



## FAQ: Activity Center Debt Structuring Proposal

At its August 17th meeting, the SLSD Board of Education heard a presentation by representatives from Bradley Payne Advisors, LLC, on the proposed structuring of the new bonds. The new format, called a “wrap-around,” is a method of keeping all debt at or below the 6.99 mills.

According to Treasurer Brian Rabe, the advantage to local residents is that this will result in a lower tax rate being charged on the new bonds for the first 10 years. In the remaining years, the millage will increase to the original proposed rate of 6.99 mills.

- **How would the structuring plan work?**

Residents are currently paying 2.5 mills on the Activity Center bonds. Instead of adding an additional 6.99 mills for the new bonds, the wrap-around would allow for the lowering of the millage rate on the new bonds to 4.49 for the first 10 years. At that point, the Activity Center bonds would be paid off and the millage on the new bonds would increase to the original proposed rate of 6.99 mills.

- **How would the proposed debt restructuring affect local taxpayers?**

Local taxpayers are paying \$88 annually per \$100,000 in market value for the current outstanding Activity Center bonds. The November bond issue would add an additional \$244 annually per \$100,000 in market value for a total of \$332. However, the proposed bond structuring would adjust the amount on the new bonds to \$156 for the first 10 years and bring the total annual payment down to \$244. Once the activity center bonds are paid off in 2027, the amount for the new bonds would increase, keeping the total annual payment at \$244 for the remaining 28 years.

- **Why is this being considered now?**

SLSD heard concerns from local residents that, although the need for new schools is evident, people are concerned about the increased taxes. This is a way to help lessen the tax burden. We want to be able to address the concerns of our schools while also being good stewards of our fiscal resources.

The phenomenal residential growth in our area is relatively new and could not have been projected at the time of previous levy votes. Even based on conservative estimates, the local population has boomed about 40% since 2000 (for comparison, the average US increase for the same period was only 12.76%). Projections indicate Harrison will continue growing from current approximate 13,000 residents to about 20,000 or so over the next decade.

- **What are possible drawbacks from the debt structuring?**

There are variables which cannot be controlled nor predicted with 100% accuracy. These include community growth (may exceed or fall short of projections); and overall property values (again, may substantially change either way).

- **Will this affect the reduction of the tax (not the millage) to homeowners as new homes are built in the district?**

Yes and no. In a typical bond structure, you would not see the reduction in tax until the later years. In this proposed structure you will see that reduction in the first years. In the later years, we still anticipate that you will see a reduction in tax due to new homeowners just not as much as you would have seen with a typical bond structure because of the upfront savings.