



MAY 5, 2020 BOND PROPOSAL

Frequently Asked Questions & Answers

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

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, furnishings, equipment, buses 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.

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.

How much money would the bond proposal generate?

The proposal would generate \$67,000,000 which would be spent over ten years on district-wide improvements.

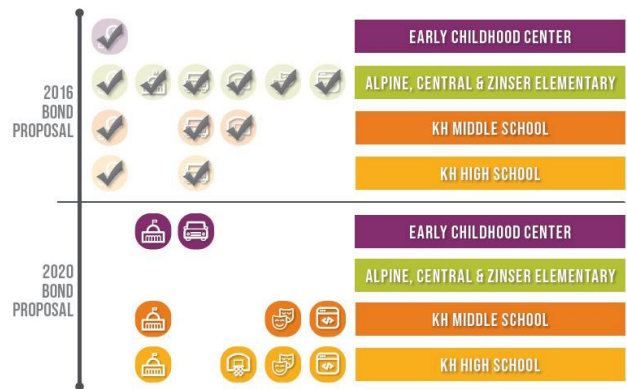
Is the district going to immediately issue \$67,000,000 of bonds?

No. The bonds are proposed to be issued in four series (2020, 2023, 2026, 2029). This allows for years of bond repayments to occur before a new bond issue is completed.

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

The 2020 bond proposal focuses on the Early Childhood Center, Middle School and High School. While these buildings have undergone additions and renovations over the years, they haven't seen significant, building-wide upgrades. A recent facilities assessment identified specific systems that have exceeded their expected lifecycle(s) – lighting, roofing, HVAC, etc. If the bond is approved by voters, it would include selective replacement of these systems. Improvements to learning environments at these schools are also a priority of this bond proposal.

The previous bond in 2016 focused extensively on Alpine Elementary School, Central Elementary School, and Zinser Elementary School.



- Key**
- Secure Entry
 - Physical Education Improvements
 - Building Improvements
 - Performing Arts Improvements
 - Traffic/Parking Reconfigurations
 - STEM Improvements

Please vote: Tuesday, May 5, 2020

For more information: www.khps.org

FINANCIAL INFORMATION

How would the bond proposal impact my property taxes?

If approved by voters, the debt millage rate would increase by an estimated 0.26 mills over the current tax rate. For a \$100,000 market value home, this equates to an estimated increase of \$1.08 per month or \$13 per year.

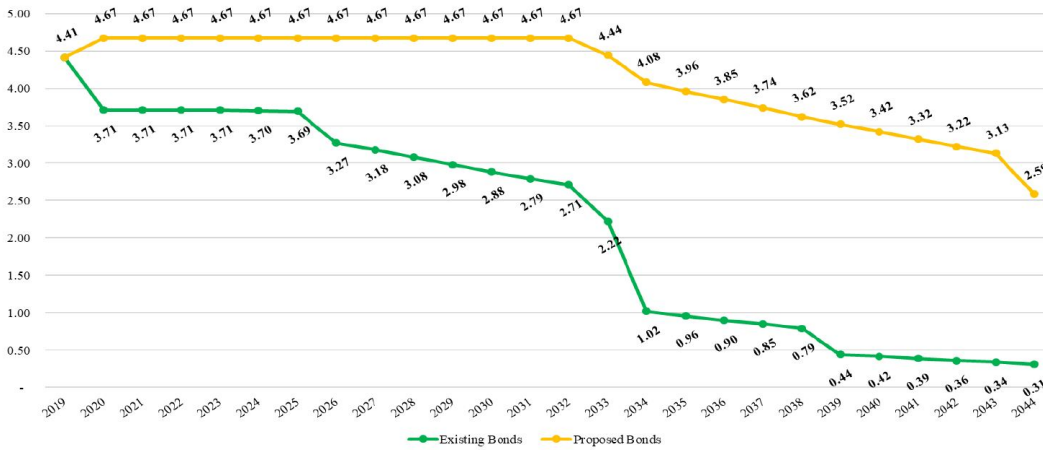
MARKET VALUE	TAXABLE VALUE	COST/YEAR	COST/MONTH	COST/WEEK
\$100,000	\$50,000	\$13.00	\$1.08	\$0.25
\$200,000	\$100,000	\$26.00	\$2.17	\$0.50
\$300,000	\$150,000	\$39.00	\$3.25	\$0.75

When would the millage for this proposal first be levied?

On the July 1, 2020 property tax bill.

Is the bond debt millage rate expected to be the same for the next 25 years?

No. The bond millage rate is estimated to remain at 4.67 mills through 2032, thereafter it is estimated to decline due to bond repayment and taxable value growth.

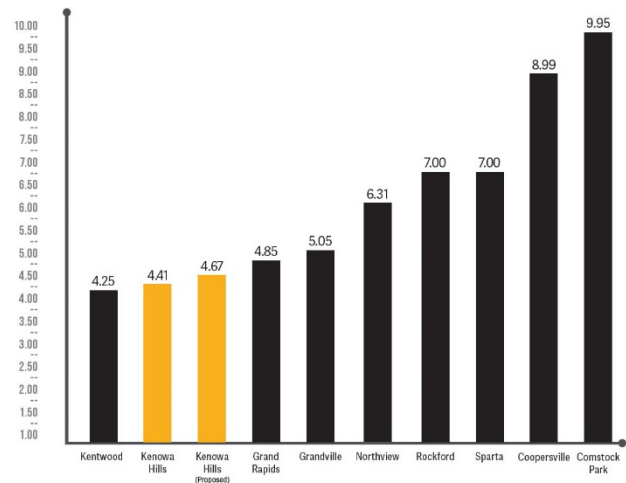


When would the new bond proposal be paid off?

If the bond proposal is approved by voters on May 5, 2020, the final levy for this proposal is estimated to be 2044. The maximum number of years the bonds in each series may be outstanding, exclusive of any refunding, is twenty-five (25) years.

How does Kenowa Hills Public Schools' millage rate compare to other area school districts?

Kenowa Hills Public Schools currently levies the second lowest debt tax rate in neighboring schools. If the proposal is approved by voters, Kenowa Hills Public Schools would still remain as one of the lowest debt tax rates in the area.



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\$67,000,000 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 the following:

2003-2020 (17yrs) – increase of 181.1%

1998-2020 (22yrs) – increase of 207.7%

1988-2020 (32yrs) – increase of 265.9%

National averages are similar to these figures. Material and labor costs increase on average 3-4% per year. For a better understanding of bond project scope, please refer to the building specific project listings on the district website.

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 financed with each bond series to ensure compliance.

Are technology purchases going to amortize over a 25 year period? Is there a technology replacement plan?

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

Are bus purchases going to amortize over a 25 year period?

No. Bus purchases are required to be amortized over a six year period beginning at the time the buses are put into service.

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.

Where can I find more information about this bond proposal?

- Visit the district website at www.khps.org
- Follow us on social media at www.facebook.com/kenowahillsps and www.twitter.com/kenowahills

VOTING INFORMATION

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.

How is an absentee ballot obtained?

Absent voter ballots are available to any registered voter. Registered voters must complete and submit an application for an absent voter ballot. (For assistance in obtaining the address of your local clerk, visit www.michigan.gov/vote) You must request an absent voter ballot by mailing the application, a letter, a postcard, or a pre-printed application form obtained from your local clerk's office. Requests to have an absent voter ballot mailed to you must be received by your clerk no later than 5:00 p.m. the Friday before the election.

Applications are available from your local clerk's office. You also may obtain an application online at www.mi.gov/sos. Click "Elections" on the top menu, and then click on "Voter Information" then click on "[Absent Voter Ballot Application](#)." Absent voter ballots are available by March 21 through May 4, 2020.

Please vote: Tuesday, May 5, 2020

For more information: www.khps.org

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, May 5, 2020. Polls will be open from 7:00 a.m. to 8:00 p.m.

What are the key dates leading up to the Tuesday, May 5, 2020 vote?

- Registering to vote:
 - The last day for voters to register by mail is Monday, April 20, 2020
 - Voters may register in-person through Tuesday, May 5, 2020 (election day) with the required documentation
- Absentee Voting:
 - Absentee voter ballots are available from March 21 until May 4, 2020
 - Contact your city/township with questions
- Voting on Election Day:
 - Tuesday, May 5, 2020
 - Polls will be open from 7:00 a.m. to 8:00 p.m.

INPUT AND FEEDBACK INFORMATION

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.

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

After voter approval of the bond proposal, each construction 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.

Please vote: Tuesday, May 5, 2020

For more information: www.khps.org

BALLOT LANGUAGE BREAKDOWN

What is the ballot language?

KENOWA HILLS PUBLIC SCHOOLS BONDING PROPOSAL

Shall Kenowa Hills Public Schools, Kent and Ottawa Counties, Michigan, borrow the sum of not to exceed Sixty-Seven Million Dollars (\$67,000,000) 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, furnishing and refurbishing and equipping and re-equipping school buildings; acquiring, installing, equipping or re-equipping school buildings for instructional technology; purchasing school buses; 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 .96 mill (\$0.96 on each \$1,000 of taxable valuation) for a .26 mill net increase over the prior year's levy. The maximum number of years the bonds of any series may be outstanding, exclusive of any refunding, is twenty-five (25) years. The estimated simple average annual millage anticipated to be required to retire this bond debt is 2.56 mills (\$2.56 on each \$1,000 of taxable valuation).

The school district does not expect to borrow from the State to pay debt service on the bonds. The total amount of qualified bonds currently outstanding is \$67,725,000. The total amount of qualified loans currently outstanding is \$-0-. The estimated computed millage rate may change based on changes in certain circumstances.

(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 \$67,000,000 of general obligation unlimited tax bonds, what does this mean?

If this bond proposal is approved by voters, the maximum amount of bonds to be issued can be no greater than \$67,000,000.

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 .96 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 .96 mills. (.96 mills new bonds + 3.71 mills existing bonds = 4.67 total estimated 2020 millage rate)

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 25 years, what does this mean?

The school district plans to issue the bonds in 4 separate series, in 2020, 2023, 2026 and 2029. Each bond series would have a length of 25 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 2.56 mills annually, what does this mean?

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 2.56 mills.

Please vote: Tuesday, May 5, 2020

For more information: www.khps.org

In the ballot language it states that the school district does not expect to borrow from the State to pay debt service on the bonds. What does this mean?

There is a State program known as the School Loan Revolving Fund ("SLRF") that assists school districts with completing voted bond issues by allowing them to take loans from the SLRF for bond payments. The school district does not anticipate borrowing from the SLRF for this proposal.

In the ballot language it states that the amount of qualified bonds currently outstanding is \$67,725,000 and that the total amount of qualified loans currently outstanding is \$0. 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 \$67,725,000.

Another State program known as the School Loan Revolving Fund ("SLRF") provides loans to school districts to assist with voted bonds annual payments if needed. The term "qualified loans" refers to any SLRF loan balances outstanding. The school district has not needed to borrow from this program and therefore the balance at the time of the election is \$0.

Questions?

If you have questions, please contact Gerald Hopkins, Superintendent, at 616-784-2511
or by email at ghopkins@khps.org