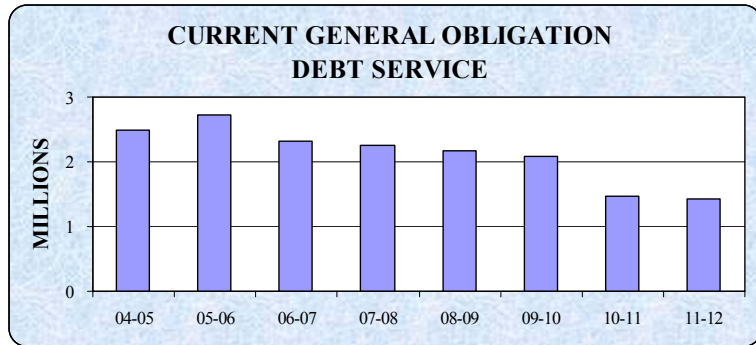


PRELIMINARY OVERVIEW DEBT ISSUANCE AND REPAYMENT OPTIONS

Current General Obligation Debt

At June 30, 2003 the Town had outstanding General Obligation debt of approximately \$20 million. Debt repayment for that General Obligation debt is about \$2.5 million in fiscal year 2004-05, increases slightly in fiscal year 2005-06 and decreases in successive years.



Fiscal Year	1 Cent Tax Equivalent
04-05	5.6
05-06	6.2
06-07	5.2
07-08	5.1
08-09	4.9
09-10	4.7
10-11	3.3
11-12	3.2

Town Operations Center Debt

The Town has already made expenditures for design and planning of the Town Operations Center and anticipates beginning site work in fall 2004. We will need to borrow approximately \$2 million before site work begins to cover the costs that will be incurred by the end of calendar year 2004.

Public Works Portion of Town Operations Center We anticipate the need to borrow the balance of the funds for the Town Operations Center in January or February of 2005. The Public Works complex will require about \$24 million in funding. Debt repayment for the Public Works complex will be about \$2.5 million beginning in fiscal year 2005-06 or .3 cents on the tax rate.

Town Operations Center Public Works	
Fiscal Year	1 Cent Tax Equivalent
04-05	0.3
05-06	5.5
06-07	5.4
07-08	5.3
08-09	5.1
09-10	5.0
10-11	4.8
11-12	4.7

Transportation Portion of Town Operations Center The Transportation Operations Center will require about \$19 million in funding. The Transportation facility debt will also need to be repaid beginning in fiscal year 2005-06. We expect to receive grants from both

Town Operations Center Transportation	
Fiscal Year	1 Cent Tax Equivalent
04-05	0.0
05-06	3.1
06-07	3.0
07-08	3.0
08-09	2.9
09-10	2.9
10-11	0.0
11-12	0.0

federal and State government to help cover the cost of the Transportation Operations Center. It is possible that we will receive 90% of the total cost of the facility; however, the exact amount and the timing of the receipt of the federal and State funds is uncertain. Attachment 6 shows possible revenue sources and our best preliminary estimation of the possible timing for receipt of funds. The chart includes federal funds, State funds and local match amounts when local matches are required. We anticipate that we will receive funds before 2011-12, so the chart shows a

conservative approach to financing the Transportation Operations Center until that date. Under the scenario where the payments from the federal and State governments are delayed, the debt repayment could be as much as 3.1 cents on the tax rate in 2005-06.

New General Obligation Debt

In November of 2003, voters approved \$29.36 million in bonds for a variety of projects. The Council will need to establish a schedule for issuing the new General Obligation bonds. Bonds may be issued for seven years from the date of voter approval. With permission from the Local Government Commission, the period to issue the bonds may be extended to ten years. Below are four illustrations for issuing the bonds:

	Year of Issuance(s)				Totals
	04-05	05-06	07-08	09-10	
Illustration 1	\$29.36				\$29.36
Illustration 2	\$4.00	\$8.00	\$8.26	\$9.10	\$29.36
Illustration 3	\$8.00	\$8.26	\$4.00	\$9.10	\$29.36
Illustration 4	\$4.00	\$9.10	\$8.00	\$8.26	\$29.36

Note: All amounts in millions.

Illustration 1: Issue the full amount of the bonds in the current year.

Illustration 1	
Fiscal Year	1 Cent Tax Equivalent
04-05	6.7
05-06	6.5
06-07	6.3
07-08	6.2
08-09	6.0
09-10	5.8
10-11	5.7
11-12	5.5

Illustration 1 gives us the ability to begin all projects as soon as possible. It also has the greatest initial impact on the tax rate. The Town would need to repay approximately \$2.9 million in 2004-05, equivalent to 6.7 cents on the tax rate.

Illustration 2: Issue bonds in 4 installments, with the library expansion covered by the second and third issuances.

Illustration 2 would allow us to repay \$700,000 in Open Space land that has already been purchased in anticipation of receiving bond proceeds. Library expansion could begin in 2005-06. The Town would need to repay approximately \$405,000 in 2004-05, equivalent to .9 cents on the tax rate.

Illustration 2	
Fiscal Year	1 Cent Tax Equivalent
04-05	0.9
05-06	0.9
06-07	2.7
07-08	2.6
08-09	4.4
09-10	4.3
10-11	6.3
11-12	6.1

Illustration 3: Issue bonds in 4 installments, with library expansion beginning as soon as possible.

Illustration 3	
Fiscal Year	1 Cent Tax Equivalent
04-05	1.8
05-06	1.8
06-07	3.6
07-08	3.5
08-09	4.3
09-10	4.2
10-11	6.2
11-12	6.0

This illustration would require that we continue to cover the cost of \$700,000 in Open Space land that has already been purchased until receiving bond proceeds in 2007-08, but would begin library construction as soon as possible. The Town would need to repay approximately \$800,000 in 2004-05, equivalent to 1.8 cents on the tax rate

Illustration 4: Issue bonds in 4 installments, with the library expansion beginning in 2007-08.

This illustration would allow green infrastructure projects to begin immediately and would begin library expansion in 2007-08. Illustration 4 would allow us to repay \$700,000 in Open Space land that has already been purchased in anticipation of receiving bond proceeds. The Town would need to repay approximately \$405,000 in 2004-05, equivalent to .9 cents on the tax rate.

Illustration 4	
Fiscal Year	1 Cent Tax Equivalent
04-05	0.9
05-06	0.9
06-07	2.9
07-08	2.9
08-09	3.7
09-10	3.6
10-11	5.4
11-12	5.2

Combined Illustration - Debt Service

There are many alternative options for issuing the new General Obligation debt in addition to the four illustrations shown. Any option would need to take into account the open space purchases already made. In addition, the timing of the debt issuances might impact the effect of federal and State grants on payment for the Transportation Operations Center.

Other considerations when selecting debt alternatives are the need to cover the cost of bond issuance itself and the effect the borrowing has on other financings the Town may elect to make.

Below are combining tax rate equivalent sheets including current debt, Town Operations Center debt and each of the illustrations for new General Obligation debt.

1 Cent Tax Equivalent Total Using Illustration 1					
Fiscal Year	Current	TOC		New G.O.	Total
		Public Works	Transit		
04-05	5.6	0.3	0.0	6.7	12.6
05-06	6.2	5.5	3.1	6.5	21.2
06-07	5.2	5.4	3.0	6.3	20.0
07-08	5.1	5.3	3.0	6.2	19.5
08-09	4.9	5.1	2.9	6.0	18.9
09-10	4.7	5.0	2.9	5.8	18.4
10-11	3.3	4.8	0.0	5.7	13.8
11-12	3.2	4.7	0.0	5.5	13.4

1 Cent Tax Equivalent Total Using Illustration 2					
Fiscal Year	Current	TOC		New G.O.	Total
		Public Works	Transit		
04-05	5.6	0.3	0.0	0.9	6.9
05-06	6.2	5.5	3.1	0.9	15.6
06-07	5.2	5.4	3.0	2.7	16.3
07-08	5.1	5.3	3.0	2.6	15.9
08-09	4.9	5.1	2.9	4.4	17.4
09-10	4.7	5.0	2.9	4.3	16.9
10-11	3.3	4.8	0.0	6.3	14.4
11-12	3.2	4.7	0.0	6.1	14.0

1 Cent Tax Equivalent Total Using Illustration 3					
Fiscal Year	Current	TOC		New G.O.	Total
		Public Works	Transit		
04-05	5.6	0.3	0.0	1.8	7.8
05-06	6.2	5.5	3.1	1.8	16.5
06-07	5.2	5.4	3.0	3.6	17.2
07-08	5.1	5.3	3.0	3.5	16.8
08-09	4.9	5.1	2.9	4.3	17.2
09-10	4.7	5.0	2.9	4.2	16.8
10-11	3.3	4.8	0.0	6.2	14.3
11-12	3.2	4.7	0.0	6.0	13.9

1 Cent Tax Equivalent Total Using Illustration 4					
Fiscal Year	Current	TOC		New G.O.	Total
		Public Works	Transit		
04-05	5.6	0.3	0.0	0.9	6.9
05-06	6.2	5.5	3.1	0.9	15.6
06-07	5.2	5.4	3.0	2.9	16.6
07-08	5.1	5.3	3.0	2.9	16.2
08-09	4.9	5.1	2.9	3.7	16.6
09-10	4.7	5.0	2.9	3.6	16.2
10-11	3.3	4.8	0.0	5.4	13.6
11-12	3.2	4.7	0.0	5.2	13.2