



# The General Obligation Bond 2008 Referendum

*At its meeting on November 8, 2007, the Gwinnett County Board of Education approved a resolution calling for a general obligation bond referendum to be placed on the ballot for the February 5, 2008, Georgia Presidential Preference Primary. If approved, voters will authorize the School Board to sell up to \$750 million in tax-exempt, general obligation bonds. The issuance of the bonds will not require a tax increase as the bonds will be paid off using property taxes collected under the current debt-service millage rate.*

## **What are general obligation bonds and how does the school system use them?**

General obligation bonds, commonly referred to as G.O. bonds, are a means for the school system to borrow money needed for building schools and making other improvements.

With voter approval, the School Board can sell bonds to investors, and pay back the bonds over a specific number of years. The Board will use the money from the bond sale to fund construction, technology, land purchases, and other "capital" needs. Using G.O. bonds allows the school system to acquire the money needed right away so classrooms and schools can be built as quickly as possible.

## **How much money would the proposed G.O. bonds raise?**

In the election on February 5, 2008, the Gwinnett County Board of Education will ask voters to authorize the sale of bonds in a principal amount not to exceed \$750,000,000.

## **What will be funded by the sale of the bonds?**

Eight new schools, as well as additions at 10 schools, for a total of more than 520 classrooms, will be paid for with bond proceeds, allowing more students to move out of trailers and into classrooms in school buildings. The funds also will be used to buy land for future schools, upgrade technology throughout the system, and make other facility and infrastructure improvements in the district.

The proposed projects comprise Phase II of "The Plan" for bringing the school system's classroom needs in check by 2014. The three-phase Plan was first presented to Gwinnett citizens in June 2006.

## **Will there be a tax increase if the referendum passes?**

No. The bond debt from the proposed G.O. bonds will be paid off without raising taxes. Current taxes for debt service are sufficient to cover the bond payments because past debt is being paid down each year. The Board can build the needed classrooms and projects in Phase II by keeping the debt service millage rate and hence, taxes, the same.

## Q&A: The 2008 General Obligation Bond Referendum

### Voters approved extending the one-cent sales tax in November 2006, so why is a bond referendum needed?

As outlined in 2006, revenue from the penny sales tax extension covered about one-third of the expected project costs in “The Plan.” Those projects are known as Phase I of the five-year building program. At the time, the Board also discussed the need for another funding source for Phase II. Because the G.O. bonds do not require a tax increase, they are the best funding source for Phase II.

### Has “The Plan” changed since it was first rolled out in June 2006?

“The Plan” is still the same. What changed is the number of projects in Phase I versus Phase II based on the most current projections of how much the sales tax will raise, as well as the actual costs of land, technology improvements, and classroom construction. With current economic conditions, sales tax collections have been slightly lower than expected each month, while actual costs have been higher than anticipated. As a result, GCPS must include more capital improvements in Phase II than originally outlined.

### Didn't the school system also sell bonds when it passed the sales tax in 2006?

Yes. When voters approved extending the sales tax, they also authorized the Board to sell \$425 million in bonds that would be paid back using revenue from the sales tax over the next five years. This was important because it gave the system needed funding to move forward right away with building and equipping schools, instead of having to wait for the money from the sales tax to come in month by month. The bonds approved in 2006 will be completely paid off when the sales tax sunsets in June 2012.

### What happens if voters do not pass the G.O. bonds?

Construction of new schools and classrooms and improvements in technology will come to a halt. There will be no funding for any projects in Phase II— no new classrooms could be built in 2010 and 2011. This construction gap would put the system further behind in getting students out of trailers and into classrooms.

### The school system's enrollment this year is lower than expected. Will the additional schools and classrooms still be needed?

Definitely. The projects in Phase II (and in Phase III) are necessary to bring GCPS building needs in check by 2014. Consider...

- Students currently use nearly 1,500 trailer classrooms.
- Although the 2007-08 enrollment was below projection, the system still grew by more than 4,000 students.
- Planners anticipate continued growth in the county and in the school system.
- Recent figures indicate more than 13,000 babies are born to Gwinnett mothers each year.

#### PHASE II of “The Plan” Proposed Funding: 2008 General Obligation Bond Referendum on Feb. 5, 2008

2010

Central Gwinnett Cluster ES  
Peachtree Ridge Cluster ES  
Berkmar/Meadowcreek Area ES  
North Gwinnett Cluster ES  
South Gwinnett Cluster MS  
Radloff MS addition  
Shiloh HS addition  
Shiloh MS addition  
Shiloh Cluster ES  
Gwinnett School of Mathematics,  
Science, and Technology  
Meadowcreek HS addition

2011

Central Gwinnett Cluster MS  
Sugar Hill ES addition  
Alcova ES addition  
Central Gwinnett HS addition  
Parsons ES addition  
Chesney ES addition  
South Gwinnett HS addition