

Best Practices in Long Term Facility Planning

CMSBO Regional Presentation
March 8, 2025





What's Your District's Bond Finance Story?

- ✓ Existing Debt
- ✓ Millage Rates
- ✓ Taxable Value Growth
- ✓ Upcoming Call Dates on Existing Bonds
- ✓ SLRF Activity
- ✓ Unsold Prior Authorization
- ✓ Debt Service Funds
- ✓ Qualified v. Non-Qualified





Considerations When Voting Bonds

Needs of the school district

Cost of projects

Cost to taxpayers

- Can you do it without a millage increase?
- What are taxpayers willing and able to pay?

Timing

- **Anticipated drop in millage due to:**
 - Declining existing bond payments
 - Increased taxable values
 - Build-up of fund balance in existing debt funds
 - Savings achieved from refunding of existing debt
- **Can the bonds be sold in series to reduce the millage impact?**
- **Capitalizing initial interest payments (having bond payments paid from bond proceeds)**
- Preferred election timing | Other Upcoming Elections (i.e. non-homestead renewal, sinking fund)
- Lead time to adequately prepare for successful election
 - At least 5 Months to 1 year before election, depending on project and state qualification
 - Project scope determined no later than a week before the ballot is prepared.

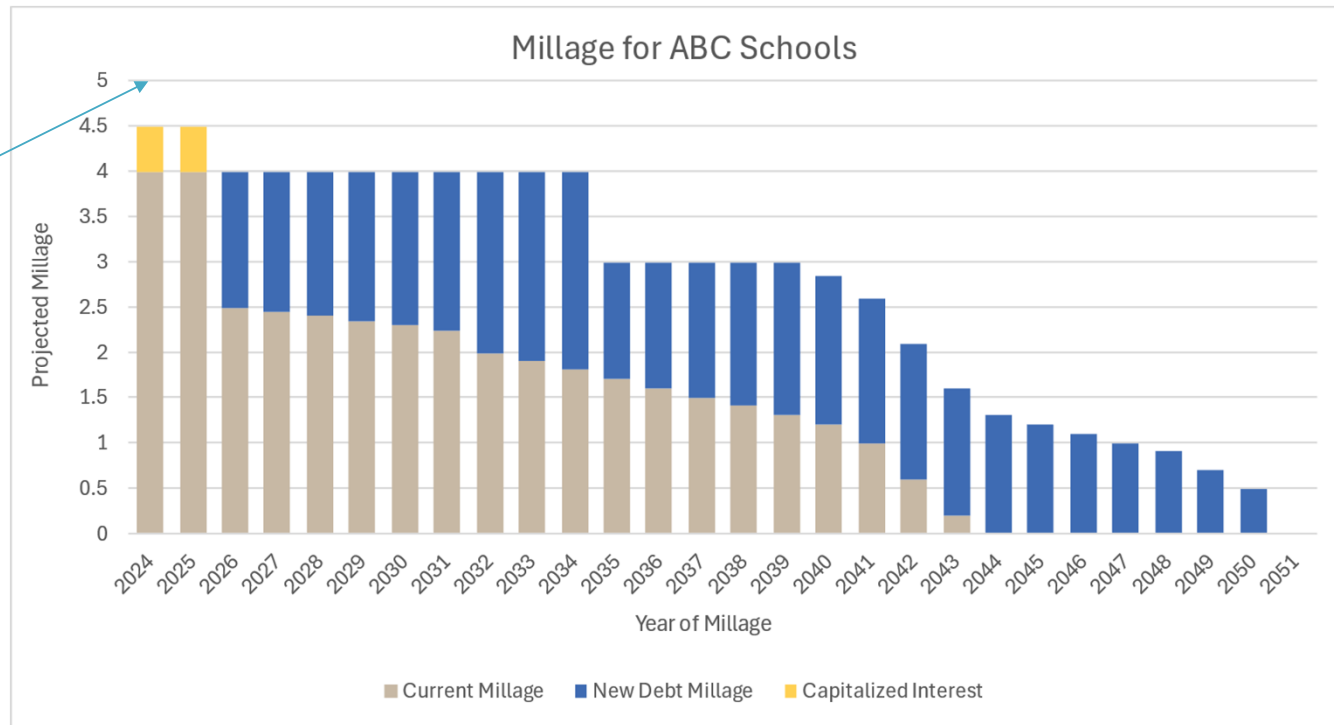




Sample Opportunity for New Bond Issuance

- Be familiar with your school's future debt payments and estimated millage rates to identify opportunities to finance additional capital needs with little to no impact on the total debt millage levied.
- Significant drops in debt millage can also be used as an opportunity to get a sinking fund millage approved or increased.

Consider Use of capitalized interest to pay initial interest payments before drop in existing debt millage

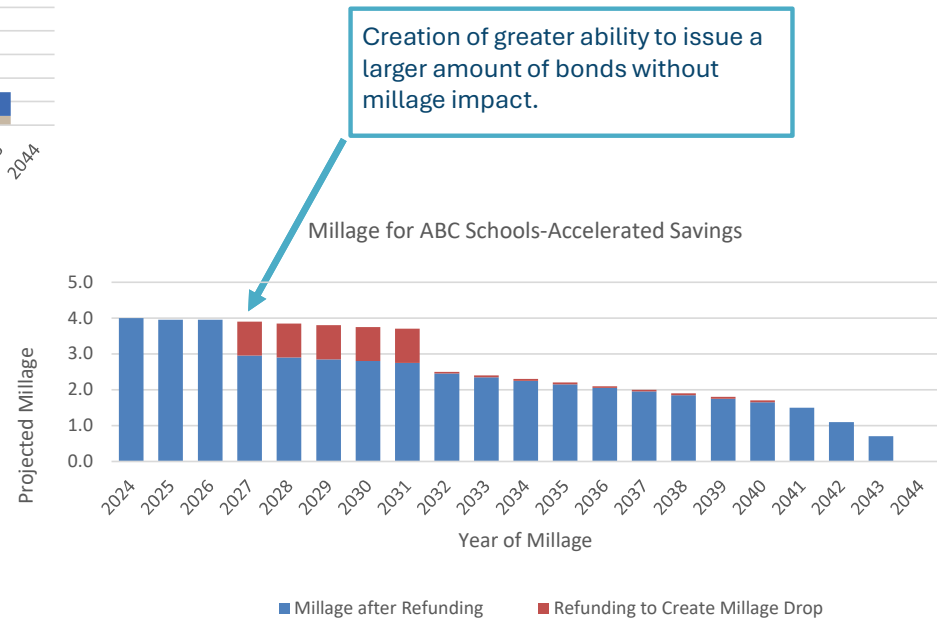
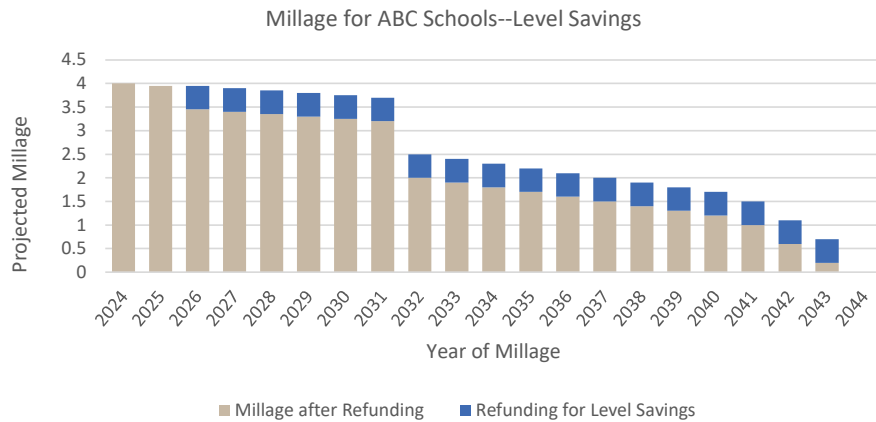


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Refinancing Debt

- Refinancing can be used to assist in creating or accelerating the timing of opportunities to finance new capital with little to no impact on the District's overall debt millage as compared to the previous year's debt millage.



Shown for illustrative purposes only



Voted Bonds Issued in Series

Why have bonds issued in more than one (1) series?

Compliance with federal spending requirements

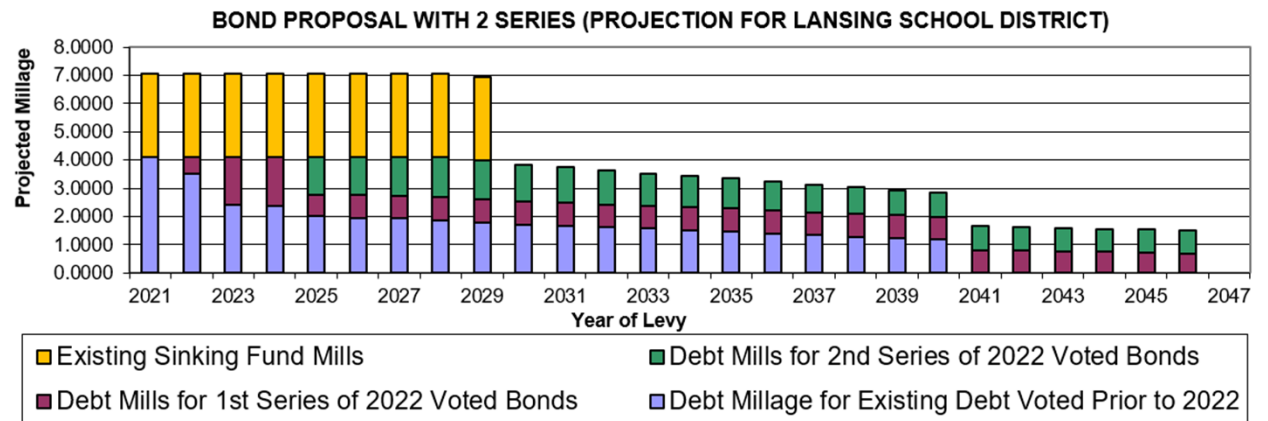
The school district must have a reasonable expectation at the time of issuing the bonds to spend at least 85% of bond proceeds within 3 years, and 100% within 5 years.¹

Lower millage impact, depending on existing debt structure

Increase bond capacity / amount at desired millage rate, depending on existing debt structure

Reduce the need or **amount of capitalized interest** in certain circumstances

Financing shorter life assets such as technology, buses, etc.



NOTE: Chart above is for illustrative purposes only.

¹Source: Internal Revenue Code of 1986, as amended



Qualified or Non-Qualified

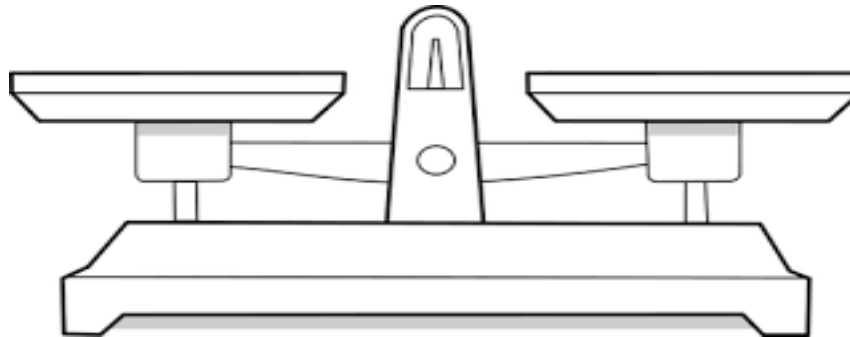
There are a number of factors that should be considered in determining if bonds should be qualified by the State School Bond Qualification and Loan Program (SBQLP).

State-Qualified Bonds

- State ratings / guarantee
- Potentially lower borrowing cost
- Potentially lower millage rate
- Future flexibility on debt millage / capital finance – ability to borrow from State after levying 7.00 mills of “qualified” debt millage.
- Required to pay prevailing wage

Non-State-Qualified Bonds

- No State oversight
- Less time consuming process
- Potentially higher borrowing cost
- Potentially higher projected millage rate, depending on historical taxable value growth rates
- Not Required to pay prevailing wage

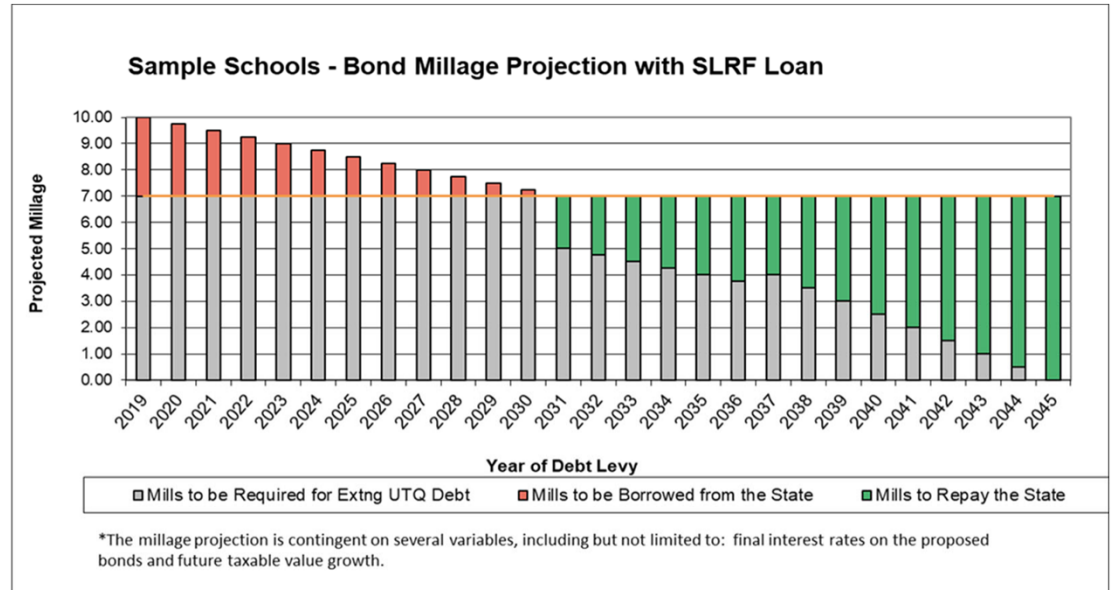




Sample Millage Projection – SLRF Borrowing

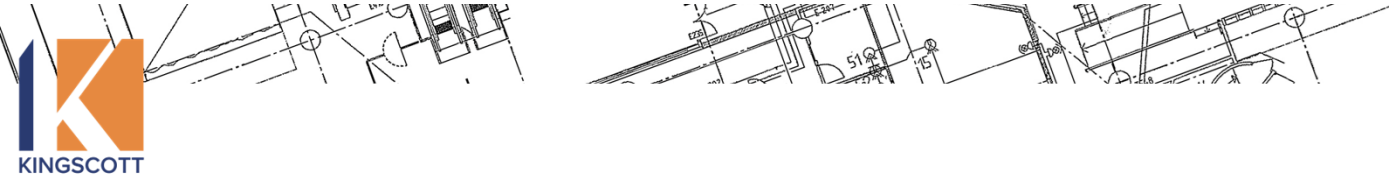
The millage projection below depicts a district that participates in the State School Loan Revolving Fund (SLRF).

- The debt payments require a debt millage in excess of 7.00 mills.
- The district levies 7.00** mills, and borrows the amount needed in excess of what 7.00 mills produces from the SLRF (borrowing is shown as red bars).
- Once 7.00** mills produces more revenue than needed to repay the annual debt service on the bonded debt, the district would begin to repay the SLRF (repayment is shown as green bars) and would continue to levy 7.00* mills until the SLRF loan has been repaid.
- Once the SLRF has been repaid, the millage would drop to the amount needed to meet the annual debt service payments.



** Assumes district can repay the state loan within the mandatory loan repayment term at 7 mills.

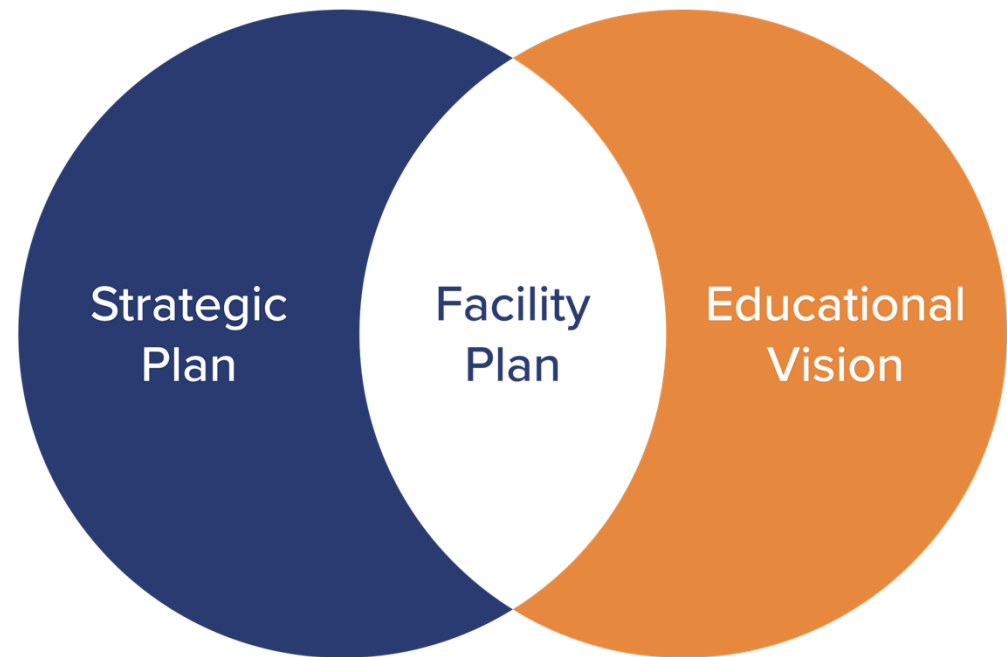
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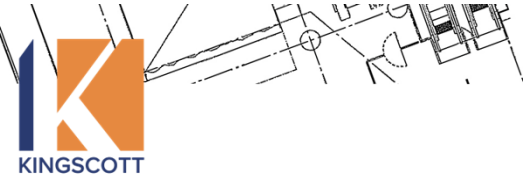


Vision Alignment

ENSURE PHYSICAL SPACE SUPPORTS:

- Modern Teaching Methods
 - Student Engagement
 - Long-Term Academic Success
- (While still addressing facility condition needs)

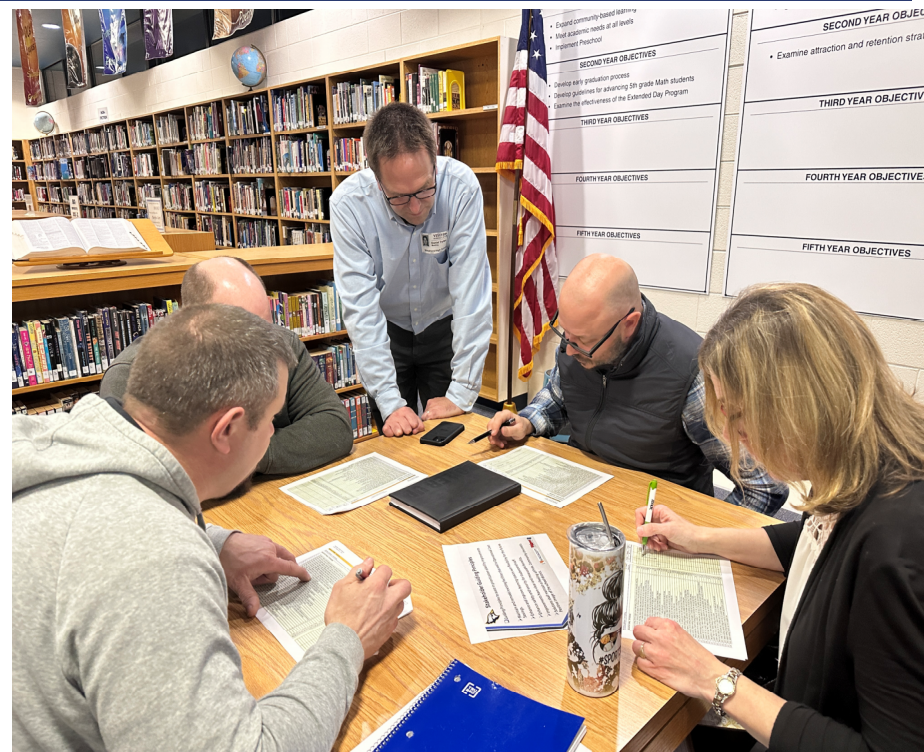


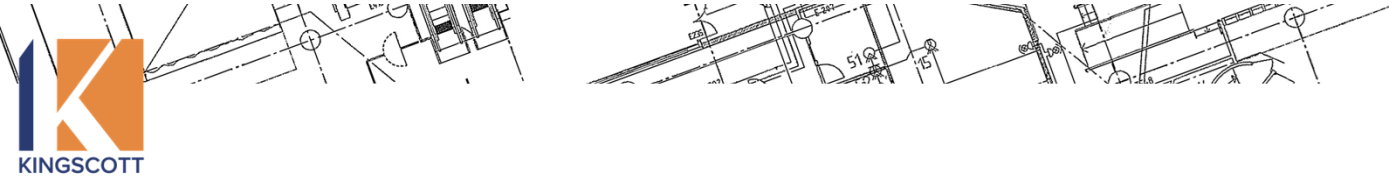


Community Driven Decision Making

BUILD CONSENSUS

- Align Facility Improvements with Community Values
- Ensure Projects Reflect Student, Educator and Family Needs
- How We Do This:
 - Workshops
 - Forums
 - Stakeholder Engagement
 - Focus Groups





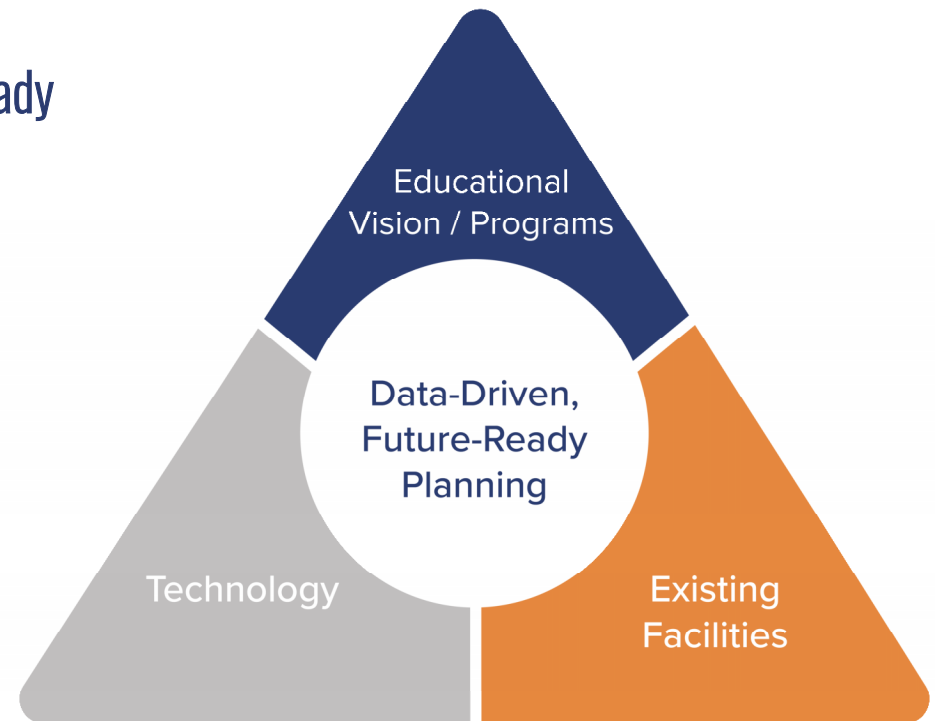
Data Driven Master Planning

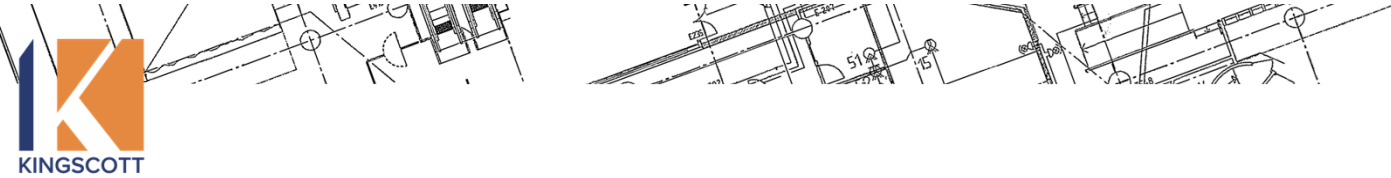
COMPREHENSIVE ASSESSMENTS

Develop Prioritized, Cost-Effective and Future Ready
Capitol Improvement Plans

Considerations:

- Educational Vision Goals
- Educational Program Needs
- Technology Needs
- Existing Facility Needs



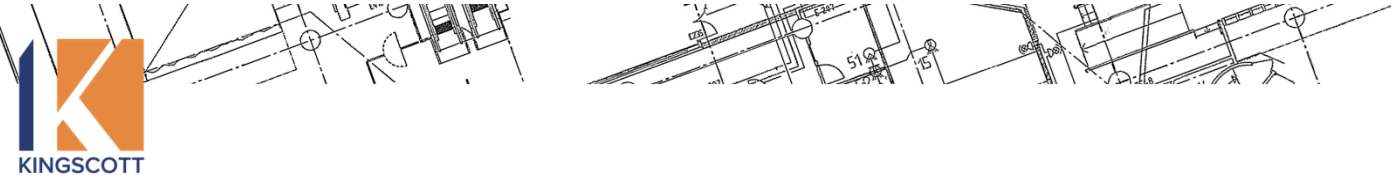


Sustainable & Adaptable Design

FLEXIBLE INNOVATIVE SPACES

- Promotes Sustainability
- Enhances Student Learning
- Optimizes Long-Term Operational Efficiency





Sustainable & Adaptable Design

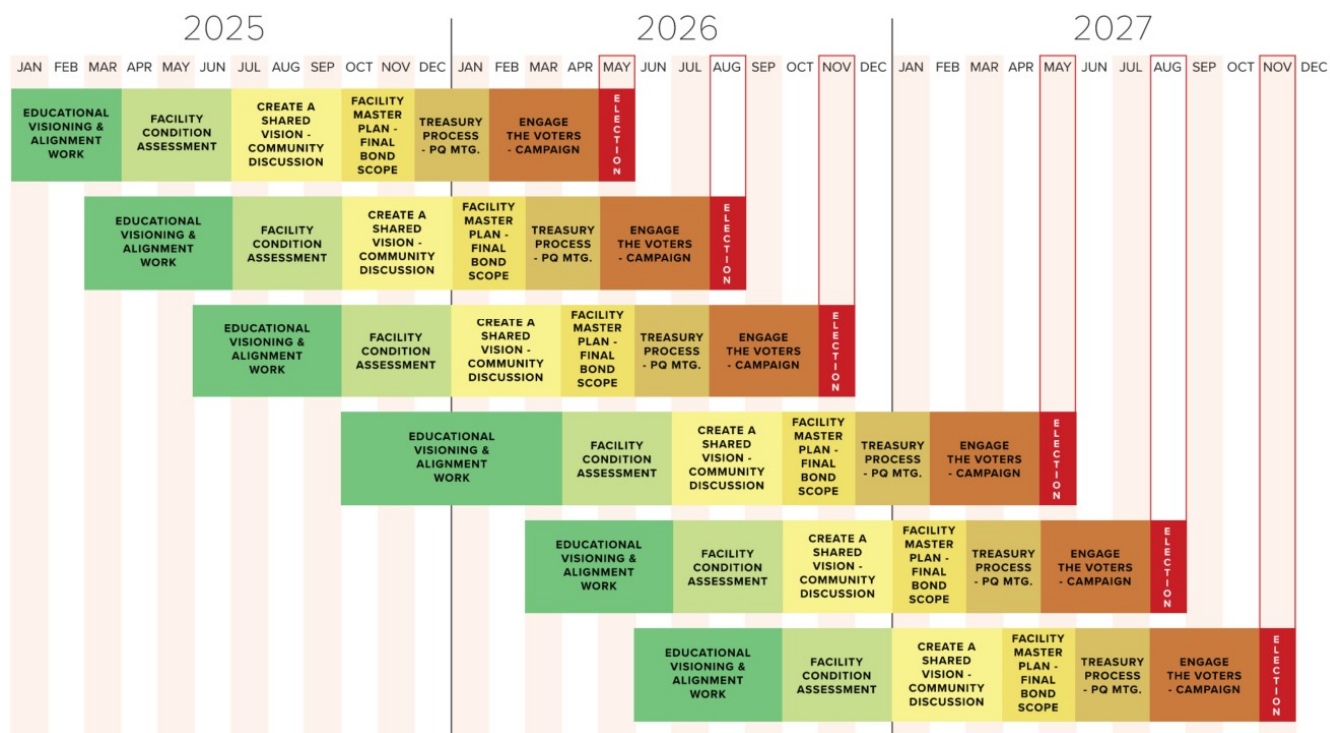
FLEXIBLE INNOVATIVE SPACES

- Accommodates Evolving Educational Models
 - Educational environments are evolving to focus on **skill development** and **knowledge acquisition** rather than traditional passive learning. Enhances Student Learning.
 - Spaces must be adaptable to foster **collaborative, hands-on, and personalized learning experiences** that prepare students for the future.





PROVIDE THE TIME TO PLAN, CONSIDER, AND ALIGN



WHEN TO START YOUR BOND PLANNING

TARGET ELECTION (MONTH / YEAR)	WHEN TO BEGIN BOND PLANNING (MONTH / YEAR)	WHEN TO SELECT YOUR ARCHITECT & CM (MONTH / YEAR)
MAY 2026	BEGIN NOW	NOW
AUGUST 2026	MARCH 2025	FEBRUARY 2025
NOVEMBER 2026	JUNE 2025	MAY 2025
MAY 2027	NOVEMBER 2025	OCTOBER 2025
AUGUST 2027	MARCH 2026	FEBRUARY 2026
NOVEMBER 2027	JUNE 2026	MAY 2026

Understanding your Facilities to Prioritize

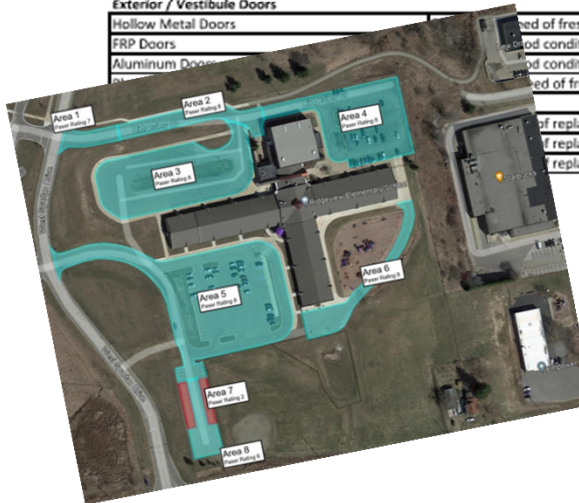
Facility Assessments create a scalable prioritized plan for building and site needs.

- They involve: District Team (Administration, BOE, Building Leaders) , AE, CM

Bond Project Planning: Aligning project size with bond series to maximize community investment.

K12 construction estimating and future forecasting key in early planning.

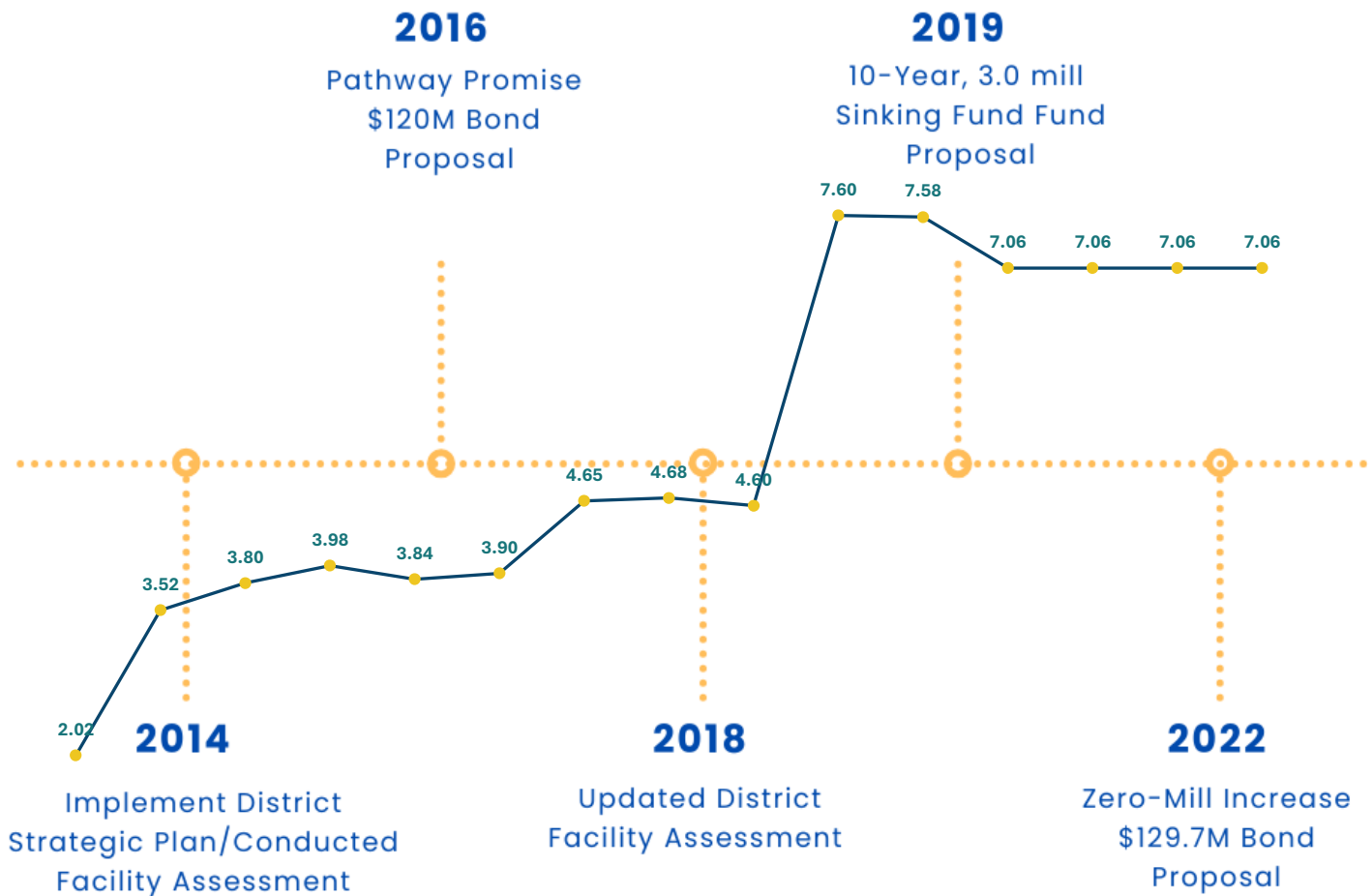
Survey Item	Survey Notes	1-3 Years	4-6 Years	7-10 Years	10+ Years
ECC					
Civil/Site					
Pavement Area 1	In good condition				x
Pavement Area 2	In good condition				x
Pavement Area 3	In good condition				x
Envelope					
Exterior Finishes					
Brick/Masonry	Observed in good condition				x
Metal Panel	Observed in good condition				x
EIFS	Observed in good condition				x
Store Front	Observed in good condition				x
Soffit repair	Canopy soffit in need of repair from wind damage	x			
Staining on exterior masonry	Some areas are in need of power washing	x			
Exterior brick repairs	Some areas are in need of repair or tuckpointing	x			
Exterior / Vestibule Doors					
Hollow Metal Doors	Need of fresh paint	x			
FRP Doors	Good condition				x
Aluminum Doors	Good condition				x
Wood Doors	Need of fresh paint		x		
Roofing	Need of replacement	x			
Windows	Need of replacement	x			
Exterior Lighting	Need of replacement	x			



PROMISES MADE, PROMISES KEPT



LSD Vision for Facilities



District Demographics:

- PreK-12: 9,951 (2024-2025)
- 25 School Buildings
- Magnet school options: STEM, STEAM, Spanish Immersion/ Global studies and New Tech High

Mission: Provide educational excellence in a safe and nurturing environment for all students.

 LSD Total Debt & Sinking Fund

Lansing School District – Vision to Implementation



11,500
Enrollment
by 2025

85%
Graduation
Rate by
2025

90%
Attendance
by 2025





What are your funding options?

◆ The following are the main capital financing options for Michigan K-12 schools

1. Voted Unlimited Tax General Obligation Bonds

- **Voter authorization required**
- **Levy unlimited debt millage to repay debt**

2. Sinking Fund Millage Revenue

- **Voter authorization required**
- **3 mills for maximum of 10 years if voted 2017 or later; sinking fund revenues received annually**
- **Sinking fund millage approved November 2023 or later can use proceeds to pay for school buses**



3. Non-Voted Limited Tax General Obligation Bonds

- Paid from the school operating funds or sinking fund revenue
- May only be issued if the total of all outstanding debt does not exceed 5% of State Equalized Value (SEV)
 - Energy conservation financings are exempt from limitation

4. Installment Purchase Contracts

- Tri-party Agreement between School, Contractor and Financial Institution
- Limited to 1.25% of taxable value for all outstanding Installment Purchase Contracts

5. General Fund / Other Available Funds

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