

AGENDA

Henika District Library
Finance Committee Meeting
September 16th, 2025 at 4:15pm

I. Call to Order

Members Present:
Members Absent:
Staff Present:
Guests:

II. Approval of Agenda

III. Approval of Previous Meeting Minutes

A. June 2025

IV. Unfinished Business

- A. Explore Funding Options for Building Project
 - a. Grants
 - b. Bond
 - c. Large Donors/Memorials

V. New Business

VI. Around the table

VII. Adjournment

Henika District Library
Meeting Minutes

Henika District Library
Finance Committee Meeting
July 25, 2025 at 10:00 am

Members Present: Meghan Augustin (ex officio), Jacqui Kuhn, Danielle Simmons

Members Absent: None

Staff Present: Cierra Bakovka – Director

Guests: None

- I. Call to Order: Meeting called to order at 10:08 am by Simmons.
- II. Approval of Agenda with correction of previous meeting date motioned by Augustin and seconded by Kuhn. All yes, motion passed.
- III. Approval of June 17, 2025 Finance Committee Meeting Minutes motioned by Simmons and seconded by Augustin. All yes, motion passed.
- IV. Unfinished Business
 - a. Explore Funding Options for Building Project
 - i. Grants
 1. No update provided.
 - ii. USDA Loan
 1. Bakovka reached out to Lakeland directors to inquire about their experiences with various funding options and received several responses via email and voicemail; the general experience of other directors was that the USDA loan process was not their recommendation. There are more up-front costs and likely more maintenance costs associated with the USDA loan compared to a bond campaign. Bakovka offered to invite Joe Gross to a meeting to discuss his experience with a bond process as the board further considers funding options. Discussion ensued.
 2. Recommendation to the board to pursue a bond campaign as the primary funding source for the expansion project motioned by Kuhn and seconded by Simmons. All yes, motion approved.
 - iii. Millage
 1. The committee discussed the necessity of a millage as a funding source whether pursuing the USDA loan option or a bond option.

iv. Large Donors/Memorials

1. Bakovka attended a creative capital funding session at ALA, but the panel did not have helpful suggestions. There was another session with more helpful advice on sharing success so donors will listen.

V. New Business

i. 2025 Budget Amendment Draft #3

1. Bakovka presented a draft budget amendment for 2025 and reviewed each line item of the budget with proposed changes along with supporting information.
2. Recommendation of F/Y 2025 Budget Amendment #3 as presented pending additional income motioned by Kuhn and seconded by Simmons. All yes, motion passed.

VI. Around the Table

- a. Kuhn will be out of town with little access to phone and email from August 2-8, so responses will be delayed during that time.
- b. Bakovka has been having car issues and is in full swing of wedding preparations. Planning to do another library experience survey in the fall.
- c. Augustin is excited for summer reading wrap-up.
- d. Simmons had nothing to add.

VII. Adjournment of the meeting motioned by Simmons and seconded by Augustin. Meeting adjourned at 11:28 am.



Financing Library Construction and Improvement Projects Michigan Library Association

October 20, 2022

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- on the principle of providing sound, **independent** financial advice to governmental and not-for-profit entities

◆ Largest financial advisory firm in the nation

- 31 professional locations²
- More than 350 employees

◆ Nations leading financial advisory firm

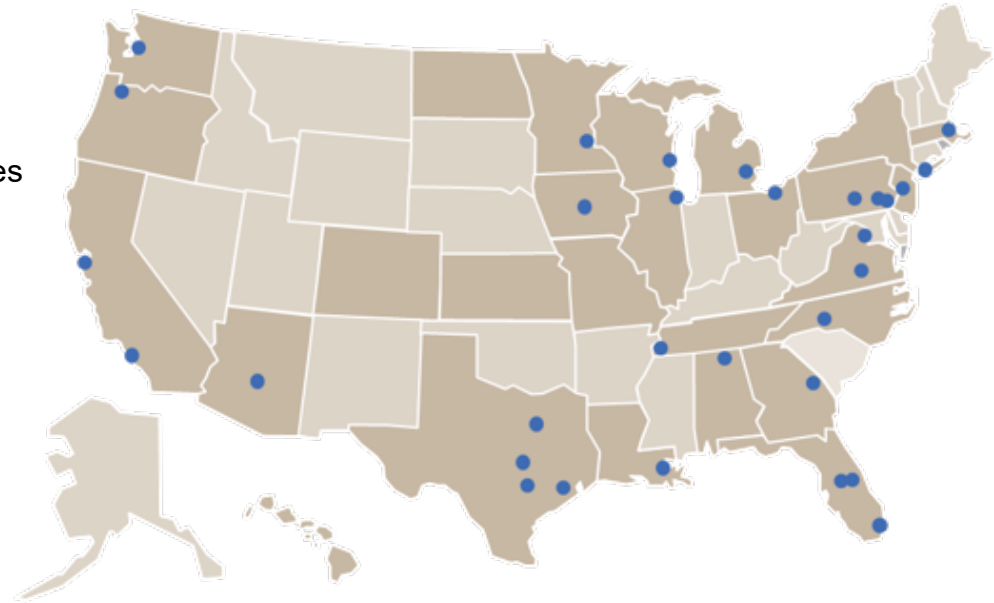
- Ranked #1 Financial Advisor in the country for 27 consecutive years³.
- In 2021 alone, we advised our clients on 951 issues totaling over \$71.889 billion³.

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- Large and frequent market presence and participation

◆ Client-centric philosophy

- Project managers with local expertise
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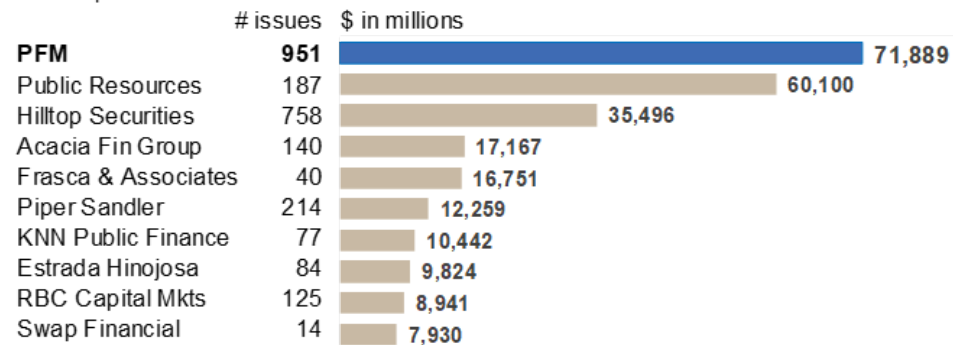


**According to PFM Internal Resources as of August 22, 2022*

2021 Full Year Overall Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor

Source: Ipreo



1 Please refer to the last page for Disclosures

2 As of August 22, 2022

3 Source: Ipreo



Library Financing Options

◆ Possible Funding Sources

- Fund Equity
- Capital Campaign Fund Raising
- Borrowing Through Bonds
 - Voted
 - Non-Voted

◆ Non-District Libraries: Bonds are Issued by Municipality

◆ District Libraries: Bonds are Issued by Library



Capital Campaign Fund Raising

- Donor Funding May be Received Over Several Years
 - Funding Received Before and During the Construction Phase May Be Used for Construction or for Payment of Principal and Interest on Bonds
 - Funding Received After Construction Phase May Be Used For Payment of Principal and Interest on Bonds
 - Pledges For Funding that is Expected to be Received in Later Years are More Uncertain, Less Reliable



Public Acts and Legal Debt Margins

◆ **For District Libraries**, Authorization From District Library Financing Act, P.A. 265 of 1988

- Limited to 5% of State Equalized Valuation
 - Including outstanding Voter Approved and Non-Voter Approved Bonds
 - Example: \$28.5 Million Bonding Capacity Based on \$570 million of 2021 State Equalized Valuation (SEV) and No Outstanding Bonds

◆ **For Non-District Libraries**

(Other Statutes May Apply)

- Non-Voted Capital Improvement Bonds authorized by Public Act 34 of 2001 are limited to 5% of State Equalized Valuation
- Cities, Villages and Charter Townships are further limited to 10% of SEV for all general obligation bond debt and equivalent valuation for state shared revenues
- General Law Townships do not have a Debt Limit
- Communities may also request voter approval (and related millage) for bonds



Allowable Projects Funded by Bond Proceeds

What Can be Bond Financed?

- Library Construction and/or Renovation
- Building Acquisitions (for Library Use)
- Site Acquisition and Improvements
- Associated Planning and Design Costs
- Furnishings and Equipment
- Financing Costs
- Contingencies

Sources: Public Act 265 of 1988, Michigan Public Acts
Public Act 34 of 2001, Michigan Public Acts



Non-Voted and Voted Bonds

◆ Non-Voted General Obligation Bonds

- Provides Funding Source but not Repayment Source
- Payable from Existing Resources or Voted Millage

◆ Voted General Obligation Bonds

- Provides Funding Source and Repayment Source
- Payable from Taxes Levied in Addition to All Other Voted Millages

Sources: Public Act 265 of 1988, Michigan Public Acts
Public Act 34 of 2001, Michigan Public Acts



Bond Planning Process

- ◆ Establish Timeline for Project & Bonding
- ◆ Review Cost Estimates of Architect / Construction Manager
- ◆ Determine Millage Ranges (What is Acceptable?)
- ◆ Calculate Impact of Project on Taxpayers
- ◆ Tax Impact Too High... Projects Prioritized
- ◆ “Feasible” Project Scope and Amount Determined
- ◆ Calculate Values for Ballot Language



Bond Proposal

Voter Approval Required

Voters must authorize the Library (or Municipality) to issue a not-to-exceed dollar amount of bonds to pay for improvements identified in the ballot proposal.

Unlimited Debt Millage

The Library (or Municipality) levies the number of mills on taxable property necessary to pay the annual principal and interest payments. Debt service is paid by the debt levy, not the General Fund.

Items Required on Ballot¹

Maximum amount of bonds

Bond purpose

First year's estimated millage rate for new bonds

Simple **average annual millage** rate for new bonds

Maximum **term** of the bonds

¹ Source: Act 206 of 1893, Public Acts of Michigan



Bond Proposal Example

Bond Proposal

Shall the Ransom District Library, formed by the City of Plainwell and the Township of Gun Plain, County of Allegan, State of Michigan, and the Charter Township of Cooper, County of Kalamazoo, State of Michigan, borrow the sum of not to exceed Six Million Two Hundred Thousand Dollars (\$6,200,000) and issue its general obligation unlimited tax bonds therefor, for the purpose of paying all or a portion of the costs of acquiring, constructing, equipping and furnishing a new library facility to replace its existing library facility, to demolish the existing library building and to improve the sites thereof, located at 180 S. Sherwood Avenue, Plainwell, Michigan, including costs related thereto?

Yes ☐

No ☐

The following is for informational purposes only:

The maximum number of years the bonds may be outstanding, exclusive of refunding, is twenty-five (25) years; the estimated millage to be levied to pay the proposed bonds in the first year is 0.85 mills (which is equal to \$0.85 per \$1,000 of taxable value); and the estimated simple average annual millage required to retire the bonds over 25 years is 0.75 mills (\$0.75 per \$1,000 of taxable value).



Bond Sizing Schedule Example

Estimated Expenditures Average Life = 0.70 years

Date	Project Expenditures	Issuance & Other Costs	Totals	Month	Payout %	Project Fund Balance
Nov 23						\$5,300,000
Nov 23	\$150,000	\$135,584	\$285,584	1	5.33%	5,014,416
Dec 23	150,000		150,000	2	8.13%	4,870,684
Jan 24	150,000		150,000	3	10.93%	4,726,772
Feb 24	150,000		150,000	4	13.73%	4,582,680
Mar 24	385,000		385,000	5	20.92%	4,203,409
Apr 24	385,000		385,000	6	28.11%	3,823,663
May 24	385,000		385,000	7	35.30%	3,443,443
Jun 24	385,000		385,000	8	42.49%	3,062,747
Jul 24	385,000		385,000	9	49.68%	2,681,575
Aug 24	385,000		385,000	10	56.87%	2,299,927
Sep 24	385,000		385,000	11	64.06%	1,917,802
Oct 24	385,000		385,000	12	71.24%	1,535,200
Nov 24	385,000		385,000	13	78.43%	1,152,119
Dec 24	385,000		385,000	14	85.62%	768,559
Jan 25	385,000		385,000	15	92.81%	384,519
Feb 25	385,000		385,000	16	100.00%	0
Mar 25	0		0	17	100.00%	0
	<u>\$5,220,000</u>	<u>\$135,584</u>	<u>\$5,355,584</u>			

Project Amount	\$5,220,000
Issuance Costs	135,584
Project & Issuance Costs	<u>\$5,355,584</u>
Estimated Interest Earnings on Bond Proceeds	<u>(55,584)</u>
Bond Amount	<u>5,300,000</u>



Summary of Bonding Alternatives Example

Below is a summary of bond proposal options and different bond terms:

Scenario Table No.	Bond Amount	Bond Term	Estimated Total Interest Cost	Estimated Interest Rate	Ballot Info for New Debt Alone		Estimated Maximum Mills
					First Year Millage	Average Millage	
1	\$5,300,000	17.5 yrs.	\$1,993,265	3.65%	0.75	0.69	0.75
2	5,300,000	19.5 yrs.	2,305,313	3.75%	0.70	0.63	0.70
3	5,300,000	21.5 yrs.	2,662,660	3.85%	0.65	0.58	0.65
4	5,300,000	24.5 yrs.	3,221,800	4.00%	0.60	0.53	0.60

ASSUMPTIONS:

- an debt levy of 0 mills for 2022.
- August 2022 vote, Bonds Dated November 2023.
- an annual change in Taxable Value of 2.50%.

NOTATION:

- The interest rates shown above are estimates. The actual interest rates will be determined at the time of sale. Changes in interest rates may impact the millage required. The final millage will be based on actual interest rates, actual bond payments and actual taxable values.



Estimated Taxpayer Impact Example

Scenario Table	Bond Amount	Bond Term	Estimated Increase in Debt Levy	Estimated Market Value							
				\$120,000	\$140,000	\$160,000	\$180,000	\$200,000	\$220,000	\$240,000	\$260,000
				Taxable Value							
				\$60,000	\$70,000	\$80,000	\$90,000	\$100,000	\$110,000	\$120,000	\$130,000
Estimated Initial Tax Increase*											
1	\$5,300,000	17.5 yrs.	0.75	\$45.00	\$52.50	\$60.00	\$67.50	\$75.00	\$82.50	\$90.00	\$97.50
2	5,300,000	19.5 yrs.	0.70	42.00	49.00	56.00	63.00	70.00	77.00	84.00	91.00
3	5,300,000	21.5 yrs.	0.65	39.00	45.50	52.00	58.50	65.00	71.50	78.00	84.50
4	5,300,000	24.5 yrs.	0.60	36.00	42.00	48.00	54.00	60.00	66.00	72.00	78.00

*Based upon Taxable Value defined as the lesser of: A) assessed value [1/2 of true cash value]; or B) the prior year's Taxable Value, less losses times the rate of inflation plus additions. In the scenario outlined in 1 for example, a person with a 'Taxable Value' of \$100,000 (which would be a market value of at least \$200,000 or more) would have an estimated increase in taxes of approximately \$75.00.

NOTE: If taxpayer qualifies for the State homestead property tax credit, the "net" tax increase would be less than shown above.



Millage Projection Before Election Example

Series 2023		Ballot Information	
Amount:	\$5,300,000	Election Date	August 8, 2023
TIC:	3.91%	First Yr. Millage	0.75
Dated Date:	Nov 1, 23	Levy Cycle: December Only	
First Payment:	May 1, 24 < 6 Months	Millage Impact	
First Levy:	Dec 1, 23	Projected	0.75
Bond Term:	17 yrs., 6 mo.	Current	0.00
Average Life:	10.30	Net Increase	0.75

Series 2023							Delinquency	Use of Funds			Mills Needed	
Tax Year	Payment Year	Principal Due May 1	Interest Rate	Interest Due May 1	Interest Due Nov 1	Total Debt Service	Allowance 8.00%	on Hand \$0	Adjusted Payments	Projected Tax Base	Growth Rate	New Bond Avg. 0.69
2022	2023	\$0	0.000%	\$0	\$0	\$0	\$0	\$0	\$0	\$470,000,000	2.87%	
2023	2024	140,000	3.650%	96,725	94,170	330,895	28,905	1,512	361,312	481,749,999	2.50%	0.75
2024	2025	185,000	3.650%	94,170	90,794	369,964	0	382	370,345	493,793,749	2.50%	0.75
2025	2026	200,000	3.650%	90,794	87,144	377,938	0	1,666	379,604	506,138,593	2.50%	0.75
2026	2027	220,000	3.650%	87,144	83,129	390,273	0	(1,178)	389,094	518,792,058	2.50%	0.75
2027	2028	235,000	3.650%	83,129	78,840	396,969	0	1,853	398,821	531,761,859	2.50%	0.75
2028	2029	260,000	3.650%	78,840	74,095	412,935	0	(4,235)	408,700	545,055,906	2.50%	0.75
2029	2030	270,000	3.650%	74,095	69,168	413,263	0	0	413,263	558,682,304	2.50%	0.74
2030	2031	285,000	3.650%	69,168	63,966	418,134	0	0	418,134	572,649,361	2.50%	0.73
2031	2032	295,000	3.650%	63,966	58,583	417,549	0	0	417,549	586,965,595	2.50%	0.71
2032	2033	305,000	3.650%	58,583	53,016	416,599	0	0	416,599	601,639,735	2.50%	0.69
2033	2034	320,000	3.650%	53,016	47,176	420,193	0	0	420,193	616,680,729	2.50%	0.68
2034	2035	330,000	3.650%	47,176	41,154	418,330	0	0	418,330	632,097,747	2.50%	0.66
2035	2036	345,000	3.650%	41,154	34,858	421,011	0	0	421,011	647,900,190	2.50%	0.65
2036	2037	355,000	3.650%	34,858	28,379	418,236	0	0	418,236	664,097,695	2.50%	0.63
2037	2038	370,000	3.650%	28,379	21,626	420,005	0	0	420,005	680,700,138	2.50%	0.62
2038	2039	380,000	3.650%	21,626	14,691	416,318	0	0	416,318	697,717,641	2.50%	0.60
2039	2040	395,000	3.650%	14,691	7,483	417,174	0	0	417,174	715,160,582	2.50%	0.58
2040	2041	410,000	3.650%	7,483	0	417,483	0	0	417,483	733,039,597	2.50%	0.57
		\$5,300,000		\$1,044,995	\$948,270	\$7,293,265	\$28,905	\$0	\$7,322,170			



Financial Advisor Role During Bond Sale Process

- ◆ Helps Determine Method of Sale
- ◆ FA Prepares Financial Parameters to be used in Bond Authorizing Resolution
- ◆ Prepare Timeline for Sale and Delivery of Bonds
- ◆ Schedule Bond Sale (if Competitive Sale) or Bond Pricing Date (if Negotiated Sale)
- ◆ Preliminary Official Statement
- ◆ Assist in Securing Credit Ratings



Competitive Sale – Tabulation of Bids Example

\$5,300,000 Library Facility Bonds					
Bidder 1		Bidder 2		Bidder 3	
Premium: \$100,000 Purchase Price: \$5,400,000		Discount: \$110,000 Purchase Price: \$5,190,000		Premium: \$130,000 Purchase Price: \$5,430,000	
Principal Due	Interest Rate	Principal Due	Interest Rate	Principal Due	Interest Rate
2024	3.000%	2024	2.300%	2024	3.000%
2025	3.000%	2025	2.350%	2025	3.000%
2026	3.000%	2026	2.400%	2026	3.500%
2027	3.000%	2027	2.500%	2027	3.500%
2028	3.000%	2028	2.600%	2028	3.500%
2029	3.500%	2029	2.750%	2029	3.500%
2030	3.500%	2030	2.850%	2030	3.500%
2031	3.500%	2031	2.950%	2031	3.500%
2032	3.500%	2032	3.050%	2032	4.000%
2033	3.500%	2033	3.150%	2033	4.000%
2034	3.500%	2034	3.200%	2034	4.000%
2035	4.000%	2035	3.350%	2035	4.000%
2036	4.000%	2036	3.400%	2036	4.000%
2037	4.000%	2037	3.450%	2037	4.000%
2038	4.000%	2038	3.550%	2038	4.000%
2039	4.000%	2039	3.600%	2039	4.000%
2040	4.000%	2040	3.650%	2040	4.000%
2041	4.000%	2041	3.700%	2041	4.000%
True Interest Cost:	3.58%	True Interest Cost:	3.60%	True Interest Cost:	3.62%



2023 and 2024 Elections and Estimated Lead Time

Election Dates	Filing Deadline
May 2, 2023	Feb. 7, 2023
Aug. 8, 2023	May 16, 2023
Nov. 7, 2023	Aug. 15, 2023
Mar. 12, 2024	Dec. 19, 2023
May 7, 2024	Feb. 13, 2024
Aug. 6, 2024	May 14, 2024
Nov. 5, 2024	Aug. 13, 2024

Estimated Lead Time

- ◆ 5 Months to 1 year before election, depending on project
- ◆ Ballot prepared before filing deadline with County Clerk(s)
- ◆ Project scope finalized no later than a week before ballot is to be written

NOTE: Election Dates and Deadlines are as reported by the State of Michigan – Secretary of State



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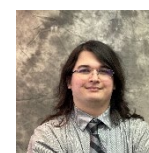
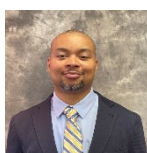
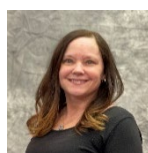
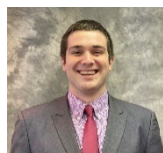
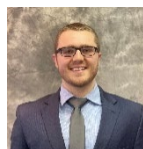
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Disclosures

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Appendix A: Bond Sale Methods

- There are 3 methods of sale for bonds, as shown below.

1. Competitive Sale

- Sold at a specific date and time following publication of a Notice of Sale
- Any firm may bid on the bond offering – most received via internet
- Bonds awarded to the lowest conforming bid

2. Negotiated Sale

- Underwriter pre-selected (may be through an RFP process)
- Underwriter offers bonds for sale to investors (includes local citizens)
- Flexible Pricing date
- Commonly used for complex financings, distressed credits and/or in volatile market conditions

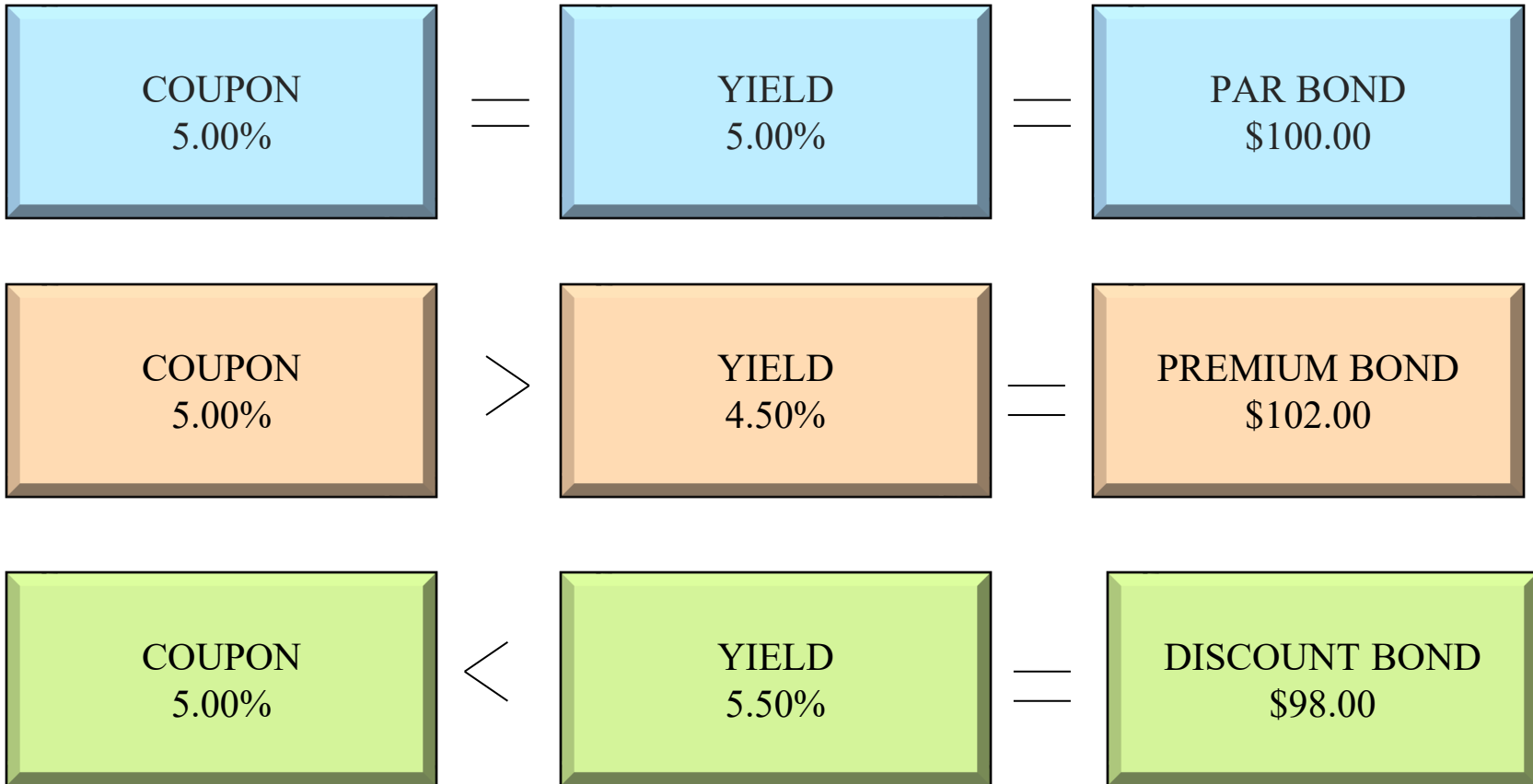
3. Direct or Private Placement

- Bonds are sold directly to private investor or bank (may be through an RFP process)
- Typically shorter bond terms and small bond amounts





Appendix B: Examples of Premium and Discount



- Fundamentally, the relationship between a bond's coupon and yield will determine the price of a bond

STATE OF MICHIGAN

Bond Qualification Process Overview

School Bond Qualification and Loan Program
Bureau of State and Authority Finance
Michigan Department of Treasury
430 West Allegan Street
Lansing, MI 48922

Telephone: 517-335-0994
Fax: 517-241-1233

www.michigan.gov/sblf

Table of Contents

Introduction.....	1
Qualification Process	1
Strategic Planning & Defining Scope	1
Regular and Special Election Dates	2
Preliminary Qualification	3
Final Qualification.....	3
Construction Period.....	3
Audit of Bonded Construction Funds	4
School Loan Revolving Fund (SLRF)	4
Other Funding Sources for School Improvement Projects	5
Conclusion.....	5
Legal References	6

Introduction

This bulletin is designed to assist superintendents and school board members in planning facility programs funded by state qualified bonds. Bond qualification is granted through the Michigan School Bond Qualification and Loan Program (SBQLP). As authorized in the State's Constitution, and by statute, the SBQLP provides a state credit enhancement and loan mechanism for school district bond issues. Bond issues that are qualified by the state have at least two important aspects that are advantageous to school districts. First, a district that receives qualification will get a rating on the bonds equal to the State's credit rating, which will usually result in a lower interest rate and cost. Second, a district may borrow from the State an amount sufficient to enable the district to pay principal and interest requirements on its outstanding qualified bonds. A minimum debt millage must be levied before a district can borrow from the state.

Unlimited qualified bonds may be issued by a school district for a period of up to 30 years. Qualified bonds require approval by the State Treasurer and an affirmative vote from the electors to authorize the district to issue the bonds.

State qualification is based on an extensive preliminary qualification review process, which must be completed prior to the district calling for the bond election. A final qualification process is also required upon approval of the bonding proposition by the district's voters.

Since qualified bonds are unlimited, the local board of education has the authority and the obligation to set the necessary tax rate for debt retirement annually, but has the option under certain circumstances to borrow funds necessary to meet annual principal and interest payments from the State's School Loan Revolving Fund (SLRF). A district may request state qualification of its bonds even though the district has no need or intention of borrowing from the SLRF.

It is a local decision whether to apply for qualification of a bond issue. The Department of Treasury acts only on the request of a local board of education. If qualification is to be obtained, a local school district must meet the necessary requirements as defined in Public Act 92 of 2005, as amended and follow the procedures as prescribed by the Department of Treasury.

This bulletin should be used in conjunction with the services of independent legal, architectural, financial and educational consultants, as appropriate to the project scope. While it is important to acquire competent professional services, final responsibility lies with the local board of education to ensure that education needs are met in a fiscally responsible manner. Long-term financing typically involves expenditures of millions of dollars. It is important for local school boards to understand the commitment necessary before and after the election to assure projects are completed in accordance with intended scope.

Qualification Process

State qualified bonds must be approved by the State Treasurer and bond proceeds must be used for capital expenditure purposes. The bond qualification process involves the following steps:

1. Strategic Planning and Defining Project Scope
2. Preliminary Qualification Approval
3. Election
4. Final Qualification Approval and Issuance of Bonds
5. Construction
6. Audit of Bonded Construction Funds

Strategic Planning & Defining Scope

Planning for a bond issue may begin a year or more before the intended election date. The school district begins by identifying its desired goals for the bond issue. Once these goals are clearly defined, it moves on to a series of analyses and assessments of educational, facility and program needs which provide a context for defining the project scope. Project scope is the boundary that shows where projects begin and end. Developing a solid project scope is critical and helps to focus on what the projects aim to achieve.

The strategic planning process should include the following:

- Conduct a thorough study at the local level to determine current and future school capital expenditure needs and develop a long-term master plan. Involve board members, citizen committees, staff members, etc. Use consulting services, if necessary.
- Secure long range enrollment projections from a Treasury-approved enrollment service provider. Use current enrollment and future enrollment projections to determine the number of classrooms needed as well as required space for other needs.
- Determine classroom needs based on the following teaching station utilization standards:
 - Lower Elementary = 20 students per teaching station
 - Upper Elementary = 25 students per teaching station
 - Middle School = 22.5 students per teaching station
 - High School = 21.25 students per teaching stationDistrict wide utilization should be no less than 85% for new buildings no less than 60% for remodeled buildings.
- Determine construction priorities. Obtain the services of an architect, financial consultant, bond attorney, and construction manager, if deemed necessary.
- Identify potential new/additional sites where project development may occur and secure options on proposed property if acquiring new/additional sites.
- Determine whether an impact study is necessary on new or existing sites to address environmental issues such as underground storage tanks, wetlands, groundwater, etc.
- Consult local government officials/boards regarding requirements and restrictions that may exist on the proposed property including: zoning, cost of roadway additions or improvements, driveway access, sewage, drainage, water access, etc.
- Consult utility providers regarding services, easements, availability and costs.
- Instruct the architect or construction manager to prepare preliminary plans, cost estimates and a detailed budget.
- Instruct the financial advisor to develop financing plans. Consider any special circumstances such as tax appeals or a plant closing that could affect the district's tax base or growth projections.
- Decide if state qualified bonds should be issued. If so, the bond attorney should contact the School Bond Qualification and Loan Program to schedule a preliminary qualification meeting. If not, see the "Other Funding Sources for School Improvements Projects" section on page 5. Schedule a preliminary qualification meeting approximately six months prior to the election date. Consult with district legal counsel regarding election requirements and establish time lines for all activities that must be completed.

Regular and Special Election Dates

School district bond elections must be held on one of three regular election dates or a limited number of "floater dates" (if certain requirements are met). The three regular election dates are as follows:

- 1st Tuesday after the 1st Monday in May
- 1st Tuesday after the 1st Monday in August
- 1st Tuesday after the 1st Monday in November

More information on these standard election dates or the requirements for holding a special election on a "floater" date can be obtained from the school district's legal counsel.

Preliminary Qualification

Preliminary qualification enables the district to proceed with calling for an election and presenting the bonding proposition to the district's citizens. The application process must be initiated in sufficient time to meet all statutory requirements and to allow the SBQLP staff to thoroughly review the application. The preliminary qualification approval process involves the following steps:

- Obtain approval of preliminary plans, estimates and budget from the local board of education.
- Download the preliminary qualification application, instructions and worksheets from the School Bond Loan website at www.michigan.gov/sblf and complete the required forms and supporting documents, including project component cost breakdowns, architect sketches of buildings identifying teaching stations, site plans, enrollment projections compiled by an independent source and financial data completed by a qualified financial advisor.
- Participate in a preliminary qualification meeting with the Michigan Department of Treasury. All significant participants in the project development should be available for this meeting including: bond counsel, financial advisor, architect, construction manager, school superintendent, school board representative(s), citizens committee representative(s), etc. During the meeting, Treasury representatives will conduct a detailed review of the application and supporting documents to ensure compliance with qualification requirements and determine if any revisions or clarifications are required.
- Complete any required revisions to the preliminary qualification application and any required supporting documents for presentation to the board of education. Conduct a review of the finalized application at a board meeting and adopt a board resolution to apply for preliminary qualification. Submit a certified application to the SBQLP at least 30 days prior to the last day to call for an election.
- Adopt an official resolution calling for the election after a letter of preliminary qualification is received from the State Treasurer.
- Participate in a site visit of existing facilities conducted by Treasury officials to review conditions and plans.
- Hold a local election and notify Treasury of the election results.

Final Qualification

If a majority of the district's citizens votes in favor of the proposition, the district applies for final qualification of the bonds, which requires the following actions:

- Complete the Form 3451, Application for Final Qualification of Bonds, which can be downloaded from the Treasury website at www.michigan.gov/sblf.
- Conduct a review of the final application at a board meeting and adopt appropriate board resolutions to apply for final qualification. Submit a certified application and supporting documentation to the School Bond Qualification and Loan Program.
- Receive Treasury's Order Qualifying Bonds with qualification fee billing.
- Remit qualification fee within 30 days of receiving bond proceeds.

Construction Period

Bond proceeds are used to complete construction projects approved in the preliminary qualification application and the ballot proposal(s). Construction must be completed in accordance with certain State regulations. The use of bond proceeds by public schools is defined in The Revised School Code Part 17, Sections 1351 – 1372 (MCL 380.1351 – 1380.1372). Allowable and unallowable uses of bond proceeds are as follows:

Allowable use of bond proceeds:

- Constructing new school buildings
- Constructing additions to existing school buildings
- Remodeling existing school buildings
- Energy conservation improvements
- Asbestos abatement
- Land purchases
- Site development and improvements
- Athletic and physical education facility development and improvements
- Playground development and improvements
- Refunding debt (if new present value savings can be demonstrated)
- Direct bond program costs such as: professional fees, election fees, issuance costs, qualification fees, insurance fees, final audit costs
- School bus purchases
- Loose furnishings and equipment purchasing
- Technology purchases limited to hardware and communication devices that transmit, receive or compute information for pupil instructional purposes only. The initial purchase of operating system and customized application software is allowed if purchased with the initial hardware.

Unallowable uses of bond proceeds:

- Repairs, maintenance, or maintenance agreements
- Supplies, salaries, service contracts, lease payments, installment purchase contracts
- Automobiles, trucks, or vans
- Portable classrooms purchased for temporary use
- Uniforms
- Textbooks
- Upgrades to an existing computer operating system or application software
- Computer training, computer consulting, or computer maintenance contracts

Bond proceeds must be expended in accordance with competitive bidding requirements described under Sections 1267 and 1274 of the Revised School Code.

Public school construction projects must comply with all applicable State site plan review and inspection requirements. More information on these requirements may be obtained from the Department of Licensing and Regulatory Affairs, Bureau of Construction Codes and Fire Safety.

During the construction period, appropriate accounts must be maintained to segregate bond proceeds and debt service funds. Complete transactions to properly account for bond sale, project expenditures, interest income and debt service. If funds remain after completion of all approved projects, the district may use these funds to pay for enhancements to the projects approved by the electors, to pay debt service on the qualified bonds or to repay the state.

Audit of Bonded Construction Funds

Once all projects are completed, the school district must arrange to have an independent audit performed of all bonding activities. This audit must be completed within 120 days after all projects are complete. File the audit report with Local Audit and Finance Division, Department of Treasury. More information on the audit requirements can be found in the "Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan" which is available from the Local Audit and Finance Division website.

School Loan Revolving Fund (SLRF)

The SLRF is a self-sustaining fund that makes loans to school districts to assist with making debt service payments on state qualified bonds. Any money repaid on loans by the school districts to the SLRF is deposited back into the fund for future use. In order to borrow from the State for debt service needs the district must levy a minimum of 7 debt mills and

may be required to levy additional millage up to a maximum of 13 mills to ensure complete repayment to the SLRF within six years of the final bond maturity.

This borrowing process continues until the required debt millage levy yields more revenue than the amount needed to pay debt service. At this point, the district will begin to use the surplus to repay the loan principal and accrued interest.

Borrowing from the SLRF, in many ways, is similar to obtaining a loan from a bank. Prior to obtaining the loan, information must be submitted for review and approval. When a school district issues bonds with the intention of borrowing from the SLRF, it is important to understand the ongoing commitment involved with obtaining the loans and accounting for borrowing and repaying. More information on the SLRF loan process can be found in the "School Loan Revolving Fund Loan Process" bulletin available on Treasury's website at www.michigan.gov/sblf.

Other Funding Sources for School Improvement Projects

Other funding options exist when planning for school improvement projects. A school district may choose to explore the following other options to fund its capital improvements:

Resolution Bonds: By board resolution and without a vote of the electorate, the board of education may issue bonds that together with the district's outstanding bonded indebtedness do not exceed 5% of the state equalized valuation of the district. Such bonds are not qualified by the State Treasurer and do not go through the State qualified bond approval process. Annual principal and interest payments are financed from existing funding sources. Districts may not levy a specific debt millage for this type of issue. See MCL 380.1351(2).

Non-qualified Bonds: Unlimited non-qualified bonds may be issued by a school district for a period of one to 30 years. Such issues require an affirmative vote of the electors to authorize the district to issue the specific amount of bonds. Since these are unlimited tax obligations, the local board of education has the authority and obligation to set the necessary tax rate for annual principal and interest payments.

Unlimited non-qualified bonds may not exceed a debt to assessed valuation ratio of 15% and do not go through the State qualified bond approval process. See MCL 380.1351(3).

Sinking fund: A district may establish a sinking fund to provide funding on a pay as you go basis. Such a fund must be approved through a school election and a district may levy not more than 5 mills for a period of not more than 20 years. A sinking fund may only be used for purposes defined in MCL 380.1212 and as limited by the ballot language. Briefly, these purposes are the same as described earlier under "Allowable use of bond proceeds" with the following exceptions: A sinking fund may be used for repairs costing more than the amount defined in MCL 380.1267, but must be completed by contracted sources. A sinking fund may not be used for maintenance. A sinking fund may be used for technology, but is limited to wiring or materials for installing technology; this does not include equipment or software.

Shared savings energy programs: A district may complete energy conservation improvements to school facilities and pay for the improvements from operating funds, bond proceeds, or may enter into contracts in which the cost of improvements are paid from the subsequent savings. (See MCL 380.1274a)

Annual state aid percentage: A district may use a percentage of the annual state aid received for operations from the current year or unencumbered funds from a previous year that had been transferred to the Capital Projects Fund. (Review current year's state aid act provisions for current percentage.)

Other sources: A district may use proceeds from the sale of land or buildings, monetary gifts received by the district, other non-taxable funds (e.g. athletic fund), Federal assistance programs (if available), etc.

Conclusion

The intent of the bulletin is to provide interested parties with information regarding the bonding process. It is not intended to be all inclusive or ensure that all legal and other requirements are identified. This bulletin should be used in conjunction with the services of independent architectural, construction managerial, educational, financial and legal consultants as appropriate to the project scope.

Legal References

The following represent some of the current applicable state legal requirements that school districts should be aware of when consideration bonding.

Public Act 34 of 2001 (as amended) – Revised Municipal Finance Act

MCL 141.2101 to 141.2821

Requires that all school district borrowing be approved by the Department of Treasury, Municipal Finance Section

Public Act 92 of 2005 (as amended) – School Bond Qualification, Approval, and Loan Act

MCL 388.1921 to 388.1939

Establishes requirements for obtaining qualification of school bonds and for obtaining state loans from the School Loan Revolving Fund

Public Act 112 of 1961 (as amended) – School Bond Loan Financing Act

MCL 388.981 to 388.985

Establishes authority for the state to issue bonds and notes in order to provide funds for making loans to schools

Public Act 451 of 1976 (as amended) – The Revised School Code

MCL 380.1212 – Sinking fund

MCL 380.1267 – Competitive bidding requirements for school building construction

MCL 380.1274 – Competitive bidding requirements for purchasing equipment

MCL 380.1274a – Energy conservation programs

MCL 380.1351 to 380.1372 – Borrowing money and issuing bonds

Public Act 388 of 1976 (as amended) – Campaign Finance Act

MCL 169.257

Establishes regulations regarding political activity, contributions and expenditures by public officials to influence passage or defeat of a ballot questions

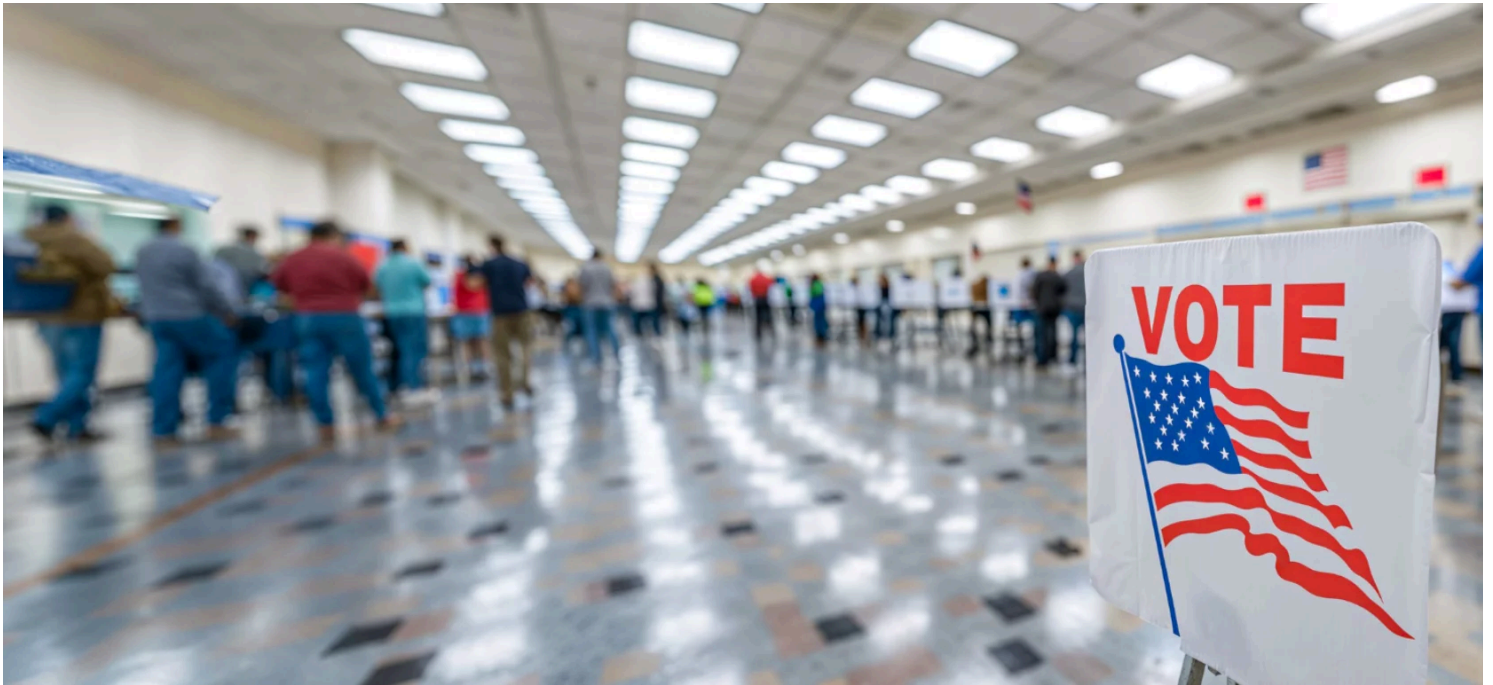
Public Act 116 of 1954 – Michigan Election Law

MCL 168.641 – Regular and special election dates.

Public Act 227 of 1985 – Shared Credit Rating Act

MCL 141.1066c

Establishes a School Loan Revolving Fund



Michigan Election Law Blog

www.fosterswift.com

Election Guidelines for Public Bodies in Compliance with MCFA

August 26, 2020 | Posted by: Laura J. Genovich and Jim W. Scales (Summer Associate)

Each election year provides public bodies, such as townships, school districts, and libraries, an opportunity to seek voter approval for extra-voted on millages and bond proposals. Once the decision is made to put a millage or bond proposal on the ballot, public bodies and their officials must walk a fine line between *informing* residents of the need for and importance of new funds and *advocating* for a certain position. The Michigan Campaign Finance

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Categories

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An Election Day Guide to
Essential Polling Etiquette



Act (MCFA) focuses on preventing public bodies and their employees from using taxpayer dollars to place their thumb on the scale of one view in any election or campaign. This includes any primary, general, special, or millage election held in this state.

What Can My Business Contribute to a Campaign?
A Guide to Regulating Petition Circulators: Best Practices and Key Considerations

Section 57 of the Michigan Campaign Finance Act ("Section 57") specifically states:

Sec. 57. (1) A public body or an individual acting for a public body shall not use or authorize the use of funds, personnel, office space, computer hardware or software, property, stationery, postage, vehicles, equipment, supplies, or other public resources to make a contribution or expenditure or provide volunteer personal services that are excluded from the definition of contribution under section 4(3)(a). This subsection does not apply to any of the following:

1. The expression of views by an elected or appointed public official who has policy making responsibilities.
2. The production or dissemination of factual information concerning issues relevant to the function of the public body.
3. The production or dissemination of debates, interviews, commentary, or information by a broadcasting station, newspaper, magazine, or other periodical or publication in the regular course of broadcasting or publication.
4. The use of a public facility owned or leased by, or on behalf of, a public body if any candidate or committee has an equal opportunity to use the public facility.

5. The use of a public facility owned or leased by, or on behalf of, a public body if that facility is primarily used as a family dwelling and is not used to conduct a fund-raising event.
6. An elected or appointed public official or an employee of a public body who, when not acting for a public body but is on his or her own personal time, is expressing his or her own personal views, is expending his or her own personal funds, or is providing his or her own personal volunteer services.
7. A person who knowingly violates this section is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00 or imprisonment for not more than 1 year, or both, or if the person is not an individual, by 1 of the following, whichever is greater:
 1. A fine of not more than \$20,000.00.
 2. A fine equal to the amount of the improper contribution or expenditure.

MCL 169.257.

Individuals acting on behalf of the Public Body

Section 57 applies to individuals acting on behalf of a public body in the same way it applies to the public body itself. As an initial rule, Section 57 allows for any public employee to express their own personal views on a ballot question when they are:

1. not acting for a public body;
2. on their own personal time;
3. expending their own personal funds; or
4. providing their own personal volunteer services.

Section 57 differentiates between public officials and other employees.

First, any elected or appointed public official who **has** “policy making authority,” such as a supervisor or trustee, may express his or her views on the ballot question at any time and in any context, public or private. However, he or she may not use the public body’s stationery, phones, computers or other public materials to disseminate his or her personal opinions or to support a particular ballot question.

Second, public body employees that **do not have** “policy making authority” are prohibited from expressing views on behalf of the public body when “on the clock” or when working on behalf of the public body. Similarly, these employees may not use any of the public body’s materials or resources to promote the election.

What a Public Body Can Do

Sharing Factual Information

Sharing “factual information” concerning issues relevant to the function of the public body is explicitly allowed by Section 57. Factual information does not include words of express advocacy and should be backed by objective evidence. What counts as “factual information” is a difficult determination to make in many instances and should be made in consultation with an attorney.

For example, even a statement such as “the millage will allow us to provide better health services” is generally prohibited because it is viewed more as a promotional message than a factual statement. Further, the public body may not post signs in its facilities or produce information with public funds that encourages citizens to “vote for” or “vote against” the ballot question. Typically, materials public bodies can provide are limited to the precise language of a millage, or other similar ballot initiative, and basic facts regarding that language.

Allow Equal Use of a Publicly Owned Facility or Public Information

Section 57 mandates equal access to public facilities and public information. If a public body allows one side of an issue or one political campaign to use a public space, that public body must allow equal use of that space to all sides and all views. Similarly, if a public body allows one side of an issue access to public information the public body must allow that exact same access to the other side or view.

For example, the public body may allow a “Vote Yes on the Millage” committee to use its facilities; *provided that*, the public body would also allow the “Vote No on the Millage” committee to use the facility in the same manner. Another example would be a public body’s community bulletin board or other display. The public body can allow a “Vote Yes” brochure to be posted, but only if it would allow equal access to the “Vote No” campaign.

What a Public Body Cannot Do

Promotion of certain campaigns

Public bodies are prohibited by Section 57 from promoting any campaign, including a millage campaign. As a result a public body, for instance, cannot purchase or create any lawn signs, brochures, or buttons telling the public to “vote yes” or “vote for the Fire Department Millage” with public funds.

Further, public bodies should be diligent and careful in their spending as public funds are not limited to tax revenue. Even “gifts” or other “donations” made to the public body are still public funds and may not be used for the promotion of any sort of campaign.

What a Public Body Should Do

We recommend that any public body seek legal review of any proposed action that is questionable. The penalties for a violation of Section 57 can be severe and mistakes are easy to make.

If you have any questions related to this communication or other election law issues, please contact your Foster Swift attorney or a member of Foster Swift's election & campaign finance law team:

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Categories: Campaign Finance (MCFA)

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LEGAL ISSUES IN LIBRARIES AND ARCHIVES

CONTENTS



12. Bonds and Millages

CYNTHIA B. FAULHABER AND THOMAS D. COLIS

[Commentary](#)

[Scenarios](#)

[Works Consulted](#)

[Authors](#)

Commentary



Previous: Open Meetings Acts

Public libraries, like cities, counties, and other municipal corporations, may borrow money and issue bonds to reflect the borrowing. But each public library is limited in how it issues bonds and how much interest to pay by its state laws. For purposes of this chapter, we are using Michigan law as an example. Any public librarian must learn the rules applicable to the state and public library where they work or plan to work. For example, in Florida, municipal bonds require validation of their purpose by court order. Chapter 25, Florida Statutes (Bond Validation) 75.01 et seq. In Michigan, public purpose is solely determined by the local unit of government.

Most public libraries are funded from a variety of sources ranging from property taxes to grants and donations to state aid. For many libraries, property taxes make up the bulk of the revenues used to operate the library. Property taxes (also known as “ad valorem taxes”) are expressed as “millages” against the value of real and personal property. In addition, many libraries have the authority to issue debt to finance various capital improvements. That debt often comes in the form of issuing “bonds.” Bonds are simply a promise to pay the holder of the bond. They are similar to a loan in that principal and interest are repaid on the bonds over a period of time at a stated interest rate. But in many states, the form of the borrowing is important and one has to look to state law to determine which form is appropriate.

As bond counsel for over 20 years, learning as we worked with experienced partners and less experienced municipalities, we seldom thought about how many laws have an impact on the issuance of bonds – federal case law, state case law, state statutes, state regulations, federal tax law, federal securities law, federal regulations, and practices throughout the country. Bond counsel could joke among themselves, but never with other lawyers – not even bail bond lawyers (a totally different practice with criminals and bail promises).

Historical Treatment of Municipal Bonds

In the 1800s, in the absence of legal constraints, municipalities incurred substan-

bigger community to its neighbor, hoping that, if they built it, people would come and settle there. Unfortunately, the choice often failed – no one came. Or, in contrast, a railroad began laying tracks through an area just annexed by a city, only to be denied access by the city. But the city's power to annex was not in existence, so the railroad won and the owners of houses built where the railroad was going lost their property, and the city lost their tax revenues.

The few taxable properties remaining in the city were required to pay taxes sufficient to pay the bonds. The taxpayers complained to the courts, saying the communities had no business issuing the debt in the first place and that taxation amounted to an illegal taking of their property.

Justice John F. Dillon of Iowa agreed, and declared two bond issues invalid in 1868, resulting in “Dillon’s Rule.” This “rule” affirmed a narrow interpretation of a local government’s authority, in which a substate government may engage in an activity only if it is specifically authorized by the state government.

Although there was a short time when a Michigan judge’s ruling allowed some “home rule” for some cities, his ruling was contradicted by the Supreme Court twice in later years. Since then, the following tenets of Dillon’s Rule have become a cornerstone of American municipal law and have been applied to municipal powers in most states:

- A municipal corporation can exercise only the powers explicitly granted to them
- Those necessarily or fairly implied in or incident to the powers expressly granted
- Those essential to the declared objects and purposes of the corporation, not simply convenient, but indispensable (Cities 101: Delegation of Power).

State Laws Governing Municipalities – Bonds and Millage

Dillon’s Rule led to state statutes authorizing versions of “home rule” that never

Previous: Open Meetings Acts

ter counties MCL 45.501 et seq.; cities MCL 117.1 et seq; townships MCL 41.1a et seq; charter townships MCL 42.1 et seq; public libraries (owned by cities, villages and townships) MCL 397.201 et seq; and district libraries MCL 397.171 et seq, among others. In all cases, the power to borrow money was added years after the organization was permitted to be created by law. See, for example, MCL 117.4a, amending the Home Rule Cities Act 20 years after the act was first enacted, for city issuance of bonds, and 397.182 amending the District Library Financing Act 13 years after it was first enacted, for the issuance of district library bonds.

No municipality in Michigan can levy whatever tax it wishes, however. Instead, property taxation is limited by the Michigan Constitution and by State law, as well as by what the voters of a municipality approve. In each case, the limitation includes restrictions on the amount of money a municipality can accumulate annually, and how the municipality may use that money.

First, how are taxes in Michigan calculated? In general, property tax is expressed as a millage against the value of land and, sometimes, personal property. “Millage” is the amount of tax per \$1,000 of “taxable value.” “Taxable value” is one half (or less) of market value, as assessed by the assessor. For example, if a statute authorizes a municipality to levy 4 mills and the taxable value of property in the municipality is \$100,000,000, the municipality is permitted to collect \$400,000 that year. [Note: There are several ways in which “taxable value” is far less than the ignore them. See, e.g., Michigan Constitution Article IX, Section 3.]

Take the City of Escanaba, Michigan. The City has a city band, police and fire departments, a city electric utility, a public library, marinas, public parks, and water and sewer services. All of these, plus the City’s employees in the various departments, are supported by the income received by the City annually, from a variety of sources. The City could levy separate millages for the library (MCL 397.210a) and the band (MCL 123.862), but it levies a total of 17 charter authorized mills for all its general fund obligations, including the library and the band. City of Escanaba, 2019-20 budget.

www.escanaba.org/sites/default/files/fileattachments/assessor/page/2131/2019_millages_pdf_2019_millage_rates.pdf Its annual millage of 17 mills in 2019-2020 was

Previous: Open Meetings Acts

www.escanaba.org/sites/default/files/fileattachments/controller/page/2371/lf_final.pdf

The City of Wayne, Michigan, held an election in 2018 and the voters approved 1 mill for 10 years to support the Wayne Public Library bringing the Library approximately \$700,00 annually. wayne.lib.mi.us/WPL%20Annual%20Report%202018-19.pdf

Wayne's neighbor, Saline, Michigan, has a district library comprised of the City of Saline and the School District of Saline that levies a district library millage bringing the Library approximately \$1,500,000 in 2020. www.salinelibrary.org/wp-content/uploads/2019/12/SDL-FY2019-2020-Budget-Summary.pdf

In each of the above cases, the public library has additional funds that are not from property taxes. Each receives some State aid, as well as revenues from fees and fines related to borrowers from the library. Some receive funds from private donations and grants. See, for example, Saline District Library budget. Before they were authorized to levy any millage, these were the sole sources for operating and capital improvement costs.

Howell District Library was formed by agreement between the City of Howell and the Howell Public Schools before 1988. howelllibrary.org/library-history/ It was a Carnegie Library and proud of its history, but it needed improvements immediately and its annual income did not support the total amount necessary. The Library then planned to borrow money and issue bonds to finance its improvements and approached Miller, Canfield, Paddock and Stone, PLC, to serve as bond counsel to the Library in issuing the bonds. Miller Canfield looked for authorization for a district library to do so and found it was not in the laws of the State.

As a result, with the efforts of the Michigan Library Association and State representatives and the State senator from the area, the State Legislature adopted the District Library Financing Act, MCL 397.281, et seq. The District Library Financing Act authorizes district libraries to acquire, construct, or furnish real or personal property for use for library purposes; to borrow money and issue bonds and notes for those acquisitions; and to levy a tax for, and to pledge their full

Previous: Open Meetings Acts

forth the maximum amount of debt that a district library can incur for such purposes.

Most bonds issued by municipalities, including libraries, in Michigan are also subject to the Revised Municipal Finance Act, MCL 141.2101, et seq. The Revised Municipal Finance Act is a broad reaching statute that sets forth requirements for municipalities to borrow money and issue bonds and other securities for various purposes and includes, among other things, restrictions on the types of debt to be incurred, the specific terms of such debt relating to payment frequency, sources of repayment, redemption rights and maturity limitations.

State and Federal Securities Laws Governing What a Municipality Tells Bondholders

Bonds are typically sold one of two ways: (1) through a competitive bidding process where a notice of sale is published in a national bond publication (such as the Bond Buyer) and bids are taken from any interested purchaser on a particular date and time or (2) through a negotiated sale either directly to a bank or other financial institution or to an investment banking firm (often called an “underwriter”) who then sells the bonds to its clients.

Often in larger bonds issues (typically \$1,000,000 or more), whether sold through a competitive or negotiated sale process, an “official statement” is prepared setting forth information relating to the bonds (payment structure, security, redemption provisions, tax status, etc.) and economic and financial information relating to the issuer of the bonds (i.e. the library).

As you can imagine, there are many rules regulating the securities markets in the United States. Some of them apply directly to municipalities (like the anti-fraud rules) and some apply indirectly through other market participants such as underwriters (like the continuing disclosure rules).

The “antifraud rules” apply to every participant in all of the securities markets in the United States. The legal standard for disclosure is set forth in Section 17a of

[Previous: Open Meetings Acts](#)

ring to the antifraud provisions generally. SEC Rule 10b-5 (17 C.F.R. 240.10b-5) prohibits any act or omission resulting in fraud or deceit in connection with the purchase or sale of any security. In practice that means that the official statement used to market and sell bonds has to include all information, and cannot exclude information, that an investor would need to make an informed investment decision.

In 1975, Congress enacted the Tower Amendment which prohibits the Securities Exchange Commission (SEC) or Municipal Securities Rulemaking Board (MSRB) from directly or indirectly requiring issuers to file municipal securities documents with them before securities are sold. However, the SEC regulates municipalities indirectly through dealers (i.e. underwriters), which are subject to direct regulation. For example, SEC Rule 15c2-12 imposes requirements on underwriters regarding issuer disclosure practice in the primary and secondary markets. Rule 15c2-12 is the rule that requires the underwriter to review an official statement that is deemed final by the issuer before purchasing or bidding on bonds. It also prohibits an underwriter from purchasing or selling municipal securities unless it has obtained a commitment from the issuer of the securities to provide certain annual financial information and event notice.

Over the years, the SEC has taken action directly against municipal issuers for securities fraud relating to material misstatements or omissions from official statements and in 2014 initiated the Municipalities Continuing Disclosure Cooperation Initiative (MCDC) to address potential widespread violations of the federal securities laws by municipal issuers and underwriters in connection with certain representations about continuing disclosures in bond offering documents. Pursuant to the MCDC, the SEC entered into settlements with 71 issuers covering 45 states and 72 underwriters with charges against the underwriting firms totaling over \$18 million.

Federal Tax Laws Governing Municipal and State Bonds

[Previous: Open Meetings Acts](#)

from that law was interest on State and municipal bonds. For a very brief explanation of this early law, see Municipal Bonds for America's article at www.munibondsforamerica.org/cms/wp-content/uploads/2013/07/Federal-Tax-Code-Fun-Facts-and-Trivial.pdf

As noted in that article, what was once a document of merely 27 pages has grown enormously.

Basically, if a bond is issued by a governmental unit (defined) for governmental purposes (defined), the interest on the bond is exempt from taxation by the federal government. The City of X (definitely a governmental unit) issues \$500,000 bonds to pay for public roads in the City (definitely a public purpose). The purchaser of those bonds pays no income tax on the annual or semiannual interest payments.

But if that same City of X (still a governmental unit) issues \$500,000 bonds to finance roads in a golf course owned by a private entity, the purchaser of those bonds pays income tax on the annual or semiannual interest payments because the bonds were not used for a governmental purpose because they specifically benefited a private entity as opposed to the public in general.

Simple – correct? And yet, the Internal Revenue Code now has Section 103, Sections 141 to 150, and Sections 1395, 1400 and 7871 to clarify and further limit this conclusion.

Of course, many bond issues are not as simple as the examples above and that is why the Internal Revenue Code has become much more complicated over the years. Take this scenario – a public library (a governmental unit) issues \$1,500,000 to finance the construction and furnishing of a library (public purpose) but as part of that library it leases more than 5% of the space to a private entity to operate a coffee shop. You would think that the interest would be tax-exempt since it was issued by a government unit for a public purpose. However, because more than 5% of the space is leased to a private entity (not a governmental purpose), the interest on the bonds would be taxable to the holder.

Why did the Howell District Library go to bond counsel? Its director knew that the Library could not issue bonds without an opinion of bond counsel. But why?

At the beginning, bond counsel was called as independent counsel into every bond issue after Dillon's Rule and other cases invalidated bonds. The reasons for invalidation were many, including the allegation that the person who signed the bond was not authorized. *Coler v Cleburne*, 131 US 162 (1889). In that case, the bonds were ante-dated and signed by the former mayor, when the law required the bonds be signed by the then elected mayor.

A municipality would proceed to issue bonds, and a bank or other purchaser would hire an independent counsel (paid for by the municipality) to check out all of the following:

- Are the bonds legal? i.e., were they approved according to the applicable state laws?
- Are the bonds valid? i.e., have they been signed by the appropriate, authorized parties?
- Are the bonds binding? i.e., is there no way the municipality may claim later in time that something was wrong with the issue and the municipality need not pay the bondholders?

Later, when the Internal Revenue Code authorized the principal and interest payments on the bonds to be exempt from federal income taxation, bond counsel developed additional expertise in applicable sections of the federal income tax laws, and gave the opinion that the bonds were exempt from federal income tax. And municipal issuers hired bond counsel as an independent, but involved, voice in their bond process. Bond counsel's role is to make sure the municipality follows all the rules to assure bondholders that the bonds are legal, valid, and binding, and that interest on the bonds is exempt from federal taxation.

Other organizations also now play important roles in the issuance of bonds. These include financial advisory firms who assist with assuring there will be sufficient revenues to pay the bonds. The architect or engineer (or both) is also important to the issuance, because of their involvement in the validity of public

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to its select purchasers. Local bond counsel's role usually involves explaining the purpose of each participant.

Scenarios

Scenario 1:

You are the director of a city public library currently located in rented space in an older, deteriorating building owned by the local school district. The school district has decided to tear down the building and pave over the lot for a new parking lot for the high school. A local philanthropist is willing to donate a parcel of land in a prime location to the public library if the library is able to raise funds to build a new building, furnishings, and an expanded library collection. What do you do?

Scenario 2:

Your taxpayers complain loudly that you will be paying more than you should for interest on the bonds you issue, plus the cost of all the participants. Which is better for your public library: saving money collected from taxes until you have enough to carry out your project, or borrowing money and paying interest on bonds for that purpose? How long will it take you to get the money necessary to carry out the project?

Works Consulted

“Cities 101: Delegation of Power.” *National League of Cities*,

Previous: Open Meetings Acts

Coler v. Cleburne, 131 U.S. 162 (1889).

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Internal Revenue Code (IRC), 26 U.S.C. § 1 et seq.

“Library History.” *Howell District Library*, howelllibrary.org/library-history/.

Michigan District Library Financing Act, M.C.L. 397.281 et seq.

Michigan Revised Municipal Finance Act, M.C.L. 141.2101 et seq.

Municipal Bonds for America. *The Municipal Bond Tax Exemption & the Original, 1913 Federal Tax Code*, www.munibondsforamerica.org/cms/wp-content/uploads/2013/07/Federal-Tax-Code-Fun-Facts-and-Trivial.pdf.

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Saline District Library website, www.salinelibrary.org/wp-content/uploads/2019/12/SDL-FY2019-2020-Budget-Summary.pdf.

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Authors

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Previous: Open Meetings Acts

townships, counties, school districts, libraries, colleges and universities. He also specializes in economic development finance, including financing for manufacturing companies and non-profit entities. He received his law degree from The University of Michigan Law School in 1993, and a B.A., magna cum laude, from The University of Rochester in 1990.

Cynthia B. Faulhaber

Cynthia B. Faulhaber (she/her/hers) is a retired attorney, having practiced as a municipal finance attorney with Miller, Canfield, Paddock and Stone, P.L.C. from 1982 to 2002. In 2003, she took the position of Deputy Treasurer of the State of Michigan, in charge of debt, finance, student loans, and municipal financial oversight. She retired in 2006. During her years as attorney, Cynthia wrote several statutes for public and district libraries, as well as for tax increment finance authorities and other specialized municipalities. She was bond counsel and general counsel for several public libraries, as well as bond counsel for universities, colleges, cities, townships, and school districts. Since retirement, she has concentrated her energies on children who have been removed from their families due to abuse, abandonment and neglect and has taught English as a Second Language to many immigrants in Florida.

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District Libraries

Established Under [The District Library Establishment Act \(DLEA\), 1989 PA 24, MCL 397.171 Et. Seq.](#)

FORMATION

- A district library is formed by two or more municipal partners. There are two methods of establishment:
 - A petition for each municipality affected by the district signed by at least 5% of the registered electors in the municipality must be presented to the clerk for each municipality. Once approved, there is a ballot question for creating a district and a millage. Upon a successful vote, a provisional board is appointed, a district library agreement drafted, negotiated and signed between partners.
 - Two or more municipal partners (with or without existing libraries) pass resolutions to form a district, negotiate a district library agreement, pass resolutions to accept the agreement, and sign the agreement. Generally (but not always) then a millage goes on the ballot.
- Establishment documents include any resolutions, ballot language, certified vote reports and the signed district library agreement.

MUNICIPAL AUTONOMY

- District libraries have complete autonomy from their municipalities.
- Municipalities of a district library are involved by appointing board members (if the DLA specifies an appointed board) and by creating, approving, and participating in any amendments to the District Library Agreement (DLA).
- Municipalities may also be expected to provide fiscal support.

BOARD

- Depending on the provisions of the DLA, a district library board can be elected or appointed.
 - An elected board has 7 members.
 - An appointed board has at least 5 members but no more than 8 members.
- A district library board is comprised of members from each of the municipalities that partnered in the district.
- Municipalities which are not “participating municipalities” (or signatories to the DLA) are not required to be provided with board representation.
- A district library board has complete authority over matters of employment, operation, finances, budget, contracting, etc. of the library, subject to the terms of the district library agreement (DLA).
- The board of a district library can levy their own millage and bonds.
- The board is responsible for ensuring that they delegate appropriate authority to the library director to enable the director to implement the board’s vision for the library.
- The library director has only the authority and powers that he board delegates to them.

FUNDING

- A district library can opt to pass a millage of up to 4mils.
- The options for funding a district library are determined by the district library agreement and the board .
- Funding can range from a millage to appropriations from district partners.
- Service contracts
- Penal fines
- State aid funds
- Fundraising
- Grants
- Library generated fines
- District libraries are subject to the Municipal Financing Act.

NOTES

- District libraries are considered municipal authorities and therefore it is often easier to distinguish their authority or ability to operate under laws and regulations (unlike other establishment types which frequently get linked to their municipalities even though the libraries have separate governances).
- District libraries have greater autonomy than any other public library type:
 - District libraries can have their own credit cards (other library types must get credit cards through their municipalities).
 - District libraries must manage their own audits (not be audited via their municipality).
 - District libraries are the only library establishment type which has a process for dissolution (in the District library agreement)
 - District libraries have clear authority as employers.

COUNTY LIBRARIES

Established Under [The County Libraries Act, 1917 PA 138, MCL 397.301 Et. Seq.](#)

FORMATION:

- Created by County Commission via resolution.
- Commission Appoints County Library Board
- Establishment documents = Resolution, meeting minutes.
- In lieu of a dedicated library, County Library Board may contract with existing libraries to provide library services.

MUNICIPAL AUTONOMY

- County library is fairly autonomous from County.
- County appoints County Library Board
- Once appointed, library board controls library fund, contracting, purchasing, operations, etc.
- County commission may
- Library employees may be county employees under supervision of library board, or may be county employees under supervision of county, depending on county commission's arrangement with library board.

SECTION 4

RELATED POLICIES AND REQUIREMENTS

There are certain board policies and requirements a library should have in association with the liabilities listed above. The recommended policies and requirements include the following:

LONG-TERM DEBT POLICY

There are different limitations and requirements placed on the library depending on the type of library, as noted:

- **District libraries –**
 - Governed by Public Act 265 of 1988, MCL 397.281 et. seq.
 - General obligation unlimited tax bonds are not allowed unless approved by the electors of the library by a majority vote
 - Bonds, loans, notes are limited to 5% of the state equalized valuation of the library's taxable property
- **City/township/village libraries –** Governed by [Public Act 164 of 1877](#), MCL 397.201 et. seq.
 - Township libraries are subject to same requirements as townships
- **Township/village libraries –**
 - Governed by [Public Act 5 of 1917](#), MCL 397.321 et. seq.
 - Bonds must be approved by a majority of the electors, subject to the Revised Municipal Finance Act ([Public Act 34 of 2001](#), MCL 141.2101 et. seq.)
 - Bonds (or other borrowings) may not exceed 1% of the assessed valuation of the township or village

The Revised Municipal Finance Act requires that before a library can issue certain types of debt, it either must have qualified status (by submitting a qualifying statement) or apply to Treasury for prior approval if qualified status was denied. The Department of Treasury has up to 30 business days, or six calendar weeks, to evaluate a prior-approval application. The 30-business-day review period begins on the date that Treasury deems the application “received,” as opposed to the date the application is filed with Treasury. The Qualifying Statement is available online through the Department of Treasury and must be submitted online.

The library should have a policy describing its debt management activities and should address the scope and purpose of allowed borrowing (overall objective), the intended use of debt (when appropriate and for what purpose), types of debt, debt limitations, and the debt structure and repayment terms. The purpose of the policy is to articulate the library's goals with respect to debt, enhance the board's ability to make decisions, and demonstrate the library's fiscal prudence and responsibility to its patrons, taxpayers, and potential lenders. Debt policies should also address federal, state, and local regulations.

COMPENSATED ABSENCES POLICY

Each library should have a policy describing its compensated absences (also known as paid time off or PTO) accrual methods and procedures. This includes identifying how this time is earned, carried over from year to year, how it can be used, and if there is a payout upon leaving or retiring. Depending on how the library is formed, the county, city, township, etc., may determine this policy for the library.

EveryLibrary offers free help to libraries going to the ballot

EveryLibrary is the first and only national organization dedicated to building voter support for libraries when they are on the ballot. Our focus on activating voters on Election Day is unique in the library advocacy ecosystem. This is reflected in the training and coaching we do for campaigns. We do this in three ways:

1. Training library staff, trustees, and volunteers to plan and run effective Information Only campaigns
2. Assisting local Vote Yes committees in planning and executing Get Out the Vote work for their library's measure
3. Speaking directly to the public about the value and relevance of libraries and librarians.

To run a successful library ballot measure, two key groups of stakeholders need to be activated: the library board and staff as an "Information Only" team and the local "Vote YES" committee. EveryLibrary works with both groups in important but different ways. The library's Information Only team is limited in what they can and cannot say on public time and with public resources. They need specific, experienced guidance for their outreach efforts. EveryLibrary provides specialized Information-only training and coaching to staff, trustees, and volunteers, which helps them be effective communicators.

Our Information-Only Training Philosophy

We base our Information Only campaign training on data about voter behavior that demonstrates two equally important facts for Election Day: that the perception of the library as a "transformational institution" in the community matters to voters; and, simultaneously, that the perception of librarians as "change-agents" for the community also matters to voters. Our training and coaching for Information Only campaigns are designed to update the perception of the library as a relevant and active institution in the community while we coach staff on opportunities to be more visible as active partners for community-based outcomes.

Our Information Only trainings also address an unfortunate and long-standing misperception that those who work in publicly funded libraries cannot speak about a ballot measure on public time or with public money. EveryLibrary takes a position that the library staff and trustees have a responsibility to tell the public about what a ballot measure will do if it passes, and what will happen if it does not. In many library elections, a strategic plan or building plan is the impetus to go out for a vote. We train and coach on how to best represent "The Plan" for the library to voters. Because we base our training and coaching on the strategic or building plan for that library, staff have a legitimate reason to communicate the information about that plan – on public time and with public funds – so voters can make a decision about their own library.

Because we understand that voters are activated not just by their perception of the institution but by their view of the librarians and staff, EveryLibrary roots our training and coaching on the best practices used by political campaigns to feature their candidates' biographies and vision for communities. While the library's strategic or building plan speaks to institutional relevance, the techniques we feature in our training encourage and empower staff to recognize their role as the personification of that institution's work. We know that library users and non-users behave differently on Election Days – as voters – than they do the rest of the year, and we train the staff, trustees, and volunteers to anticipate that.

Engaging EveryLibrary to Train and Coach

Our training team works with library leadership in the campaign planning calendar as early as possible. We begin by interviewing the director, the management team, and the library board concerning the type and timing of the ballot measure, the strategic or building plan for the library, as well as the strengths and weaknesses of the library staff and citizen-leaders. We also assess the communication and outreach skills of the staff and volunteer pool, clarify the current political and civic climate in the community, and address the perception of the library in the community relative to other stakeholder groups. EveryLibrary likewise offers information about our philosophy and training approach to the library. When a decision is made to host training sessions or to engage in a longer-term coaching relationship, it is done mutually. Our training and coaching is provided free of charge to the library through the support of our donors.

Each training is customized and informed by our understanding of the library's current strategic or facilities plan, its local political and civic situation, and the level of experience that staff, trustees, and volunteers have with outbound communications. While we evaluate and prioritize an outreach plan based on each ballot measure and library, we focus on three specific outcomes for each training:

- Improve staff, trustee, and volunteer familiarity with ballot-specific issues
- Improve staff, trustee, and volunteer competency with Information Only campaign techniques
- Improve staff, trustee, and volunteer understanding of legal and ethical issues for Information Only campaigns

Our trainings are interactive learning and discussion sessions that take between a half- and full-day, depending on need. Each session includes personal and group work that is practical and actionable, along with active learning about both the theory and practice of campaigning. Our priorities are based on how close we are to Election Day as well as the practical needs of the library staff, trustees, and volunteer leadership. EveryLibrary does not engage in day-to-day management of Information Only campaigns for libraries. Our work as trainers and coaches is intended to fill in the gaps in information and skill-sets.

Vote Yes Committees and Local "Get Out the Vote"

The local Vote YES committee can conduct a full range of Get Out the Vote activities, and EveryLibrary provides consulting and capacity-building to help them succeed.

EveryLibrary works with citizen groups around the country to help them be effective supporters of their libraries on Election Day. We work as free consultants and advisors to fill in knowledge and skills gaps to help neighbors encourage neighbors to Vote YES for their library. EveryLibrary is experienced in providing local ballot committees with both high-level and in-the-trenches perspectives on voter engagement. We focus on finding the most effective ways to leverage volunteer committee activity for the library.

Our pro bono work with Vote YES committees can start as early as 2 years out from a ballot measure or as close in as 2 weeks before an Election. We tailor our consulting and advising to the needs of the committee for technical assistance, marketing and outreach, GOTV work, fundraising, and endorsements. EveryLibrary is not a day-to-day campaign management company. We often work alongside full-time local political consultants to provide a library-specific perspective on voter communication, activation, and mobilization.

EveryLibrary helps libraries:

- Assist libraries in both the pre-filing and campaign stages of an initiative.
- Provide strategic consulting services, voter segmentation advice, and assistance in developing ballot language.
- Conduct feasibility studies and assist in setting up a local committee or PAC.
- Provide free tools, data, and digital support to the ballot committee or PAC

- Develop a fundraising strategy for your local committee or PAC.
- Train volunteers in voter education and get-out-the-vote techniques.

During the campaign, EveryLibrary:

- Continues technical and capacity-building consultancy.
- Provide direct financial support to the local committee or PAC in seed-stage or sustaining levels of support.
- Provide free tools, data, and digital support to the ballot committee or PAC
- Conduct direct voter education and get-out-the-vote efforts.

EveryLibrary stands ready to help fund local ballot committee work. We fundraise nationally to provide either seed or sustaining money for GOTV and voter engagement. Not every campaign committee needs funding. But when our contribution can help you with local matching or challenge fundraising, or when our national donor pool can be put to work with '11th-hour' campaign outreach, we are proud to announce our support.

KDL PROPOSES LOWER MILLAGE

Cast Your Vote
Nov. 7, 2023



New rate of 1.1 mills

**10.9%
REDUCTION**

off current rate,
which translates to
\$3.1 million in annual
savings for taxpayers.



**5-STAR LIBRARY
SERVICE***

The new rate will sustain
and grow access to our
**700,000 physical items, 15.6
million digital items** and all
of our **programs & services.**

“KDL works to foster a
lifelong love of reading,
learning and critical
thinking, while providing
resources that are open
and welcoming to all in
our community.”

Lance Werner,
KDL Executive Director



Kent District Library is
ranked as a 5-star library
by *Library Journal*, which
is the top national ranking
for public libraries based
on cost to taxpayers and
utilization of services.

Kent
District
Library



Millage Fast Facts

- » **Voters will be asked to approve the renewal of the KDL millage on Nov. 7.**
- » **The 1.1 mills rate is a 10.9% reduction.**
- » **The typical household will pay \$145.75 annually for KDL services — or \$2.80/week.**
- » **If approved, KDL will maintain the same level of service and collection access.**



On Nov. 7, residents in the KDL service area will be asked to consider a new millage rate of 1.1 mills, reflecting a reduction of 10.9% off our current millage rate. If the millage is approved, taxpayers will see immediate savings as our Board has committed to lowering the rate effective Jan. 1, 2024, even though the current millage doesn't expire until Dec. 31, 2024.

If approved, the lower millage will save taxpayers \$3.1 million annually or \$46.5 million over its lifetime.

We serve residents through 20 branches, an Express Library, a bookmobile, our main Service Center, 5,600-plus annual programs and a host of patron-focused services.

"KDL is able to lower its millage because we are part of a thriving and growing community where new taxable real estate has produced more revenue," said KDL Board Chair Andy Erlewein. "As good stewards of taxpayer dollars, we want to lock in savings for residents now."

"The reduced millage will allow KDL to continue offering our current slate of programs and services – and to add new

materials, programs, events and services at our historic rates. We remain committed to providing vital access to information, programs and services for more than 440,000 residents in our service area in Kent County."

Last year, we logged more than 2.1 million interactions with patrons, including branch visits, event participation and virtual program attendance. KDL has over 140,000 patrons, adding 20,395 new cardholders last year.

KDL offers more than 5,600 programs and outreach events each year, from our popular storytimes, learning labs and craft classes to book clubs, concerts and special activity and interest groups. Program and outreach attendance grew more than 61% in 2022.

"Our branches provide a critical 'third place,' distinct from home and work, that allows residents to build important connections with their neighbors," said KDL Executive Director Lance Werner.

"This millage will support the programs and services we offer. As an organization, we very much reflect the needs and wishes of each community we serve. From

young learners to senior scholars, we offer age-appropriate materials, programs and services that reflect the diverse interests and points of view of our entire community."

KDL employs 346 people and receives more than 4,000 hours annually from more than 500 volunteers. We are governed by a board of trustees appointed by the Kent County Board of Commissioners.

"If voters approve the millage, they will continue to enjoy the collections, digital access, programs, services and events they have come to know and love," Werner said. "We would, however, be forced to close our doors without a voter-approved operating millage, since nearly 90% of our funding comes from the millage."

LEARN MORE



KDL.org/millage

GAP MILLAGE FUNDING PROPOSAL

KDL 2024 MILLAGE FAQs

What are voters being asked?

On August 6, 2024, residents in the Kent District Library service area will be asked to consider a one-year nonrenewable millage to bridge a funding gap in 2025. This will be at the rate of 1.1 mills and is estimated to generate \$27.6 million over the year

What is the actual ballot language?

Shall the Kent District Library, Kent County, Michigan, be authorized to levy a renewal of the previously voted increase in the tax limitation which expired in 2023, in an amount not to exceed 1.1 mills (\$1.10 per \$1,000 of taxable value) (this millage is a renewal at a lower rate than the previously authorized millage of 1.28 mills, as reduced to 1.2267 mills by the required millage rollbacks, that was approved by voters in 2014 and expired following the 2023 levy) against all taxable property within the Kent District Library district for a period of one (1) year in 2024, to operate the Kent District Library in 2025 and provide funds for district library purposes authorized by law? This millage is estimated to provide revenues of \$27,570,000 in the first and only year of the levy. To the extent required by law, a portion of the revenues from this millage (estimated to be approximately 1.1% in the first and only year of the levy) will be captured by or disbursed to the following authorities: the Michigan Land Bank Fast Track Authority and the Brownfield Redevelopment Authorities of the Cities of Grandville, Kentwood, Rockford, Walker, and Wyoming.

Will you ask for a renewal of this millage?

No. This is a one-time request to help us bridge a funding gap in 2025.

GAP FUNDING. SAME RATE. NO OVERLAP.

- » **Election:** Aug. 6
- » **Millage rate:** 1.1 mills
- » **Average homeowner cost:** \$145.75/year or \$2.80/week
- » **Estimated one-year revenue:** \$27.6 million
- » **90% of KDL's costs** are paid by millage dollars

What will this cost me?

The average homeowner in the KDL services area will pay \$145.75 annually for access to our broad array of services – or about \$2.80 per week, less than the cost of most cups of coffee. This is the same as what average homeowners are paying now.

What happens if this millage doesn't pass?

More than 90% of KDL's operating costs are paid by millage dollars, which covers the costs of the physical and digital collections, employee salaries and benefits, programs and events, tech tutoring, library services, rent and other expenses.

If the gap ballot question does not pass voter approval in this election cycle, KDL will be forced to make substantive cuts to our team, hours, branches, services and programs in 2025.

Will this be enough to keep operations going for 2025?

Yes. The millage is estimated to generate \$27.6 million over the year.

LEARN MORE AND CALCULATE YOUR COSTS: [KDL.ORG/MILLAGE](https://kdl.org/millage)



Wait, didn't voters just approve a KDL millage?

Yes, Kent County voters approved a 15-year renewal millage for the award-winning library system in November 2023.

Unfortunately, the approved ballot language does not give KDL the authority to assess the new millage until December 2025; meaning that 2025 does not currently have funding in place. There's no overlap between the approved 2023 millage and this new millage ask.

How did an oversight like this happen?

An issue with the 2023 millage dates occurred inadvertently and has resulted in our need to go back to voters for a one-year millage to fill this funding gap. As we shared, there's no overlap between the approved 2023 millage and this new millage ask.

How much will it cost for the gap millage to be included on the August 6 ballot?

Fortunately for Kent County taxpayers, there is no cost for the KDL gap millage to be included on the August 6 ballot, per the Kent County Director of Elections.

Are you double-dipping? Is this an additional millage on top of what I'm already paying?

No. The millage approved by voters in November 2024 will not be assessed until December 2025. The August 6 millage ask, if approved, will be assessed in December 2024 and allow us to continue operations through 2025, which would otherwise be a gap year.

What are the start and end dates for this millage? Are you sure these are accurate?

This will be levied Dec. 1, 2024 to fund 2025 library operations. And yes, we have reviewed and triple-checked to ensure accuracy. The dates have also been verified by Kent County.

Does the library millage included the cost of expansion projects, such as the Walker city library expansion or Friendship Park in Cascade Township?

No. The millage only covers the cost of library operations. KDL is a tenant in buildings that are owned by each municipality, with expansions and new construction funded and managed by each municipality.

Whose fault is it that you're back on the ballot?

The wording on the November 2024 ballot inadvertently left out a funding mechanism for 2025. The KDL Board of Trustees is working with legal counsel to address this issue

When are taxes collected for library operations?

While homeowners pay property taxes twice a year, the Kent District Library millage tax appears only on the winter tax bill. This bill collects funds for the following year of library operations. The KDL 2025 operating millage tax will appear on the 2024 winter tax bill, which usually is mailed in December and due in February. Municipalities collect the tax and disburse KDL's share over the next several months.

Who does KDL serve?

KDL provides access to information, programs and services for more than 440,000 residents in our service area, which includes all of Kent County except for Grand Rapids, Solon Township, Sparta Township and Cedar Springs. KDL has more than 136,000 patrons who actively use the library, adding more than 20,000 new card holders last year.

How does access to KDL work?

KDL serves 27 municipalities through a network of 20 branches, an Express Library and a bookmobile. Residents in those municipalities pay a portion of their property taxes to support KDL, which makes them eligible for a library card that gives them access to our physical and digital collections. Each KDL branch functions as a community library that serves the unique needs of its community while simultaneously enjoying the economies of scale that come from being part of a larger district library, which has greater buying power.

How many employees do you have?

KDL employs more than 340 people and receives 5,900-plus hours annually from more than 650 volunteers.



TOWNSHIP SERVICE RENEWALS



VOTE

Nov. 5,
2024

Service
Renewal

November 5, 2024 -Ballot Information

Residents living in Chocolay Charter Township, Marquette Charter Township, Sands Township, Skandia Township, and West Branch Township will have the opportunity to vote on continued library services with Peter White Public Library (PWPL) on November 5, 2024.

The PWPL operating millage with the City of Marquette is not on the ballot as it is a perpetual millage.



What is on the ballot?

A renewal of library services with your township. There will be no increase in the library service millage rate.

- **If the ballot proposal passes in your township**, you will continue to have PWPL services in the same manner as you currently enjoy.
- **If the ballot proposal fails in your township**, library services with PWPL will be terminated and residents will need to purchase a PWPL non-resident card to use the library.



How much will the renewal cost?

Township service contracts give township residents full use privileges for 1.0 mills. Each township millage rate is rolled back due to the Headlee Amendment. To figure your annual cost you will need your home's taxable value amount. A calculator is available on our website. To figure this on your own use the following formula.

Your home's taxable value/1000 x township millage rate = annual renewal cost.

Example: taxable value of \$100,000/1000 x 0.9730 = \$97.30 / year.

- Chocolay Charter Township - 0.9730
- Marquette Charter Township - 0.8880
- Sands Township - 0.9896
- Skandia Township - 0.9702
- West Branch Township - 0.8942



PETER WHITE
PUBLIC LIBRARY

Public Library services are a great value!

With your tax dollars, Peter White Public Library provides a variety of library services to township residents, including: a wide selection of circulating materials, eBooks, streaming services, community programming, and meeting spaces.

The library is an excellent return on investment.

- Over 180,000 physical books, movies, and other materials.
- 24-hour access to eBooks, audiobooks, magazines, and streaming movies.
- Library programs and cultural opportunities for all ages.
- 24/7 book return located in your township.
- Searchable local content covering over 100 years, *The Mining Journal Digital Collection*.
- Meeting rooms for community meetings and events.



“This place has a great collection of books and audio-visual resources. Staff is very helpful. They have great programs and events for all ages and have collaboration with a lot of online resources to provide services which are otherwise not available...” ★★★★★

A YES vote supports the millage.

Township Advisory Council Members

- Chocoy Charter Township - Jan Raskin & Judy White
- Marquette Charter Township - Paul Marin & Tom Bronken
- Sands Township - Karrie Heikes & Suzanne Standerford
- Skandia Township - Barbara Bradley & Beth Linna
- West Branch Township - Natasha Lantz & Peggy Jensen



MARQUETTE CHARTER TOWNSHIP



VOTE

**Nov. 5,
2024**

**Service
Renewal**



Library Services Are a Great Value:

- 24-hour access to eBooks, audiobooks, magazines, and streaming movies
- Search over 100 years of content with *The Mining Journal Digital Collection*
- Over 180,000 physical books, movies, and other materials
- 24/7 book return located at Westwood Mall
- Library programs and cultural opportunities for all ages
- Meeting rooms for community meetings and events



The Cost of Library Service:

The average taxpayer in Marquette Charter Township will pay \$88.80 annually (\$7.40/month) for access to PWPL services.

This figure is based on an average property value of \$200,000 (taxable value of \$100,000).





***A YES vote supports
the millage.***

In 1993, Marquette Charter Township residents voted to establish a tax levy of 1.0 mill for PWPL services. This levy was approved with 53% of the vote. In 2022, the renewal of PWPL services was supported by 76.8% of residents in the township.

With your tax dollars, PWPL provides township residents with a variety of library services, including: a wide selection of circulating materials, eBooks, streaming services, community programming, and meeting spaces. The library is an excellent return on investment.

**Marquette Charter Township
Advisory Council Members:**
Paul Marin & Tom Bronken



Printing and mailing provided by:

TOWNSHIP SERVICE RENEWALS



VOTE

Nov. 5,
2024

Service
Renewal

What is on the ballot?

On November 5, 2024, residents living in Chocolay Charter Township, Marquette Charter Township, Sands Township, Skandia Township, and West Branch Township will have the opportunity to vote on continued library services with Peter White Public Library. The ballot proposal is a renewal, there will be no change in millage rate.

The PWPL operating millage with the City of Marquette is not on the ballot as it is a perpetual millage.

Public Library services are a great value!

With your tax dollars, Peter White Public Library provides a variety of library services to township residents, including: a wide selection of circulating materials, eBooks, streaming services, community programming, and meeting spaces. **The library is an excellent return on investment.**



Access to digital resources, eBooks and streaming movies.



Access to over 180,000 books, movies and other materials.



Local book return and material delivery.



Library programs and cultural opportunities.



Technology and printing services.



Questions? Contact the Library
(906) 228-9510
www.pwpl.info/millage

Township

Library Service
Millage Renewal



Nov. 5,
2024



www.pwpl.info/millage



PETER WHITE
PUBLIC LIBRARY

PETER WHITE PUBLIC LIBRARY

Township Library Service Renewal

Chocolay Charter Township, Marquette Charter Township,
Sands Township, Skandia Township, and West Branch Township



A YES vote supports the PWPL millage.



VOTE

Nov. 5,
2024

TIMELINE/EVENTS FOR A BOND ISSUE

1. Check for a Qualifying Statement.
2. Adopt a Resolution Authorizing Reimbursement (this allows the Municipality to reimburse itself out of the bond proceeds for project costs paid out of the general fund).
3. Adopt a Resolution to Publish a Notice of Intent to Issue Bonds.
 - a) adopt the resolution (can be at the same meeting as the reimbursement resolution).
 - b) publish a notice of intent to issue bonds in a local newspaper.
 - c) after publication, electors have 45 days to file a petition calling for a referendum on the bonds.
 - d) if no petition is timely filed in the 45-day period, the Municipality may adopt a resolution authorizing the issuance of general obligation, limited tax bonds.
4. Adopt a Resolution Authorizing the Issuance of Bonds - authorizing either a competitive sale or a private placement with a bank.
5. If a private placement bond, the Municipality will need to reach an agreement with a bank on interest rates and payment terms.
 - a) less complicated and quicker than a competitive sale.
 - b) interest rate may be higher than a competitive sale, but less expensive for costs.
 - c) can usually close within one month after the Municipality adopts the resolution authorizing the bonds.
 - d) typically shorter term than competitive sale bonds - 15 years or less.
6. If a competitive sale bond, it usually takes 2-4 months after adopting the authorizing resolution.
 - a) prepare a Preliminary Official Statement - information regarding Municipality finances, demographics, etc. This needs Continuing a Disclosure Undertaking form, an opinion letter, an issue price certificate and a notice of sale.
 - b) obtain a rating from Standard & Poors.

- c) publish a notice of sale (Bond Buyer magazine).
- d) set a time and place for bids.
- e) order of sale to be signed on date of sale (alert client).
- f) closing.
- g) must have a financial advisor to assist the Municipality.
- h) more expensive to conduct a competitive sale, but usually a lower interest rate.