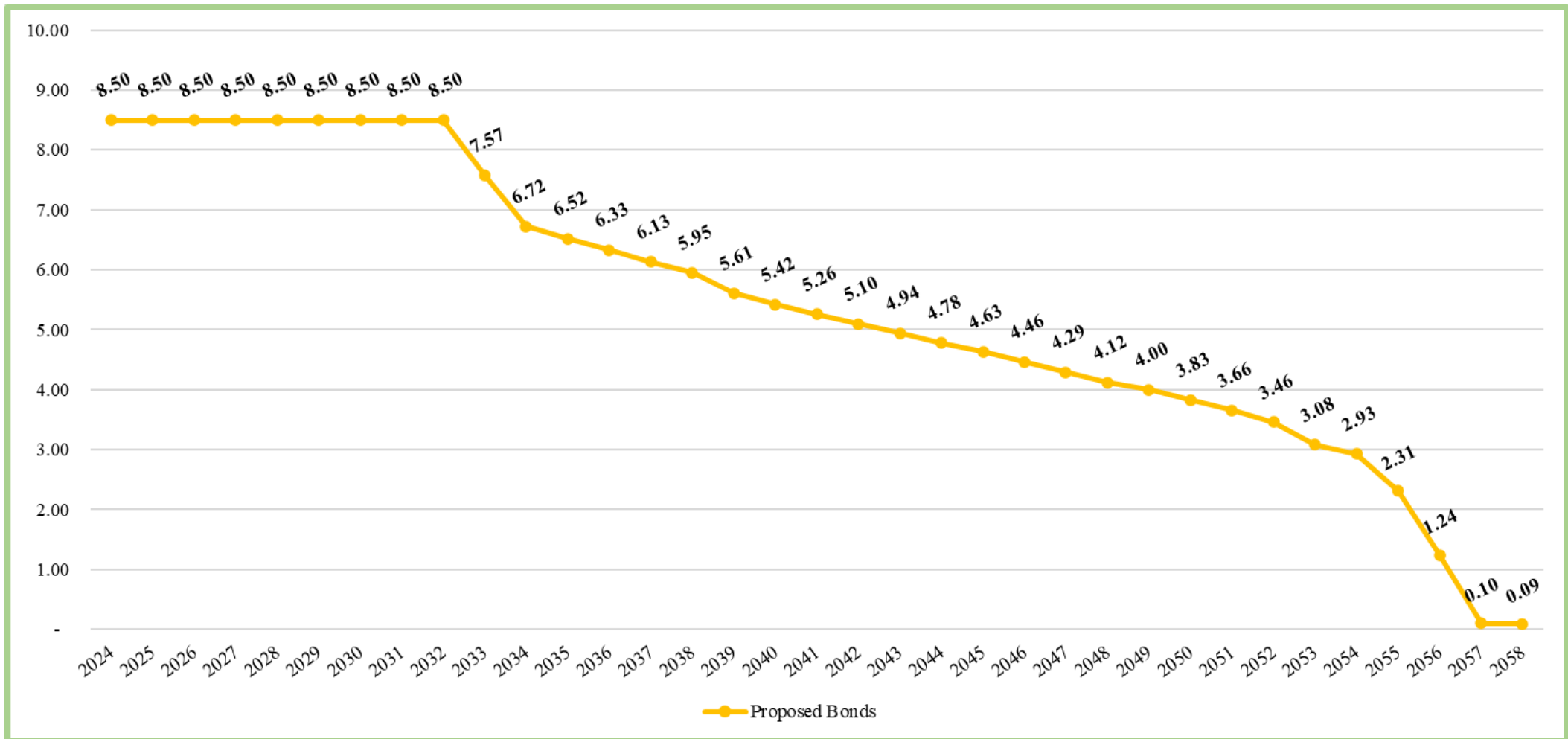
<u>Bonds issue year</u>	<u>2025</u>	<u>2027</u>	<u>2029</u>	<u>2031</u>	<u>Proposal</u>
Bond Total Par Amount	<u>\$60,000,000</u>	<u>\$75,000,000</u>	<u>\$90,000,000</u>	<u>\$16,865,000</u>	<u>\$241,865,000</u>
<u>Estimated uses of funds</u>					
Construction totals	\$59,985,117	\$75,017,647	\$90,053,726	\$16,769,237	\$241,825,727
Underwriter's discount	600,000	750,000	900,000	168,650	2,418,650
Bond issuance/election costs	264,950	295,450	322,450	164,749	1,047,599
Less estimated interest income [1]	<u>(850,067)</u>	<u>(1,063,097)</u>	<u>(1,276,176)</u>	<u>(237,636)</u>	<u>(3,426,976)</u>
Totals	<u>\$60,000,000</u>	<u>\$75,000,000</u>	<u>\$90,000,000</u>	<u>\$16,865,000</u>	<u>\$241,865,000</u>

[1] Assumes 24 month draw schedule at an assumed interest rate of 1.50%

<u>Bond millage rate difference</u>	<u>2025</u>	<u>2024</u>	<u>Difference</u>
Proposed bonds	1.55		1.55
Existing bonds	<u>6.95</u>	<u>8.50</u>	<u>(1.55)</u>
Total	<u>8.50</u>	<u>8.50</u>	<u>-</u>
Annual difference - \$100,000 market value/ \$50,000 taxable value property			<u>\$0.00</u>
Monthly difference			\$0.00

# Estimated Proposed Bond Millage Rates

(Assumes Taxable Value Growth of 3.00% - 5.00%)



# Estimated Bond Principal Balance & Bond Millage Rate

Estimated Bonds Principal Balance								Estimated Bonds Millage Rate		
Year Ending	Existing Bonds Principal Balance	Proposed Bonds Principal Balance					Total Existing and Proposed Principal Balance	Existing Bonds Millage	Proposed Bonds Millage	Total Bonds Millage
		2025 Bonds	2027 Bonds	2029 Bonds	2031 Bonds	Total Proposed Principal Balance				
2025	\$89,675,000	\$0	\$0	\$0	\$0	\$0	\$89,675,000	8.50	-	8.50
2026	77,320,000	60,000,000	-	-	-	60,000,000	137,320,000	6.95	1.55	8.50
2027	64,550,000	60,000,000	-	-	-	60,000,000	124,550,000	7.09	1.41	8.50
2028	51,680,000	60,000,000	75,000,000	-	-	135,000,000	186,680,000	5.42	3.08	8.50
2029	41,535,000	60,000,000	75,000,000	-	-	135,000,000	176,535,000	4.74	3.76	8.50
2030	33,790,000	58,000,000	75,000,000	90,000,000	-	223,000,000	256,790,000	3.93	4.57	8.50
2031	25,770,000	58,000,000	75,000,000	90,000,000	-	223,000,000	248,770,000	4.14	4.36	8.50
2032	17,460,000	58,000,000	75,000,000	90,000,000	16,865,000	239,865,000	257,325,000	3.47	5.03	8.50
2033	9,860,000	58,000,000	73,750,000	90,000,000	16,865,000	238,615,000	248,475,000	3.84	4.66	8.50
2034	2,025,000	58,000,000	73,750,000	90,000,000	16,115,000	237,865,000	239,890,000	0.79	6.78	7.57
2035	-	58,000,000	71,750,000	87,500,000	15,615,000	232,865,000	232,865,000	-	6.72	6.72
2036	-	55,900,000	69,700,000	85,400,000	14,590,000	225,590,000	225,590,000	-	6.52	6.52
2037	-	53,720,000	67,575,000	83,200,000	13,540,000	218,035,000	218,035,000	-	6.33	6.33
2038	-	51,460,000	65,375,000	80,900,000	12,465,000	210,200,000	210,200,000	-	6.13	6.13
2039	-	49,120,000	63,100,000	78,500,000	11,365,000	202,085,000	202,085,000	-	5.95	5.95
2040	-	46,700,000	60,750,000	75,975,000	10,240,000	193,665,000	193,665,000	-	5.61	5.61
2041	-	44,200,000	58,275,000	73,325,000	9,600,000	185,400,000	185,400,000	-	5.42	5.42
2042	-	41,620,000	55,675,000	70,550,000	9,040,000	176,885,000	176,885,000	-	5.26	5.26
2043	-	38,960,000	52,925,000	67,650,000	8,470,000	168,005,000	168,005,000	-	5.10	5.10
2044	-	36,220,000	50,075,000	64,550,000	7,890,000	158,735,000	158,735,000	-	4.94	4.94
2045	-	33,400,000	47,125,000	61,250,000	7,300,000	149,075,000	149,075,000	-	4.78	4.78
2046	-	30,500,000	44,075,000	57,750,000	6,700,000	139,025,000	139,025,000	-	4.63	4.63
2047	-	27,520,000	40,875,000	54,050,000	6,090,000	128,535,000	128,535,000	-	4.46	4.46
2048	-	24,460,000	37,575,000	50,150,000	5,470,000	117,655,000	117,655,000	-	4.29	4.29
2049	-	21,320,000	34,175,000	46,050,000	4,840,000	106,385,000	106,385,000	-	4.12	4.12
2050	-	18,100,000	30,675,000	41,750,000	4,200,000	94,725,000	94,725,000	-	4.00	4.00
2051	-	14,800,000	27,075,000	37,050,000	3,550,000	82,475,000	82,475,000	-	3.83	3.83
2052	-	11,420,000	23,375,000	32,150,000	2,890,000	69,835,000	69,835,000	-	3.66	3.66
2053	-	7,960,000	19,575,000	27,050,000	2,220,000	56,805,000	56,805,000	-	3.46	3.46
2054	-	4,600,000	15,675,000	21,750,000	1,540,000	43,565,000	43,565,000	-	3.08	3.08
2055	-	2,300,000	11,675,000	16,150,000	850,000	30,975,000	30,975,000	-	2.93	2.93
2056	-	1,605,000	7,175,000	10,450,000	400,000	19,630,000	19,630,000	-	2.31	2.31
2057	-	-	2,675,000	4,500,000	-	7,175,000	7,175,000	-	1.24	1.24
2058	-	-	-	1,000,000	-	1,000,000	1,000,000	-	0.10	0.10
2059	-	-	-	500,000	-	500,000	500,000	-	0.09	0.09

# Ballot Language

## SCHOOL IMPROVEMENT BOND PROPOSITION

Shall the Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan, borrow the principal sum of not to exceed Two Hundred Forty-One Million Eight Hundred Sixty-Five Thousand Dollars (\$241,865,000) and issue its unlimited tax general obligation bonds, in one or more series, to pay the cost of the following projects to create a modern learning environment for students and for health, safety, security, energy conservation and other purposes:

- Erecting additions to school buildings and other facilities and remodeling, equipping and reequipping, furnishing and refurnishing school buildings, additions, playgrounds, athletic fields and facilities and other facilities, including for secure entryways, modernizing instructional, fine arts, theater, music, weight and fitness spaces;
- Erecting, equipping and furnishing school facilities, athletic and other facilities, including for an indoor athletic facility and maintenance building;
- Acquiring, preparing, developing and improving sites for school buildings, including athletic fields, playgrounds and other facilities and the purchase of school buses;
- Acquiring and installing technology equipment and technology infrastructure, in school buildings and other facilities?

YES

NO

The annual debt millage required to retire all bonds of the School District currently outstanding and proposed pursuant to this ballot is expected to remain at or below 8.5 mills which is an estimated -0- mill increase from the debt millage levied in 2024. The estimated millage that will be levied to pay the proposed bonds in the first year is 1.55 mills (\$1.55 per \$1,000 of taxable value) and the estimated simple average annual millage that will be required to retire each series of the bonds is 4.18 mills annually (\$4.18 per \$1,000 of taxable value). The maximum number of years the bonds may be outstanding, exclusive of refunding, is not more than thirty (30) years.

If approved by the voters, the repayment of the bonds will be guaranteed by the State under the School Bond Qualification and Loan Program (the "Program"). The School District currently has \$77,320,000 of qualified bonds outstanding and \$651,119 of qualified loans outstanding under the Program. The School District expects to borrow from the Program to pay debt service on these bonds. The estimated total principal amount of the additional borrowing is \$6,687,504 and the estimated total interest thereon is \$1,686,616. The estimated duration of the millage levy associated with that borrowing is 9 years. The estimated computed millage rate required to be levied to pay the proposed bonds may change in the future based on changes in certain circumstances.

# Ballot Language FAQs

**Question:** In the ballot language, the first paragraph states a not to exceed figure of \$241,865,000 of general obligation unlimited tax bonds, what does this mean?

**Answer:** If this bond proposal is approved by voters, the maximum amount of bonds to be issued can be no greater than \$241,865,000.

**Question:** In the ballot language, it states that the estimated millage that will be levied in 2025 to pay the proposed bonds in the first year is 1.55 mills, what does this mean?

**Answer:** This means that the allocated bond millage for this proposal to be levied in the first year (2025) is 1.55 mills. (1.55 mills new bonds + 6.95 mills existing bonds = 8.50 total estimated 2025 millage rate)

# Ballot Language FAQs

**Question:** Is there an estimated increase in the bond millage rate in this bond proposal?

**Answer:** No, the bond millage rate is estimated to remain the same as illustrated in the table as seen.

	2025	2024	Difference
Proposed bonds	1.55		1.55
Existing bonds	6.95	8.50	(1.55)
Total estimated bond millage rate	8.50	8.50	-

# Ballot Language FAQs

**Question:** 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?

**Answer:** The school district plans to issue the bonds in 4 separate series, in 2025, 2027, 2029 and 2031. Each bond series would have a length of 30 years or shorter.

**Question:** In the ballot language it states that estimated simple average annual millage that will be required to retire each bond series is 4.18 mills annually, what does this mean?

**Answer:** This means that over the entire life of the bond proposal (4 bond series) that the average annual bond millage rate is estimated to be 4.18 mills.

**Question:** 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 \$6,687,504 and estimated interest is \$1,686,616. What does this mean?

**Answer:** In order to achieve a lower targeted total bond millage rate of 8.50, 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.

# Ballot Language FAQs

**Question:** In the ballot language it states that the amount of qualified bonds currently outstanding is \$77,320,000 and that the total amount of qualified loans currently outstanding is \$651,119. What does this mean?

**Answer:** 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 \$77,320,000.

In order to achieve a lower targeted total bond millage rate of 8.50, 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 \$651,119.

# Other Financial FAQs

**Question:** When would the millage for this proposal first be levied?

**Answer:** On the December 1, 2025 property tax bill.

**Question:** Is the school district going to immediately issue \$241,865,000 of bonds?

**Answer:** No. The bonds are proposed to be issued in 4 series (2025, 2027, 2029, 2031). This allows for years of bond repayments to occur before a new bond issue is completed.

**Question:** Are technology purchases going to be amortized over a 30-year period? Is there a technology replacement plan?

**Answer:** No, technology purchases are required 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 FAQs

**Question:** Are bus purchases going to be amortized over a 30-year period?

**Answer:** No, bus purchases are required to be amortized over a 6-year period beginning at the time the buses are put into service.

**Question:** Is the bond millage rate estimated to be the same for the entire life of the bond proposal?

**Answer:** No, the bond millage rate is estimated to remain at 8.50 mills through 2033, thereafter it is estimated to decline due to bond repayment and taxable value growth.

**Question:** 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?

**Answer:** The present 5-year historical taxable value growth rate for the school district is 5.18%. The present 20-year average taxable value growth rate is 3.59%. For years 2025 through 2029, a 5.00% taxable value growth assumption has been used. For years 2030 and beyond, a 3.00% taxable value growth assumption has been used.

# Other Financial FAQs

**Question:** Why are the bond issues being completed in a series as opposed to being completed immediately in one bond issue?

**Answer:** The bond issues are being completed in a series in order to implement a long-term capital plan as well as reduce total bond interest expense.

By issuing the bonds in series the school district receives capital funding over a multiple time period as opposed to one. This allows for the continual update and replacement of school district infrastructure. A multiple year technology replacement program is also included in the plan.

If the school district sold the entire bond proposal immediately it would immediately incur interest expense on \$241,865,000. By issuing the bonds in series over time the school district achieves a lower annual bond balance. The bond issues are also being completed across multiple years. This allows years of bond repayment before a new bond issue is added.

# Other Financial FAQs

**Question:** Are there property tax exemptions to anyone of any kind?

**Answer:** 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.

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

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