

**Dexter Community Schools
August 8, 2017 Bond Proposal
FREQUENTLY ASKED QUESTIONS**

1) Why has the Board endorsed this bond proposal?

We want to maintain the community's investment in the infrastructure of the District. Bond proposals have been the method of financing the district's infrastructure needs used by Dexter Boards of Education for the past 50 years.

We are approaching 10 years since the 2008 Bond. We engaged a facility study to identify the mechanical systems and facility needs for the next 10 years. The Bond will support our plan to continue to replace school buses, technology, security and furniture on a schedule as they reach the end of their useful lives.

In addition, we are out of classroom space at the K-2 level and most other buildings are at or near their design capacity.

2) What process was followed to develop the upcoming ballot proposal?

The scope of the proposal was based on what we believe to be critical needs, not wants. These needs have been shared and affirmed through a variety of initiatives over the past year including a comprehensive facilities study, many meetings with our teachers and support staff members, numerous public forums and extensive reviews and discussions at regularly scheduled open board meetings.

3) Does the Board of Education support the proposal?

The Board of Education unanimously supports the size and scope of the proposed bond.

4) Are the proposed improvements in alignment with the District's overall Mission and Goals?

We intend to base every decision we make regarding this proposal on the goals of:

- Keeping our planning in alignment with our district's clearly defined goals and comprehensive 2015-2020 Strategic Framework
- Making recommendations based on what we believe to be the very best interests of our students and the communities we serve
- Maintaining the current school debt millage rate of 8.5 mills (No tax rate increase over current levy)

5) Will passage result in an increase in our school debt millage?

We currently levy 8.5 debt mills annually on all school properties. The bond proposal is structured not to increase the 8.5 mil annual debt levy that the district currently collects for previous building projects, but to extend the number of years that the levy will be

collected. Projections indicate that the current debt levy would start to decline in 2024. If voters approve the proposed bond, the debt levy is not projected to decline until 2030.

6) Can the school debt tax be reduced to a lower rate, such as 8.0 or 7.5 mills, as a part of this bond proposal?

No, not at this time. The current school debt tax rate of 8.5 mills was established in 1998 when the school first entered into the State of Michigan School Bond Loan Fund. The school district must continue to levy 8.5 mills until all the outstanding loans from the School Bond Loan Fund are repaid. Any accelerated growth in taxable values should shorten the number of years we will be required to levy 8.5 mills.

7) Why are we planning to refinance existing debt?

Much like your personal mortgage, when interest rates are more favorable than your existing mortgage interest rates, it makes sense to pay off the high interest rate loan with a lower interest rate loan. The result of refinancing is either a lower monthly payment or a shorter time to completely pay off your mortgage.

Also, in general, the interest rate on a one year loan is much lower than the interest rate on a 10-year loan. The interest rate on a 10-year loan is lower than the interest rate on a 20-year loan. And interest rates, in general, are lower now than they were in 2008.

The school debt that was issued in 2008 is approaching 10 years old. So the interest we are paying on bonds due in 2018, 2019, 2020, etc. were based on interest rates from 10, 11, and 12 year maturities, respectively. The interest we are paying on the bonds due in 2028 are based on interest rates from 20 year notes. By refinancing, the bonds due in 2018, 2019, 2020 would be financed at a much lower interest rate based on 1, 2, and 3 year maturities. The bonds due in 2028 would become a 10-year maturity instead of a 20-year maturity. This approach can save our taxpayers millions of dollars in interest over the life of the bonds. If interest rates go up, however, this may not happen.

8) What are the major features of this proposal?

Bond components include a new elementary school, additions and flexible learning spaces, infrastructure updates, logistics and transportation, community facility improvements, arts and music space, athletic fields and facilities, security updates, furniture replacement, ten-year bus replacement, ten-year music instrument replacement cycle, and ten-year technology replacement cycle.

9) Why do we need a new K-2 Elementary School?

We are experiencing a combination of enrollment increases and program expansions. The addition of all-day kindergarten in 2012-13 doubled the use of kindergarten classrooms. The addition of half day and then full day Young 5s has filled our K-2 buildings beyond the designed capacity. Cornerstone has worked well programmatically and we own the design of that building which should reduce the cost of construction. The

plan is to build a duplicate of Cornerstone, with an addition of four classrooms, expanding the overall design capacity at the K-2 level by five classrooms.

10) Will the construction of a new elementary school require removing trees?

The new elementary school is envisioned to be built adjacent to Cornerstone Elementary School. There are very few, if any, trees that will be removed because that land is currently being used as playfields. The playfields, however, will be relocated onto property owned by the District on Parker Road. The property on Parker Road includes just over 100 acres of land and the fields will occupy only a portion of that property (likely no more than 20 acres). We will use our best efforts to minimize the removal of trees for the field construction. The District plans to plant trees on other properties to replace any trees removed.

11) What will happen to Bates Elementary School?

The popularity of our 0-5 programs has filled the Jenkins Early Childhood Center. Bates will serve the pre-school aged children who are on wait lists. Bates can also be used for additional Young 5 space if needed.

12) How will we pay for additional administrative staff for an additional school building?

The current Bates staff and building administration will move to the new building. The early childhood programs at the repurposed Bates building will be tuition based programs and will provide revenue to cover its classroom expenditures. The current early childhood program directors and staff will cover all early childhood programs in all buildings.

13) Why are we only adding an Elementary School if growth is an issue?

We have estimated student enrollment out five years both with and without additional housing developments. The Michigan Department of Treasury must approve all bonds issued for facility expansion and require that the design capacity be reasonable for the expected student enrollment. We do not want to overbuild, so we have built flexibility into the design should we need it. In addition, Wylie and Creekside were both utilized as higher grade buildings in the past which supported larger numbers of students than currently are attending and can accommodate some growth. Mill Creek and the High School were both built in such a way that extra pods can be added on to the building if needed, and there are currently flexible learning spaces in both buildings that can be turned into classroom space when necessary. This is why we are adding capacity through a new elementary building, but not planning to add capacity at higher grade level buildings for at least the next five years.

14) Why do we need another music room at Mill Creek?

The music programs at Dexter are popular. Music participation at Mill Creek has grown tremendously since Mill Creek was designed over 15 years ago. The size of Mill Creek

band consistently exceeds the design capacity of the current band room. The vocal music program is taught on risers set up in the Media Center. By adding a new and larger band room, the Mill Creek band will have the space to handle the expanded demand and the

vocal music program will have a classroom designed for that purpose. In addition, this new band room will open access to our community groups who use music facilities for weekly rehearsals and are often relocated from the high school room due to scheduling conflicts of events at the CPA.

15) Please explain the meaning of Flexible Learning Spaces and how this concept enhances the education of our students.

A Flexible Learning Space is basically a large open room with a variety of movable versatile furniture. The classroom can be tailored on the spot to different learning experiences. The flexibility also gives students a choice in what kind of learning space works best for them. Studies have shown Flexible Learning Spaces improve collaboration, communication, and critical thinking.

16) Will approval help to retain current students and attract new ones?

We have been told many times that parents choose to live in Dexter because of the schools. Public schools in Michigan receive their funding from the State on a per-pupil basis. Simply put, the more students that attend schools in our district, the more programs and classes we can offer. Since parents have choices regarding where their children go to school, we want to make Dexter Community Schools as attractive as possible to prospective homebuyers. We also strive to maintain the quality of teachers and staff and instruction opportunities on which our District's positive reputation is based.

17) Will money from the bond proposal be used to pay teacher salaries and benefits or operational costs?

No. By law, school districts are not allowed to use funds from a bond issue for operating expenses such as teacher, administrator or employee salaries or other operational costs. Bond funds must also be kept separate from operating funds.

18) How will passage improve the quality of our students' learning experiences?

The current plan is to include infrastructure for enhanced student learning:

- New music room addition at Mill Creek Middle School
- New additions of flexible learning environments at all grade levels
- New secure entrance at Wylie Elementary School
- Alternative Education program facility improvements
- Ten-year music instrument replacement cycle
- Ten-year technology replacement cycle
- Furniture replacements for collaborative and flexible learning spaces

19) How will this proposal benefit Dexter's community recreation programs?

The current plan is to include the following community related improvements:

- Bates Elementary will be converted into additional space for Dexter's Early Childhood Programs that have extensive waiting lists
- Renovate locker room and shower facilities at the Dexter Community Pool
- Improvements to the Dexter Senior Center
- Upgrades to the DHS Center for the Performing Arts
- Relocations and additions to walking pathways around schools
- New athletic playing surfaces to accommodate the increased usage of both school and community groups

20) How will this proposal benefit residents who don't have students in the district?

There are numerous benefits for residents without school-aged children. District facilities and sites are regularly used by community members who do not have children attending District schools. Dexter Community Schools takes pride in its role as an important community resource and partner. We are regularly told that the value and vitality of our community significantly depends on the quality and marketability of our schools and that great schools help to maintain local property values. The DCS Board believes in their role of good stewardship of taxpayer dollars. This extends to the belief that it is in our community's best interests to protect its investments and to attract (and retain) families and businesses to our area.

21) Will special emphasis be placed on hiring local contractors and suppliers?

All new school construction, renovation and major projects are competitively bid according to the parameters listed in the MCLA 1267 of the Revised School Code and Board policy. Board policy provides for local preferences whenever goods and services are of comparable quality and cost.

22) If approved, what is the timeline for the construction and delivery of the new elementary school?

Once the bond passes we will need to get contracts in place for an architect and construction manager. The construction manager handles bidding projects for us, so the bid packages and bidding process take a month or so. The first priority will be to move the baseball fields so we can begin construction on the new elementary school. We are working with a timber buyer so the public will begin to see the land near Dexter High School off Parker Road being cleared of the trees to the extent necessary in late summer or fall. We are getting paid for the trees versus paying for their takedown. Once spring (March) hits the public will see more activity. The new playfields will be installed at DHS and fences will go up around the new elementary school site adjacent to Cornerstone. Those are the most visible items we will do with the bond. Other items like the mechanicals will start phasing in with most work being done while school is out. We will target Fall 2019 for opening of the new elementary school.

23) How can we be assured that the District won't be asking for additional improvements (bond issues) in the future?

This bond proposal addresses certain current and anticipated needs of the District that we have identified for the next ten years. The reality of the school funding structure in Michigan is that we choose bond issues or sinking funds, or a combination of both, for school infrastructure improvement so as to avoid drawing on the district's operating funds and away from programs and the classroom. The history of our District is that school infrastructure has been accomplished using bond issues. Future infrastructure needs will require additional bond funding or alternative funding sources, such as a pay-as-you-go sinking fund.

24) Why was August 8, 2017 selected as the date to vote on this proposal?

We targeted a May 2017 election but had to meet a timeline outlined by the Michigan Department of Treasury for approvals. Instead of rushing the process, we took more time to plan. We were ready to move forward on an August 8 timeline. Waiting for some other date runs the risk of escalated construction costs and increased interest rates that would cost our taxpayers unnecessary interest on the bonds we sell.

25) What are the key dates leading to the August 8, 2017 vote?

Final day to Register to Vote	Monday, July 10, 2017
Final day to pick up an Absentee Ballot	Saturday, August 5, 2017 (2 p.m.)
Absentee Ballots Must Be Returned	Tuesday, August 8, 2017 (8 p.m.)
Election Day	Tuesday, August 8, 2017 (7 a.m.-8 p.m.)

26) Where and when do I register to vote?

To register to vote, a person must be:

- a U.S. citizen
- at least 18 years of age by election day
- a resident of Michigan and the city or township where you are applying to vote

You may obtain the application at one of the following:

- Your local Secretary of State branch office
- Your local county, city, or township clerk's office
- Offices of several state agencies, like the Department of Human Services, the Department of Community Health, and the Department of Labor and Economic Growth
- Military recruitment centers
- Voter registration drives
- Online at www.Michigan.gov/sos

To vote in the August 8, 2017 School Election, a person must be a resident of the Dexter Community Schools District and registered to vote by 5 p.m. on Friday July 7, 2017.

27) What is the proposal's wording as it will appear on the ballot?

Shall the Dexter Community Schools, Counties of Washtenaw and Livingston, Michigan, borrow the principal sum of not to exceed Seventy-One Million Seven Hundred Five Thousand Dollars (\$71,705,000) and issue its unlimited tax general obligation bonds for the purpose of defraying the cost of:

- Erecting, completing, equipping and furnishing a new elementary school building;
- Constructing additions to and remodeling, equipping, re-equipping, furnishing, re-furnishing school buildings, and other facilities, including for technology, energy conservation and security improvements and purchasing school buses;
- Acquiring land and preparing, developing, or improving sites, including school buildings, outdoor athletic fields, athletic facilities, playfields, playgrounds and other facilities;
- Acquiring, installing, equipping and re-equipping school buildings and other facilities, including classrooms?

The 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 8.50 mills. The estimated millage to be levied in 2017 to service this issue of bonds is 1.939 mills (\$1.939 per \$1,000 of taxable value) and the estimated simple average annual millage rate required to retire the bonds of this issue is 2.406 mills (\$2.406 per \$1,000 of taxable value). The bonds may be issued in one or more series, payable in the case of each series in not to exceed 30 years from the date of issue of such series.

The School District currently has \$60,595,000 of qualified bonds outstanding and approximately \$25,194,160 of qualified loans outstanding under the School Bond Qualification and Loan Program (the "Program"). The School District expects to borrow from the Program to pay debt service on these bonds. The estimated total principal amount of additional borrowing is \$2,175,550 and the estimated total interest thereon is \$10,542,205. The estimated duration of the millage levy associated with that borrowing is 13 years and the estimated computed millage rate for such levy is 8.50 mills. The estimated computed millage rate may change based on changes in certain circumstances.

YES
NO

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

28) What is the Michigan Homestead Property Tax Credit?

The Michigan Homestead Property Tax Credit is a method through which some taxpayers can receive a tax 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. Please

consult your tax provider to determine if you are eligible for this important and valuable tax credit.

29) Will there be meetings I can attend to learn more about what the district is proposing?

Please attend one of the Community Forums scheduled before Election Day, August 8, 2017. All Community Forums will be held at Creekside Intermediate School, 2615 Baker Road, Dexter.

- Monday, May 22, 2017 6:00 p.m.
- Wednesday, May 31, 2017 6:30 p.m.
- Monday, June 12, 2017 7:00 p.m.
- Monday, July 17, 2017 7:00 p.m.
- Monday, July 31, 2017 7:00 p.m.

30) How can I request a district representative to speak at a neighborhood, service club or business organization meeting?

Please contact Superintendent Chris Timmis at timmisc@dexterschools.org or call him at 734-424-4100 x1001.

31) Why is the District borrowing from anyone to pay debt service on these bonds while at the same time levying a tax in 2017 for the very same purpose?

When the 1998 Bond proposal was developed almost 20 years ago, the District determined that participation in the State-operated School Bond Loan Fund would allow the District to levy 8.5 mills throughout the payoff of the 1998 Bonds instead of a much higher millage that would otherwise have been necessary in the early years of the bond repayment schedule. In 1998, the District's taxable value was \$513 million. Without entering the School Bond Loan Fund, the District would have had to levy 22 mills on all properties in 1998 to make the payments on the bonds necessary to build the new high school and have funds for other infrastructure needs. By participating in the School Bond Loan Fund, the community would be taxed more evenly over the life of the bond payments. For example, the new Dexter High School, built with the proceeds of the 1998 Bond, is still educating the high school students in our community. The taxpayers in 1998 were paying the same debt tax rate on the building as those in 2002 as those in 2017. In 2017, the District's taxable value now exceeds \$1.23 billion. The same debt tax rate of 8.5 mills generates more than double than it did in 1998. The annual debt tax collection is about equal to what we would need to pay on the new proposed bonds. We actually believe that with a combination of the 2017 taxable values exceeding the initial estimate and the opportunity to refinance our 2008 bonds at lower interest rates, we can structure the new bonds in such a way that no further borrowing from the School Bond Loan Fund will actually be needed. However, while we are paying off the previous loans, the debt levy will continue to be 8.5 mills.

31) Will this bond proposal be used to pay for any of the planned roundabouts on Baker Rd.?

No bond funds will be used for the road roundabout project. The Washtenaw County Road Commission has secured a federal grant that will fund two roundabouts to improve the traffic flow on Baker Rd. A roundabout will be constructed at Baker and Shield and another at Baker and Dan Hoey. While school district representatives have participated in the planning, the work will be paid for by the grant. Additional improvements (i.e. sidewalks, pathways, landscaping) will be paid for by the City of Dexter and Scio Township. The District will benefit from this project. Our buses, staff, parents, students, and community who travel to and from DHS will experience a greatly improved traffic flow. Pedestrian crossings and pathways will be extended to the roundabouts. WCRC will be holding a public meeting this summer to share their plans and answer community questions. Again, no Dexter Community Schools bond funds will be used for any part of the Washtenaw County Road Commission roundabout construction. The two initiatives are completely separate.