## Bond Language Explained

One concern we have had shared with us a number of times regarding the bond issue is that the bond election wording on the ballot is confusing and tough to understand. Some people have said that when they read the language it appears as if there is going to be a tax increase when in fact, this is not the case as this bond renewal will come at no ($0) increase to the community. We have had the language broken down to better explain what the bond election language really means.

**"The estimated millage that will be levied for the proposed bonds in 2017, under current law, is 0.25 mill ($0.25 on each $1,000 of taxable valuation) for a -0- mill net increase over the prior year's levy."**

If the voters approve the $1,655,000 bond proposal there won't be an increase in Constantine's total debt millage in comparison to 2016 – 6.8 mills was levied in 2016, and 6.8 mills are expected to be levied in 2017.

**"The maximum number of years the bonds may be outstanding, exclusive of any refunding, is twelve (12) years."**

The $1,655,000 bonds will be outstanding for 12 years or less. Related to that, Constantine will levy debt millage for the bonds for the same period of time.

**"The estimated simple average annual millage anticipated to be required to retire this bond debt is 0.53 mill ($0.53 on each $1,000 of taxable valuation)."**

Over the life of the $1,655,000 bonds the average of the debt millage Constantine will need to levy for those bonds is expected to be 0.53 mills. The actual average could be less than 0.53 mill. The 0.53 mill was calculated using Treasury's conservative requirements. More realistic projections would likely indicate that the average millage rate would be less. If it is less, The district could go to the voters in the same capacity as this election because more funds would be available again at the original mills of 6.80

**"The school district does not expect to borrow from the State to pay debt service on the bonds."**

Through Michigan's School Bond Qualification and Loan Program, some school districts borrow from the State to help make the payments on the bonds. That way, the annual debt millage rate can (artificially) be kept lower than if the school district levied debt millage to make the entire payment on the bonds. School districts that borrow from the state then have to levy debt millage after the bonds have been paid off, in order to generate money to pay back the loans from the State.

It isn't projected that Constantine will, or will need to, borrow from the State for the proposed bonds, or for its other outstanding bonds.

**"The total amount of qualified bonds currently outstanding is $20,280,000. The total amount of qualified loans currently outstanding is $-0-."**

Constantine has some State qualified bonds outstanding. However, the district hasn't needed to borrow from the State related to those bonds, so its loan balance is -0-. Again, it is projected that the loan balance will remain at -0- if the $1,655,000 bond issue moves forward.

**"The estimated computed millage rate may change based on changes in certain circumstances."**

That sentence is required by Treasury to be included in the ballot proposal. It just means the numbers in the ballot proposal are estimates, and things can change. For example, if Constantine's taxable value increased or decreased significantly, the estimated millage rates would be different.