

## Arenac Eastern School District Annexation, Division and Transfer Proposal

March 10, 2020 Election

### Frequently Asked Questions (“FAQ”)

On March 10, 2020, voters in the Arenac Eastern School District (“Arenac Eastern”), Standish-Sterling Community Schools (“Standish-Sterling”) and the Au Gres-Sims School District (“Au Gres-Sims”), will be asked to consider a proposal regarding annexation, division and transfer of Arenac Eastern.

**Q:     *What will happen if the voters approve the Arenac Eastern annexation, division and transfer proposal?***

A:     If the proposal is approved by the voters, Arenac Eastern’s territory will be divided between Standish-Sterling and the Au Gres-Sims, effective as of June 3, 2020.

The portion of Arenac Eastern’s territory that is west of M-65 and west of Hale Road would become part of Standish-Sterling. School-age children within that portion of Arenac Eastern’s territory would become pupils of Standish-Sterling.

The portion of Arenac Eastern’s territory that is east of M-65 would become part of Au Gres-Sims. School-age children within that portion of Arenac Eastern’s territory would become pupils of Au Gres-Sims.

Arenac Eastern would be dissolved, and would no longer exist as a school district, as of June 3, 2020.

Voters in the 3 school districts voting on this proposal – Arenac Eastern, Standish-Sterling, and Au Gres-Sims – each need to approve the proposal in order for it to pass.

**Q:     *What is likely to happen if the voters don’t approve the Arenac Eastern annexation, division and transfer proposal?***

A:     If the proposal is not approved by the voters, and if Arenac Eastern doesn’t operate school by June 3, 2020, then Michigan law would require that Arenac Eastern be dissolved and have its territory transferred to one or more neighboring school districts (such as Standish-Sterling and/or Au Gres-Sims).

In that event, the Bay-Arenac Intermediate School District’s Board of Education (the “ISD Board”), not the voters, would be responsible for dissolving Arenac Eastern and dividing its territory.

The ISD Board would likely address the dissolution of Arenac Eastern during the summer of 2020.

**Q:     *What will happen to Arenac Eastern’s assets and liabilities if voters approve the Arenac Eastern annexation, division and transfer proposal?***

A: Under Michigan law, Arenac Eastern's assets and liabilities would be assumed by Standish-Sterling, since Standish-Sterling would receive the greater portion of Arenac Eastern's territory (based on assessed value).

**Q: *What will happen to Arenac Eastern's assets and liabilities if the voters don't approve the Arenac Eastern annexation, division and transfer proposal, and the ISD Board is required to dissolve Arenac Eastern?***

A: If the ISD Board is required to dissolve Arenac Eastern, it would also decide what happens to Arenac Eastern's assets and liabilities.

If the ISD Board were to transfer all of Arenac Eastern's territory to one neighboring school district, then that school district would assume all of Arenac Eastern's assets and liabilities. If the ISD Board decided to divide Arenac Eastern's territory between multiple neighboring school districts, then Michigan law would require the ISD Board to "make an equitable distribution" of Arenac Eastern's assets and liabilities between those neighboring school districts.

**Q: *What will happen with school taxes if voters approve the Arenac Eastern annexation, division and transfer proposal?***

A: As of June 3, 2020, taxpayers within the portion of Arenac Eastern's territory that is west of M-65 and west of Hale Road would become part of Standish-Sterling, and would be responsible for Standish-Sterling's operating millage and debt millage.

Similarly, taxpayers within the portion of Arenac Eastern's territory that is east of M-65 would become part of Au Gres-Sims, and would be responsible for Au Gres-Sims' operating millage and debt millage.