



BOND PROPOSAL IMPROVEMENTS

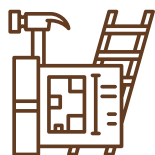
Election Day: Tuesday, May 4, 2021

FINANCIAL INFORMATION SHEET

School funding options – specifically bond proposals – can be complex and challenging to understand. Questions are common: Why use a bond proposal instead of other funding options? How much will it cost? How can the community be confident that the bond funds are used as proposed? Since Holt Public Schools has asked the community to vote on a bond proposal on May 4, 2021, the District developed information to address some common questions. For more information on the bond proposal visit www.hpsbond2021.com.

Bond funds are needed for improvements to school facilities and infrastructure.

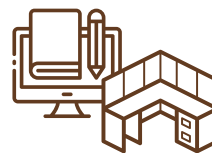
In the State of Michigan, the primary funding mechanism for capital improvements in school districts is requesting taxpayer authorization of bond proposals to permit the district to borrow money to pay for capital expenditures. As a general rule, school districts do not use general fund dollars (also known as the state funding per student) for these types of capital improvements. Doing so would take away money from educational programming and instruction – which is certainly not in the best interest of students. The \$148 million bond proposal focuses on four key **pillars** of safety and security, critical infrastructure, learning environments and innovation.



CRITICAL INFRASTRUCTURE



SAFETY & SECURITY



LEARNING ENVIRONMENTS



INNOVATION

Annual operational needs are funded through federal dollars and an allocation made by the State of Michigan, known as the student foundation allowance.

When Proposal A passed in 1994, the funding system for schools changed. The State of Michigan would guarantee a specific amount per student for operational expenses, known as the student foundation allowance. Anything over and above this funding for needed facility and infrastructure improvements would have to be approved by public vote for bond or sinking fund dollars.

Holt Public Schools has a \$65 million budget comprised of State and Federal funding, most of which comes through the foundational allowance for the number of student served. Around 80% of this funding goes to staffing, which is similar to most districts. Bond dollars cannot be used for staffing and operational costs.

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Bond repayments have interest just as a home mortgage does.

In truth, the interest rates for bonds cannot be determined until the bonds are sold. The bonds in the \$148 million bond proposal will be sold in four phases as the work is projected to be completed. A conservative estimate on the interest rate is between 1.50 - 3.90%. Think of selling bonds like purchasing a home. Just like a mortgage, interest on the bond will be incurred. For a home that costs \$100,000, you make monthly payments on that amount, plus interest, over a specified number of years. The total amount that you pay once your home is paid off is higher than the initial purchase price – but you still consider the cost of your home to be \$100,000. The same is true with bonds. In this proposal the district would sell \$148 million in bonds to fund improvements over 8 years. The school district plans to issue the bonds in four separate series, in 2021, 2023, 2025 and 2027. Each bond series would have a length of 26 years or shorter. See the schedule of estimated principal and interest.

Technology and buses are not amortized over 26 years.

Bus purchases are required to be amortized over a 6-year period beginning at the time the buses are put into service. Technology purchases are required to be amortized over a 5-year period beginning at the time of installation. Each bond series has an allowance for future technology purchases and updates.

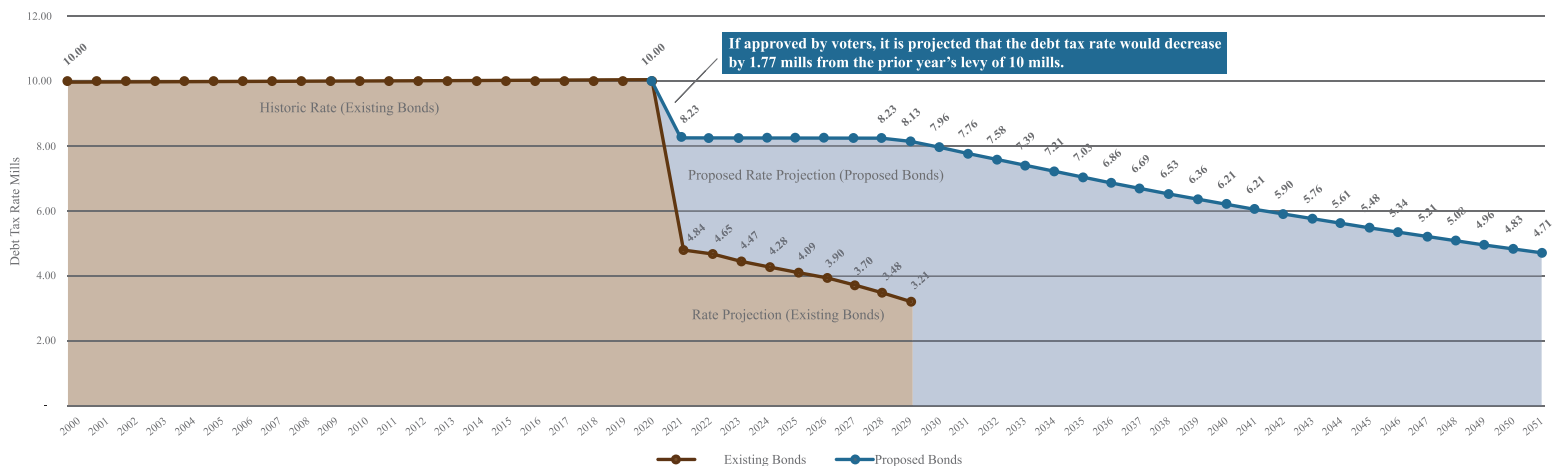
Bond funds cannot be used to pay for salaries or for operational needs.

Voter-approved bond funds can be spent on new construction, additions, remodeling, site improvements, athletic facilities, playgrounds, buses, furnishings, equipment, technology, and other capital needs. 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. If the bond is approved by voters, those dollars can be used for capital improvements instead of using the general fund dollars. Freeing up general fund dollars for operations puts more money in the classroom, with a focus on instruction and programming.

The anticipated millage rate is expected to decline over time.

The total projected millage rate over the life of the bond is reflected in the chart below. Beginning in 2021, the millage rate remains constant at 8.23 until 2028, thereafter it is estimated to decline due to bond repayment and taxable value growth.

EXPECTED BOND MILLAGE RATES



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HOLT PUBLIC SCHOOLS COUNTIES OF INGHAM AND EATON, STATE OF MICHIGAN

SCHEDULE OF ESTIMATED PRINCIPAL AND INTEREST

Payment Date	2021 Bonds	2023 Bonds	2025 Bonds	2027 Bonds	Total	Estimated Bond Millage Rate (All Bonds)
05/01/21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	10.00
11/01/21	-	-	-	-	-	
05/01/22	2,656,568.00	-	-	-	2,656,568.00	8.23
11/01/22	368,177.50	-	-	-	368,177.50	
05/01/23	2,928,177.50	-	-	-	2,928,177.50	8.23
11/01/23	347,697.50	-	-	-	347,697.50	
05/01/24	347,697.50	2,328,080.22	-	-	2,675,777.72	8.23
11/01/24	347,697.50	501,865.00	-	-	849,562.50	
05/01/25	347,697.50	2,611,865.00	-	-	2,959,562.50	8.23
11/01/25	347,697.50	484,985.00	-	-	832,682.50	
05/01/26	347,697.50	484,985.00	1,782,002.67	-	2,614,685.17	8.23
11/01/26	347,697.50	484,985.00	626,992.50	-	1,459,675.00	
05/01/27	347,697.50	484,985.00	2,086,992.50	-	2,919,675.00	8.23
11/01/27	347,697.50	484,985.00	615,312.50	-	1,447,995.00	
05/01/28	347,697.50	484,985.00	615,312.50	1,037,452.00	2,485,447.00	8.23
11/01/28	347,697.50	484,985.00	615,312.50	755,235.00	2,203,230.00	
05/01/29	347,697.50	484,985.00	615,312.50	1,395,235.00	2,843,230.00	8.23
11/01/29	347,697.50	484,985.00	615,312.50	750,115.00	2,198,110.00	
05/01/30	347,697.50	484,985.00	615,312.50	1,710,115.00	3,158,110.00	8.13
11/01/30	347,697.50	484,985.00	615,312.50	741,955.00	2,189,950.00	
05/01/31	1,442,697.50	1,634,985.00	1,770,312.50	1,881,955.00	6,729,950.00	7.96
11/01/31	334,557.50	472,335.00	603,762.50	731,695.00	2,142,350.00	
05/01/32	1,454,557.50	1,647,335.00	1,783,762.50	1,891,695.00	6,777,350.00	7.76
11/01/32	320,557.50	458,822.50	591,372.50	720,675.00	2,091,427.50	
05/01/33	1,465,557.50	1,663,822.50	1,796,372.50	1,905,675.00	6,831,427.50	7.58
11/01/33	305,672.50	444,362.50	578,117.50	708,825.00	2,036,977.50	
05/01/34	1,480,672.50	1,679,362.50	1,808,117.50	1,918,825.00	6,886,977.50	7.39
11/01/34	289,810.00	428,925.00	563,972.50	696,120.00	1,978,827.50	
05/01/35	1,494,810.00	1,693,925.00	1,823,972.50	1,936,120.00	6,948,827.50	7.21
11/01/35	272,940.00	412,480.00	548,852.50	682,480.00	1,916,752.50	
05/01/36	1,507,940.00	1,712,480.00	1,843,852.50	1,947,480.00	7,011,752.50	7.03
11/01/36	255,032.50	394,930.00	532,665.00	667,932.50	1,850,560.00	
05/01/37	1,525,032.50	1,729,930.00	1,862,665.00	1,962,932.50	7,080,560.00	6.86
11/01/37	235,982.50	376,240.00	515,375.00	652,392.50	1,779,990.00	
05/01/38	1,540,982.50	1,751,240.00	1,880,375.00	1,982,392.50	7,154,990.00	6.69
11/01/38	215,755.00	356,302.50	496,947.50	635,767.50	1,704,772.50	
05/01/39	1,560,755.00	1,771,302.50	1,901,947.50	2,000,767.50	7,234,772.50	6.53
11/01/39	194,235.00	335,077.50	477,277.50	618,022.50	1,624,612.50	
05/01/40	1,579,235.00	1,795,077.50	1,922,277.50	2,018,022.50	7,314,612.50	6.36
11/01/40	171,382.50	312,447.50	456,325.00	599,122.50	1,539,277.50	
05/01/41	1,601,382.50	1,817,447.50	1,946,325.00	2,039,122.50	7,404,277.50	6.21
11/01/41	147,072.50	288,367.50	433,975.00	578,962.50	1,448,377.50	
05/01/42	1,627,072.50	1,838,367.50	1,973,975.00	2,058,962.50	7,498,377.50	6.05
11/01/42	121,172.50	262,792.50	410,105.00	557,502.50	1,351,572.50	
05/01/43	1,651,172.50	1,867,792.50	2,000,105.00	2,077,502.50	7,596,572.50	5.90
11/01/43	93,632.50	235,507.50	384,665.00	534,702.50	1,248,507.50	
05/01/44	1,678,632.50	1,895,507.50	2,029,665.00	2,099,702.50	7,703,507.50	5.76
11/01/44	64,310.00	206,457.50	357,522.50	510,445.00	1,138,735.00	
05/01/45	1,704,310.00	1,931,457.50	2,057,522.50	2,125,445.00	7,818,735.00	5.61
11/01/45	33,150.00	175,407.50	328,622.50	484,605.00	1,021,785.00	
05/01/46	1,733,150.00	1,965,407.50	2,088,622.50	2,154,605.00	7,941,785.00	5.48
11/01/46	-	142,292.50	297,822.50	457,050.00	897,165.00	
05/01/47	-	3,767,292.50	2,117,822.50	2,187,050.00	8,072,165.00	5.34
11/01/47	-	73,417.50	265,062.50	427,640.00	766,120.00	
05/01/48	-	3,838,417.50	2,150,062.50	2,222,640.00	8,211,120.00	5.21
11/01/48	-	-	230,190.00	396,227.50	626,417.50	
05/01/49	-	-	6,095,190.00	2,256,227.50	8,351,417.50	5.08
11/01/49	-	-	118,755.00	362,747.50	481,502.50	
05/01/50	-	-	6,208,755.00	2,292,747.50	8,501,502.50	4.96
11/01/50	-	-	-	327,042.50	327,042.50	
05/01/51	-	-	-	8,657,042.50	8,657,042.50	4.83
11/01/51	-	-	-	168,772.50	168,772.50	
05/01/52	-	-	-	8,823,772.50	8,823,772.50	4.71
Totals	\$39,271,608.00	\$52,153,960.22	\$64,056,262.67	\$76,349,522.00	\$231,831,352.89	
Assumed Interest Rate Range	1.50 - 3.90%	1.50 - 3.90%	1.50 - 3.90%	1.50 - 3.90%		
Total Principal	\$26,400,000.00	\$33,510,000.00	\$40,180,000.00	\$47,910,000.00	\$148,000,000.00	
Total Interest	\$12,871,608.00	\$18,643,960.22	\$23,876,262.67	\$28,439,522.00	\$83,831,352.89	