

Questions from a Patron

- 1) Currently posted FAQ answers state the “Board of Education and district staff continually examine the needs of the district and determined the scope of the bond proposal.” What public meetings were announced and held to gather taxpayer input prior to the determination of the scope of the proposed bond, the election methods to be used, etc.? Which school board agendas included the future bond as a topic of discussion prior to it being approved by the Board of Education?

Board agendas and minutes are posted on the district website. All board meetings and planning sessions are open to the public.

- 2) Who decided to make this a mail-in ballot, and why was that avenue chosen? How was the election date determined?

The Board of Education made this decision with input from project consultants.

- 3) What is the name of the company or companies chosen to provide the bond, advise on the process of getting the bond approved and manage the construction? Where are they from? What is the compensation for those companies and how is it determined? What, if any, dollars paid to these companies can be expected to come back to our local community? Will these companies have any business location within USD 273 that requires them to pay real estate and personal property taxes that businesses in USD 273 pay?

Nabholz Construction is the District’s Construction Manager At-Risk. HTK Architects is the architect, and Piper Sandler is the financial advisor. These companies are all experts in their respective areas each with significant school district project experience in Kansas. Their company information is readily available through on-line searches.

- 4) What consideration will be given to local contractors in awarding work for the bond projects?

Central Kansas has an extensive network of companies available to complete construction projects. Nabholz has already developed vendor relationships and understands the excitement in the community about these upcoming projects. Once the bond has passed, Nabholz will begin reaching out to local contractors and will continue to do so through the design and bid processes. Nabholz understands there are always new local contractors or others it may not have connections with and will actively seek to build new relationships with trade contractors. Engaging local companies not only has the financial and public support advantages, but also ensures the subcontractors that will work on these projects share the same care and passion for working within the district as Nabholz. Nabholz will develop thorough bid packages that clearly delineate the responsibility of each trade. Nabholz strives to ensure that these packages play to the strengths of the local contractors, so they in turn are encouraged to provide their best pricing and perform their top work.

- a. Are there any requirements or preferences stated for local contractors, small businesses, minority/woman-owned businesses?

Over its 20 years working in KS communities, Nabholz makes it a priority to engage local trades to ensure coverage and manpower availability for all packages. Nabholz will do its best to break down the work packages to manageable scopes to facilitate local contractors can complete for the project.

- b. Has the contractor/project manager for this project used contractors from our area on any prior projects?

Yes, most recently on a project with an electrical contractor in Beloit Kansas for a project in Central Kansas.

5) How was a 25-year bond arrived at vs. a shorter term?

The Board of Education evaluated several financing options. Given the substantial amount of facility needs to be addressed through bond financing, the District and the Board felt that a 25-year financing term provided an annual tax increase that patrons would be willing to support, while still allowing for reduced interest cost. School Districts in Kansas have the ability to finance a bond issue for up to 30 years. This plan is 5 years shorter than the allowable term. Also, the financial plan established by the District should allow for early prepayment given the conservative assumptions used in the cash flow analysis.

6) The total of the two bond issues on the ballot is \$20,000,000. For clarity to voters, please confirm that is just the amount being requested for the principle on the bond (loan), correct? If so, how many dollars will it actually take to pay off this bond over the 25-year bond term? How often will payments be made on the bond (monthly, yearly, etc.?). What is the anticipated interest rate to be paid on the bond? Why are voters not being told the true cost of this bond proposal? (Basis for questions: At 7.00% interest with monthly payments, the cost to cover interest and the \$20,000,000 bond principle will total more than \$42,000,000! That number goes higher if payment intervals are greater than monthly, interest goes higher, etc. and does not even include all other fees involved in obtaining the bond.)

A financial plan was developed as part of the bond application process with the State, and is publicly available. The financial plan assumes a conservative 5.38% interest rate. The actual interest rate is not set currently, but at this time it is estimated to be approximately 4%.

7) What is the breakdown of the numbers used to arrive at the \$20,000,000 bond amount?

- a. Ag Center
- b. Woods/Construction Tech
- c. HVAC at Elementary
- d. HVAC at High School
- e. New Stadium Press box and restrooms
- f. Jr. High/HS locker room renovations
- g. Football field turf
- h. Track resurfaces
- i. Tennis court resurface

See FAQ's on the Foundation for Future Generation website.

8) How much is left to be paid on the "lease" arrangement for the grade school gymnasium and school renovation project? How much are the payments, what is the interest rate, and how much longer would those payments continue if the current lease is completed?

There is \$1,146,452.27 (\$556,470.65 at 2.9% and \$589,981.62 at 1.64%) as of March 1, 2024. The payments are \$332,938.73 annually. Therefore, there is 3.45 years left on this lease purchase.

9) Information provided in support of the bond indicates that rolling the remaining grade school lease payments into the 2024 bond will free up approximately \$300,000 per year for "other uses". Is that correct and if so, what "other uses" would this money be directed to?

It will free up \$332,938.73 annually which will be used for other Capital improvements throughout the district, such as fire alarms, phone system, parking lot repair, classroom improvements, other maintenance needs as they arise, etc.

10) Per USD 273 website, the district plans to spend \$24,888 per pupil, per year to educate students in 2024. Does that figure cover the costs currently being incurred for completed or ongoing phases of the HVAC plan? What phase of HVAC plan are we currently in? If the bond is passed, where will dollars currently

allocated to the HVAC plan go? Will taxpayers be given a tax reduction for the no longer needed phases under the original HVAC plan or will those dollars now also be made available for other undefined purposes?

The \$24,888 includes funds to cover all five Special Education Cooperative Districts including the St. Johns School and the Parents as Teachers Program. Because of the Special Education Cooperative funding, an actual per pupil dollar amount for only USD 273 students is difficult to calculate.

We are currently in Phase 4 of the HVAC plan. There are other capital improvements needed on a daily, monthly, and annual basis that these dollars will go towards. This may include but is not limited to HVAC, roofs, plumbing, parking lots, classroom improvements, safety improvements in buildings, etc.

- 11) When will construction start if the Bond is passed? What will be done first? Are completion dates guaranteed?

Upon a successful bond election, the design process would start and take approximately 6 -8 months. At the outset of the design process a full sequence and project schedule would be developed. This schedule will include estimated durations and completion dates for construction.

- 12) Would all work on Question 1 of the bond be completed before any is started on Question 2?

If both questions pass, the work can be signed and completed simultaneously based on the schedule developed at the start of the design.

- 13) What incentive is there for the construction company/project manager to bring the projects in under the \$20,000,000 not to exceed number?

All design, project scope, and bids are reviewed, approved and voted on by the USD 273 Board of Education.

- 14) If question 1 passes and question 2 does not, and the cost to complete question 1 items proves to be less than \$16,200,000 not to exceed number, can the remaining money be used for question 2 items without a new bond vote?

No, question one dollars cannot be used for question two projects.

- 15) What happens to the extra money if the final project construction costs come in under the \$20,000,000 amount?

The board has the option to pay off the bond early.

- 16) Is the mill rate specified for this bond locked in for the 25-year term of the bond or can the mill rate still be changed?

The bond and interest fund mill levy will be used to make annual debt service payments on the bond issue. As with any mill levy, this can change each year and finalized by the Board during the budget season. However, for the bond and interest fund mill levy, the levy will need to be set each year at a level to make the upcoming debt service payment for that fiscal year.

- 17) Will vehicles and personal property within Mitchell County, but outside the district boundaries be subject to this bond tax?

See FAQ's on the Foundation for Future Generation website.