

IRON COUNTY SCHOOL DISTRICT

SHALL THE BOARD OF EDUCATION OF IRON COUNTY SCHOOL DISTRICT, IRON COUNTY, STATE OF UTAH (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS IN AN AMOUNT NOT TO EXCEED NINETY-TWO MILLION DOLLARS (\$92,000,000) (THE "BONDS") FOR THE PURPOSE OF RAISING MONEY TO CONSTRUCT OR ACQUIRE BUILDINGS, FACILITIES, SITES AND RELATED IMPROVEMENTS AND EQUIPMENT AND TO IMPROVE EXISTING BUILDINGS, FACILITIES, SITES AND EQUIPMENT UNDER THE CHARGE OF THE DISTRICT; SAID BONDS TO BE DUE AND PAYABLE IN NOT TO EXCEED TWENTY-ONE (21) YEARS FROM THE DATE OF ISSUANCE OF THE BONDS AND TO BE PAYABLE FROM THE LEVY AND COLLECTION OF AD VALOREM TAXES WITHOUT LIMITATION AS TO RATE OR AMOUNT ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT?

NOTICE OF PROPERTY TAX INCREASE DUE TO BOND ISSUANCE

If the Bonds are issued as planned, without regard to the taxes currently levied for outstanding bonds that will reduce over time, an annual property tax to pay debt service on the Bonds will be required over a period of 21 years in the estimated amount of \$200.17 per year on a residence of \$217,000 value and in the estimated amount of \$363.94 per year on a business property having the same value. However, when considering bonds outstanding and taxes currently paid to repay such bonds, the passage of this Proposition means that the tax on a \$217,000.00 residence within the District would incrementally increase by \$16.60 per year above current levels.

The tax on a \$217,000 business within the District would incrementally increase by \$30.18 per year above current levels. The information in this notice with respect to increases in taxes is based on current assumptions of the District as to the financing plan and estimates, including BUT NOT LIMITED TO estimated market interest rates for the Bonds and the taxable values of property within the District. The information is intended to provide an elector with some indication of the impact the issuance of the Bonds may have on taxes paid. Under Utah State law there is no limit on the tax rates the District may be required to levy to repay the Bonds.

FOR THE ISSUANCE OF BONDS □

AGAINST THE ISSUANCE OF BONDS □

To vote in favor of the bond issue, mark the appropriate position opposite the words "FOR THE ISSUANCE OF BONDS." To vote against this bond issue, mark the appropriate position opposite the words, "AGAINST THE ISSUANCE OF BONDS."

Argument in Favor of Bonds:

I once heard a teacher say, "Show me your checkbook, and I'll show you your priorities." Voters in Iron County have an important opportunity this November to show that students are a priority by voting in favor of Iron County School District's bond proposition. I can think of over 9,500 reasons to vote in favor of this proposal—each one with a name and a desk in an Iron County school. Beside the students, here are a few additional reasons why I will be voting in favor of this bond:

It's needed. As a community, we can agree that the safety of our students is our number one priority. Because most of our schools were built in the last century, they require modification to accommodate basic security protocols. Securing schools is at the top of the bond project list. Some buildings only require new doors, while others need office remodeling and video surveillance. The end result will be schools that are better prepared to protect our children. In addition to making security updates that are long overdue, the district is planning to address crowding by adding a music wing to

both middle schools. This will benefit thriving music programs and free up badly needed classroom space. Other urgent needs are replacement buildings for two aging elementary schools. These two schools have served our district for well over sixty years, and the cost to continue patching them up is enormous.

It's fiscally responsible. Issuing bonds is a low interest way for school districts to raise money for building projects. Without bonds, the district has to pay for projects out of the general fund which drains money away from teachers and teaching resources. This has a direct, negative impact on the education of our children. Over the last year, the school district has performed a comprehensive review of facilities and prioritized the most critical projects. None of these projects are frivolous. The district is striving to provide children with an environment that is conducive to learning.

It's time. It's long past time to make security upgrades to our schools. Now is the ideal time to make it happen. The district will be

retiring old bonds over the next few years which means that issuing new bonds now will keep the tax rate steady. It's true that if old bonds are retired and no new ones are issued, taxes will go down, but when new bonds are finally issued, taxes will go back up resulting in taxpayer "whiplash." The district plans to issue these new bonds gradually over the ten year period, meaning

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that the average homeowner will only see an increase of about \$16 per year followed by a gradual decrease. Think of it—for the price of a pizza our children can have a safer, more functional learning environment. Iron County has proven time and time again that children are our highest priority. Let's continue to show that by voting yes on the bond.

Rebuttal to Argument in Favor of Bonds:

First and foremost, the statement that we must vote in favor of any, and particularly this bond issue in order to show that children are a priority is not only inaccurate but misleading. EVERYTHING the district does should have the children as a priority, including all the decisions on how to spend ALL the tax dollars collected.

The rationale that the expenditures are needed is accurate. That these particular expenditures are the MOST needed is debatable. The statement that "...most of our schools were built in the last century..." is totally misleading as the last century ended just 19 years ago. Most will agree that security is an issue; but is borrowing for 15 or more years the best way to finance the security

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mitigation needs? I suggest some or all of the costs are more appropriately funded "as-you-go".

Authorizing the issuance of bonds for a laundry-list of projects over a period of years is not what I would call "fiscally responsible", nor would I call extending existing bonds for another 15 years responsible. Those old bonds should be retired, as the voters back then were told, not rolled into new financing.

Don't be led on by dramatic generalizations that do not fit the issues at hand. Send the message back that more work needs to be done to bring an accurate and detailed bond request to the people that they can support.

Argument Opposing Bonds:

Points to Ponder on the Iron County School District Bond Proposal

This comment does not attempt to evaluate the needs of the District, but attempts to ask questions or offer comments about bonded indebtedness and taxation. The proposed bonded debt issue of the Iron County School District deserves serious analytical consideration. The amount alone is staggering at \$92 million. The following issues deserve attention before approving the issue:

1. Debt is expensive and should be used only for long-lived, critical and urgent needs.
 - A. This issue includes certain items of equipment that most likely, or may not outlive the debt service term; meaning the taxpayers may be paying for items that have been retired. An example is the Surveillance Video equipment. Perhaps these items should be worked into the operating expense budgets (over a few years).
 - B. Critical need or Urgency is not evident on some items: Bleachers, Professional Development Suite, Future property acquisitions.
2. The terms of the bond should be fully disclosed. This proposal contemplates three separate bond issues over a period of years. Over those years many things can change that might affect the advisability of the bond, the effectiveness of the borrowing or the very priority list of needs of the District. It might be more advisable to bond now for only the most critical needs that exist now.
 - A. Interest rates and construction costs will change; changing the need or viability of financing. We will be locked into the cost estimates that exist today.
 - B. The public should not be asked to authorize multi-year bonds now that may not meet the future needs or available funds.
3. This bond issue rolls existing outstanding debt into these bonds to reduce the required amount of tax increase to fund just these bonds. Each bond issue should stand alone and when retired, the tax rate should be reduced. The effect of this particular issue is to extend prior tax increases from prior bond to help pay for the current needs. That is similar to borrowing to buy a new car and adding the debt to the new one. The taxpayer should get the benefit of retired debt obligations without that tax being rolled into another 15 year obligation.
4. The cost of making each proposed bond authorization as needed in the future as opposed to requesting authorization all three phases now is minimal, compare to lost flexibility and effective use of bonded indebtedness.

Dorian Page
Cedar City Resident

Rebuttal to Argument Opposing Bonds:

I appreciate Mr. Page writing his thoughts on the ICSD bond proposal. I agree that this deserves thoughtful consideration and analysis. Fortunately, there are good answers.

1. It's true that some video surveillance equipment may need replacement before the end of a 15 year repayment schedule, however, current events make immediate installation urgent. Bleacher replacement, property acquisitions, and a location for professional development are all critical to the district facilities plan. Raising the tax rate to pay for these through capital funds would be far more costly to taxpayers.
2. While needs and conditions can change over the ten year authorization period, the district has worked hard to identify critical issues and anticipate needs. The bond project can be changed, but only through official school board action, allowing for public input. This provides both flexibility to the district and accountability to voters.
3. This bond does NOT roll any existing outstanding debt into new bonds. Old bonds are being retired, and taxes on those bonds will be eliminated. By issuing new bonds now to coincide with existing bonds being retired, the tax impact remains stable.
4. The cost of going through the bond election process is substantial for the district, both in time and money. Requesting a bond that anticipates needs over ten years is more efficient and responsible than going back to taxpayers every time needs change. Providing the public with a list of projects that can be adjusted, but only through board action, allows for flexibility and accountability.

Michelle Lambert
Iron County School Board Member