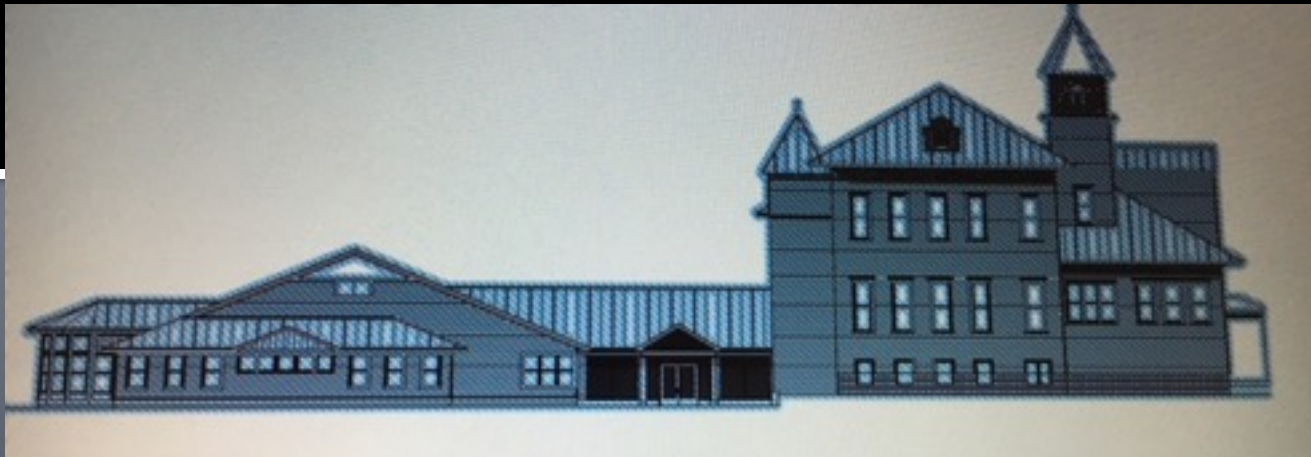


# Hyde Park Proposed Bond

\$9,800,000



August  
2016

# Tax Impact w/Unification

	Common Level of Appraisal (CLA)	2016-2017 Unmerged Tax Rate Based on Voted Budget After CLA w/o Bond	LNMUUSD Rate after 8 cent Reduction & Adjusted By (CLA)	LNMUUSD Reduction In Tax Rate
Belvidere	95.90%	\$1.670	\$1.511	\$ (0.159)
Eden	98.66%	\$1.661	\$1.468	\$ (0.193)
Hyde Park	106.57%	\$1.419	\$1.359	\$ (0.060)
Johnson	107.26%	\$1.386	\$1.351	\$ (0.035)
			NON-MUUSD HAS ZERO REDUCTION	
Waterville	88.35%	\$1.822	\$1.822	\$ -
Cambridge	102.56%	\$1.436	\$1.436	\$ -

# Tax Impact: No Unification

With-Out Act 46 Incentive						
	No Delay in Principal Debt Payment 3.638%	Increase in Tax Rate	Cost on \$100,000 Assessed Home	3-Year Delay in Principal Debt Payment 3.659%	Increase in Tax Rate	Cost on \$100,000 Assessed Home
Year						
1	\$260,461.97	\$0.061	\$61.00	\$270,255.00	\$0.063	\$63.00
2	\$651,060.92	\$0.152	\$152.00	\$340,181.32	\$0.080	\$80.00
3	\$643,985.92	\$0.150	\$150.00	\$340,181.32	\$0.080	\$80.00
4	\$636,600.37	\$0.149	\$149.00	\$340,181.32	\$0.080	\$80.00
5	\$628,904.27	\$0.147	\$147.00	\$698,782.52	\$0.163	\$163.00
	<b>Year Two is Highest Cost in Life of Bond</b>			<b>Year Five is Highest Cost in Life of Bond</b>		

With no tax incentives & No Cash Flow Strategy: Highest Cost = 15.2 cents in Year 2

With no tax incentives & Using Delay in Cash Flow: Highest Cost Year = 16.3 cents in Year 5

**FOR THE LIFE OF THE BOND, OTHER YEARS ARE LOWER COST**

# Interest Rate Impact Since June

\$9,800,000 Principal Bond- As Proposed at June Vote					Life of Bond Cost	Difference: Principal Payments Delayed- June Proposal vs. August Non-Delayed w/Increased Interest Costs per Vermont Bond Bank Projections	Difference: August Delayed vs August Non-Delayed Payments
3.323% Principal Payments Delayed	Principal	Interest-Nov	Interest-May	Total			
FY18	\$0.00	89,320.18	151,658.80	\$240,978.98	\$ 15,436,442	\$222.78	\$570,307.00
FY19	\$0.00	151,658.80	151,658.80	\$303,317.60			
FY20	\$0.00	151,658.80	151,658.80	\$303,317.60			
FY21	\$0.00	151,658.80	151,658.80	\$303,317.60			
FY22	326,666.67	153,081.59	149,156.01	\$628,904.27			
\$9,800,000 Principal Bond - August Vote					Life of Bond Cost	Difference: Principal Payments Delayed- June Proposal vs. August Non-Delayed w/Increased Interest Costs per Vermont Bond Bank Projections	Difference: August Delayed vs August Non-Delayed Payments
3.638% Principal Payments NOT Delayed	Principal	Interest-Nov	Interest-May	Total			
FY18	\$0.00	96,534.86	163,927.11	\$260,461.97	\$ 15,436,665	\$222.78	\$570,307.00
FY19	326,666.67	163,927.11	160,467.14	\$651,060.92			
FY20	326,666.67	160,467.14	156,852.11	\$643,985.92			
FY21	326,666.67	156,852.11	153,081.59	\$636,600.37			
FY22	326,666.67	153,081.59	149,156.01	\$628,904.27			
\$9,800,000 Principal Bond - August Vote					Life of Bond Cost	Difference: Principal Payments Delayed- June Proposal vs. August Non-Delayed w/Increased Interest Costs per Vermont Bond Bank Projections	Difference: August Delayed vs August Non-Delayed Payments
3.659% Principal Payments Delayed	Principal	Interest-Nov	Interest-May	Total			
FY18	\$0.00	\$100,164.50	\$170,090.66	\$270,255.16	\$ 16,006,972	\$222.78	\$570,307.00
FY19	\$0.00	\$170,090.66	\$170,090.66	\$340,181.32			
FY20	\$0.00	\$170,090.66	\$170,090.66	\$340,181.32			
FY21	\$0.00	\$170,090.66	\$170,090.66	\$340,181.32			
FY22	\$362,962.96	\$170,090.66	\$165,728.90	\$698,782.52			

Note: Bond Payment Schedules & Projected Interest Rates are Provided by the Vt Bond Bank

# Flattening Out Debt Service

## In August, 2017 \$9,800,000 @3.659% 3 year Delay on Principal

27 Principal Pays- 3 yr delay	FY17 Current	FY18 (Waterville Debt Retires) (Johnson Old Debt Retires) (Johnson New Debt On-Line) (Hyde Park Interest-Only) (Highest Overall MUUSD)	FY19 First Year of Full Interest Payment (Belvidere Debt Retires) (Hyde Park Interest-Only)	FY20 (Hyde Park Interest-Only)	FY21 (Hyde Park Interest-Only)	FY22 First Year of Principal Payments & Highest Cost Year (Lamoille Debt Retires)	5 Year Total	Bond Life Total
Belvidere	\$32,430.00	\$30,810.00	\$0.00	\$0.00	\$0.00	\$0.00		
Eden	\$48,240.66	\$47,985.44	\$47,628.74	\$47,189.02	\$46,678.56	\$46,088.16		
Hyde Park	\$0.00	\$270,255.16	\$340,181.32	\$340,181.32	\$340,181.32	\$698,782.52		
Johnson	\$219,507.59	\$117,305.58	\$116,205.18	\$114,804.57	\$113,060.89	\$111,017.01		
Lamoille	\$588,248.00	\$563,021.60	\$537,519.20	\$511,832.80	\$485,962.40	\$0.00		
Lamoille	\$589,354.00	\$557,340.64	\$539,024.59	\$521,506.34	\$487,905.18	\$485,000.53		
<b>Subtotal MUUSD</b>	<b>\$1,477,780.25</b>	<b>\$1,586,718.42</b>	<b>\$1,580,559.03</b>	<b>\$1,535,514.05</b>	<b>\$1,473,788.35</b>	<b>\$1,340,888.22</b>		
Cambridge	\$420,814.00	\$406,333.71	\$394,328.61	\$382,171.01	\$366,275.31	\$355,605.51		
Waterville	\$49,466.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
<b>Subtotal Non-MUUSD</b>	<b>\$470,280.00</b>	<b>\$406,333.71</b>	<b>\$394,328.61</b>	<b>\$382,171.01</b>	<b>\$366,275.31</b>	<b>\$355,605.51</b>		
<b>Total LNSU</b>	<b>\$1,948,060.25</b>	<b>\$1,993,052.13</b>	<b>\$1,974,887.64</b>	<b>\$1,917,685.06</b>	<b>\$1,840,063.66</b>	<b>\$1,696,493.73</b>	<b>\$11,370,242</b>	<b>\$16,006,972</b>

## In August, 2017 \$9,800,000 @3.638% No Delay on Principal

29 Principal Pays- No Delay	FY17 Current	FY18 (Waterville Debt Retires) (Johnson Old Debt Retires) (Johnson New Debt On-Line) (Hyde Park Interest-Only)	FY19 First Year of Full Payment (Belvidere Debt Retires) (Hyde Park Principal Begins) (Highest Overall MUUSD)	FY20	FY21	FY22 (Lamoille Debt Retires)	5 Year Total	Bond Life Total
Belvidere	\$32,430.00	\$30,810.00	\$0.00	\$0.00	\$0.00	\$0.00		
Eden	\$48,240.66	\$47,985.44	\$47,628.74	\$47,189.02	\$46,678.56	\$46,088.16		
Hyde Park	\$0.00	\$260,461.97	\$651,060.92	\$643,985.92	\$636,600.37	\$628,904.27		
Johnson	\$219,507.59	\$117,305.58	\$116,205.18	\$114,804.57	\$113,060.89	\$111,017.01		
Lamoille	\$588,248.00	\$563,021.60	\$537,519.20	\$511,832.80	\$485,962.40	\$0.00		
Lamoille	\$589,354.00	\$557,340.64	\$539,024.59	\$521,506.34	\$487,905.18	\$485,000.53		
<b>Subtotal MUUSD</b>	<b>\$1,477,780.25</b>	<b>\$1,576,925.23</b>	<b>\$1,891,438.63</b>	<b>\$1,839,318.65</b>	<b>\$1,770,207.40</b>	<b>\$1,271,009.97</b>		
Cambridge	\$420,814.00	\$406,333.71	\$394,328.61	\$382,171.01	\$366,275.31	\$355,605.51		
Waterville	\$49,466.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
<b>Subtotal Non-MUUSD</b>	<b>\$470,280.00</b>	<b>\$406,333.71</b>	<b>\$394,328.61</b>	<b>\$382,171.01</b>	<b>\$366,275.31</b>	<b>\$355,605.51</b>		
<b>Total LNSU</b>	<b>\$1,948,060.25</b>	<b>\$1,983,258.94</b>	<b>\$2,285,767.24</b>	<b>\$2,221,489.66</b>	<b>\$2,136,482.71</b>	<b>\$1,626,615.48</b>	<b>\$12,201,674</b>	<b>\$15,436,665</b>

# Tax Impact: ACT 46 MUUSD

With Act 46 Incentive MUUSD						
	No Delay in Principal Debt Payment 3.638%	Change in Tax Rate	Cost on \$100,000 Assessed Home	3-Year Delay in Principal Debt Payment 3.659%	Change in Tax Rate	Cost on \$100,000 Assessed Home
Year						
1	\$260,461.97	-\$0.060	-\$60.00	\$270,255.00	-\$0.050	-\$50.00
2	\$651,060.92	-\$0.009	-\$9.00	\$340,181.32	-\$0.039	-\$39.00
3	\$643,985.92	\$0.008	\$8.00	\$340,181.32	-\$0.023	-\$23.00
4	\$636,600.37	\$0.024	\$24.00	\$340,181.32	-\$0.008	-\$8.00
5	\$628,904.27	\$0.016	\$16.00	\$698,782.52	\$0.014	\$14.00
	<b>Year Two is Highest Cost in Life of Bond</b>			<b>Year Five is Highest Cost in Life of Bond</b>		

Using Delay in Cash Flow: Allows Yearly Tax Reductions Until Year 5

**FOR THE LIFE OF THE BOND, OTHER YEARS AFTER YEAR 5 ARE LOWER PAYMENTS**

# What's The Impact If We Don't Bond

- \$500,000 per year for capital repairs = \$117 per \$100,000 assessed
- \$1,000,000 per year in capital repairs = \$339 per \$100,000 assessed [note: this scenario pushes Hyde Park above the per pupil spending limits]

# Points to Consider

- June's 3.23% COST OF BORROWING TODAY IS NEAR HISTORIC LOWS FOR 30 YEAR BONDS, now with the delay due to reconsideration , rates have already increased to 3.638%
- FEDERAL RESERVE HAS SAID THAT THEY WILL INCREASE INTEREST RATES, AND THE BOND BANK IS ALREADY INCREASING THEIR PROJECTIONS IN RESPONSE
- INFLATION IS CLOSE TO 2%, WHILE HISTORIC TREND IS CLOSER TO 3%-NOW REMAINS A STRATEGIC TIME TO BORROW
- IN THE 4 TOWNS THAT VOTED TO FORM A MUUSD, EVEN WITH THE NEW BOND, TAX RATES WILL BE LOWER THAN CURRENT.
- 'INTEREST-ONLY' PAYMENTS FOR THE FIRST 3 YEARS OF BOND, ALLOWS NEW BOND TO BE OFFSET BY RETIREMENT OF EXISTING BONDS IN YEAR 4.
- TOTAL COST OVER THE 27 YEAR LIFE OF THE BOND, IS PROJECTED TO BE \$16,006,972 HOWEVER, ADJUSTED FOR INFLATION AT 2.5% PER YEAR, THAT SAME AMOUNT COSTS ONLY \$11,218,000 IN TODAY'S DOLLARS
- MEANWHILE, THOSE DOLLARS INVESTED IN THE BUILDING TODAY ADDS ASSET VALUE