

**MANCHESTER SCHOOL DISTRICT
SUMMARY OF FINANCIAL IMPACT OF PROPOSED TUITION AGREEMENT
AND OF PROPOSED HIGH SCHOOL ADDITIONS AND RENOVATIONS**

Attachment 1 – Analysis (two pages) of School District's current debt payment schedule over the next twenty years, and how the addition of debt payments for high school additions and renovations (assuming all sending towns leave Manchester high schools after ten years) would affect the total debt payment load of the School District over the next twenty years. Version 1 assumes a 5.1% interest rate, and version 2 assumes a 4% interest rate.

Attachment 2 – Analysis(two pages) of the not-to-exceed costs for high school additions and renovations, with credit for state building aid and debit for bond interest payments over twenty years. Three scenarios are set forth, with the total debt payments to be made by Manchester and the sending towns under those scenarios. Version 1 assumes a 5.1% bond interest rate, and version 2 assumes a 4% interest rate.

Attachment 3 – Analysis (three pages) of hypothetical tuition payments to be paid by the sending towns to Manchester for operation of the high schools over twenty years. These payments are in addition to the capital payments summarized in Attachment 2. Again, three scenarios are set forth.

NOTE: The analysis contained herein is subject to a number of assumptions and estimates as set forth on the attachments.

Manchester School District
 Bond Debt Repayment Schedule (Version 1, Scenario 3 –
 assumes 5.1% interest, all towns leave after 10 years)

| | Current Debt Payments | High School Renovations Manchester Share | High School Addition Manchester Share | Total Payment |
|------------------|-----------------------------|--|---|------------------|
| Current Year | \$9,250,388 | | | \$9,250,388 |
| Contract Year 1 | 8,938,041 | | | 8,938,041 |
| 2 | 8,483,660 | \$1,771,059 | | 10,254,719 |
| 3 | 5,080,364 | 1,718,545 | | 6,718,909 |
| 4 | 3,755,258 | 1,666,032 | | 5,421,290 |
| 5 | 3,623,860 | 1,613,518 | | 5,237,378 |
| 6 | 3,445,860 | 1,561,004 | | 5,006,864 |
| 7 | 3,281,928 | 1,508,490 | | 4,790,418 |
| 8 | 3,155,013 | 1,455,976 | | 4,610,989 |
| 9 | 2,927,585 | 1,403,462 | | 4,331,047 |
| 10 | 2,812,766 | 1,350,948 | | 4,163,714 |
| 11 | 2,687,085 | 1,731,245 | \$1,801,908 | 6,220,238 |
| 12 | 2,409,435 | 1,661,226 | 1,729,031 | 5,799,692 |
| 13 | 2,305,250 | 1,591,208 | 1,656,155 | 5,252,613 |
| 14 | 2,095,571 | 1,521,189 | 1,583,278 | 5,200,038 |
| 15 | 1,331,332 | 1,451,170 | 1,510,402 | 4,292,904 |
| 16 | 0 | 1,381,152 | 1,437,525 | 2,818,677 |
| 17 | 0 | 1,311,133 | 1,364,649 | 2,675,782 |
| 18 | 0 | 1,241,115 | 1,291,772 | 2,532,887 |
| 19 | 0 | 1,171,096 | 1,218,896 | 2,389,992 |
| 20 | 0 | 1,101,077 | 1,146,019 | 2,247,095 |
| Post-Contract 21 | 0 | 1,031,059 | 1,073,143 | 2,104,202 |

Note: Other debt (including Memorial Media Center and Bakersville Kindergarten) not yet bonded, \$3,915,000, less state reimbursement.

Note: Assumes bonds issued after contract year 1, with no debt repayment until year 2, and no recapture of that debt from towns.

Manchester School District
 Bond Debt Repayment Schedule (Version 2, Scenario 3 –
 assumes 4% interest, all towns leave after 10 years)

| | Current Debt Payments | High School Renovations Manchester Share | High School Addition Manchester Share | Total Payment |
|------------------|-----------------------------|--|---|------------------|
| Current Year | \$9,250,388 | | | \$9,250,388 |
| Contract Year 1 | 8,938,041 | | | 8,938,041 |
| 2 | 8,483,660 | \$1,544,529 | | 10,028,189 |
| 3 | 5,080,364 | 1,503,341 | | 6,583,705 |
| 4 | 3,755,258 | 1,462,154 | | 5,217,412 |
| 5 | 3,623,860 | 1,420,966 | | 5,044,826 |
| 6 | 3,445,860 | 1,379,779 | | 4,825,639 |
| 7 | 3,281,928 | 1,338,591 | | 4,620,519 |
| 8 | 3,155,013 | 1,297,404 | | 4,452,417 |
| 9 | 2,927,585 | 1,256,217 | | 4,183,802 |
| 10 | 2,812,766 | 1,215,029 | | 4,027,795 |
| 11 | 2,687,085 | 1,565,122 | \$1,629,005 | 5,881,212 |
| 12 | 2,409,435 | 1,510,206 | 1,571,847 | 5,491,488 |
| 13 | 2,305,250 | 1,455,289 | 1,514,689 | 5,275,288 |
| 14 | 2,095,571 | 1,400,373 | 1,457,531 | 4,953,475 |
| 15 | 1,331,332 | 1,345,456 | 1,400,373 | 4,077,161 |
| 16 | 0 | 1,290,539 | 1,343,215 | 2,633,754 |
| 17 | 0 | 1,235,623 | 1,286,056 | 2,521,679 |
| 18 | 0 | 1,180,706 | 1,228,898 | 2,410,604 |
| 19 | 0 | 1,125,790 | 1,171,740 | 2,297,530 |
| 20 | 0 | 1,070,873 | 1,114,582 | 2,185,455 |
| Post-Contract 21 | 0 | 1,015,957 | 1,057,424 | 2,073,381 |

Note: Other debt (including Memorial Media Center and Bakersville Kindergarten) not yet bonded, \$3,915,000, less state reimbursement.

Note: Assumes bonds issued after contract year 1, with no debt repayment until year 2, and no recapture of that debt from towns.

**MANCHESTER SCHOOL DISTRICT
TUITION AGREEMENT ANALYSIS
1/7/2003**

ATT. 2.

| | <u>Tuition Agreement</u> | <u>Financing Costs</u> | <u>Total Bond</u> | <u>Interest @ 5.1%</u> | <u>Building Aid Reimb @ 30%</u> | <u>Total Cost</u> |
|--------------|--------------------------|------------------------|-------------------|------------------------|---------------------------------|-------------------|
| Additions | 27,559,032 | 1,020,000 | 28,579,032 | 15,304,072 | (8,573,710) | 35,309,394 |
| Renovations | 26,478,286 | 980,000 | 27,458,286 | 14,703,912 | (8,237,486) | 33,924,712 |
| Total | 54,037,318 | 2,000,000 | 56,037,318 | 30,007,984 | (16,811,195) | 69,234,106 |

DIVISION OF COSTS - SCENARIO #1

| | <u>Manchester</u> | <u>% of Total Cost</u> | <u>Sending Towns</u> | <u>% of Total Cost</u> | <u>Total Cost</u> | <u>% of Total Cost</u> |
|--------------|-------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| Additions | - | 0% | 35,309,394 | 100% | 35,309,394 | 51% |
| Renovations | 25,443,534 | 75% | 8,481,178 | 25% | 33,924,712 | 49% |
| Total | 25,443,534 | 37% | 43,790,572 | 63% | 69,234,106 | 100% |

DIVISION OF COSTS - SCENARIO #2

| | <u>Manchester</u> | <u>% of Total Cost</u> | <u>Sending Towns</u> | <u>% of Total Cost</u> | <u>Total Cost</u> | <u>% of Total Cost</u> |
|--------------|-------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| Additions | 9,775,782 | 28% | 25,533,612 | 72% | 35,309,394 | 51% |
| Renovations | 27,791,639 | 82% | 6,133,073 | 18% | 33,924,712 | 49% |
| Total | 37,567,421 | 54% | 31,666,685 | 46% | 69,234,106 | 100% |

DIVISION OF COSTS - SCENARIO #3

| | <u>Manchester</u> | <u>% of Total Cost</u> | <u>Sending Towns</u> | <u>% of Total Cost</u> | <u>Total Cost</u> | <u>% of Total Cost</u> |
|--------------|-------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| Additions | 14,010,870 | 40% | 21,298,524 | 60% | 35,309,394 | 51% |
| Renovations | 28,808,890 | 85% | 5,115,822 | 15% | 33,924,712 | 49% |
| Total | 42,819,761 | 62% | 26,414,346 | 38% | 69,234,106 | 100% |

Scenario #1: All four towns stay until year 20.

Scenario #2: Bedford leaves after year 10, remainder leave after year 15.

Scenario #3: All four towns leave after 10 years.

Notes:

Payments from the Sending Towns may not begin until the second year of the contract.

Therefore, they may only pay 9 years of the debt. The above assumption is that they pay 10 years. School Building Aid will not be available until the project is complete. Therefore, the payments may be higher in the first few years until the project is complete. If the sending towns do not stay the full 20 years, they will not get the benefit of this credit.

The interest rate of 5.1% is expected to be lower in the early years and higher in the later years, but in the end will average to 5.1%.

**MANCHESTER SCHOOL DISTRICT
TUITION AGREEMENT ANALYSIS
VERSION #2 (FOR COMPARISON PURPOSES AT 4% INTEREST)
1/10/2003**

ATT. 2.

| | <u>Tuition Agreement</u> | <u>Financing Costs</u> | <u>Total Bond</u> | <u>Interest @ 4%</u> | <u>Building Aid Reimb @ 30%</u> | <u>Total Cost</u> |
|--------------|--------------------------|------------------------|-------------------|----------------------|---------------------------------|-------------------|
| Additions | 27,559,032 | 1,020,000 | 28,579,032 | 12,003,193 | (8,573,710) | 32,008,516 |
| Renovations | 26,478,286 | 980,000 | 27,458,286 | 11,532,480 | (8,237,486) | 30,753,280 |
| Total | 54,037,318 | 2,000,000 | 56,037,318 | 23,535,674 | (16,811,195) | 62,761,796 |

DIVISION OF COSTS - SCENARIO #1

| | <u>Manchester</u> | <u>% of Total Cost</u> | <u>Sending Towns</u> | <u>% of Total Cost</u> | <u>Total Cost</u> | <u>% of Total Cost</u> |
|--------------|-------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| Additions | - | 0% | 32,008,516 | 100% | 32,008,516 | 51% |
| Renovations | 23,064,960 | 75% | 7,688,320 | 25% | 30,753,280 | 49% |
| Total | 23,064,960 | 37% | 39,696,836 | 63% | 62,761,796 | 100% |

DIVISION OF COSTS - SCENARIO #2

| | <u>Manchester</u> | <u>% of Total Cost</u> | <u>Sending Towns</u> | <u>% of Total Cost</u> | <u>Total Cost</u> | <u>% of Total Cost</u> |
|--------------|-------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| Additions | 9,247,627 | 29% | 22,760,888 | 71% | 32,008,516 | 51% |
| Renovations | 25,286,204 | 82% | 5,467,076 | 18% | 30,753,280 | 49% |
| Total | 34,533,832 | 55% | 28,227,965 | 45% | 62,761,796 | 100% |

DIVISION OF COSTS - SCENARIO #3

| | <u>Manchester</u> | <u>% of Total Cost</u> | <u>Sending Towns</u> | <u>% of Total Cost</u> | <u>Total Cost</u> | <u>% of Total Cost</u> |
|--------------|-------------------|------------------------|----------------------|------------------------|-------------------|------------------------|
| Additions | 13,146,355 | 41% | 18,862,161 | 59% | 32,008,516 | 51% |
| Renovations | 26,222,663 | 85% | 4,530,617 | 15% | 30,753,280 | 49% |
| Total | 39,369,018 | 63% | 23,392,778 | 37% | 62,761,796 | 100% |

Scenario #1: All four towns stay until year 20.

Scenario #2: Bedford leaves after year 10, remainder leave after year 15.

Scenario #3: All four towns leave after 10 years.

Notes:

Payments from the Sending Towns may not begin until the second year of the contract. Therefore, they may only pay 9 years of the debt. The above assumption is that they pay 10 years. School Building Aid will not be available until the project is complete. Therefore, the payments may be higher in the first few years until the project is complete. If the sending towns do not stay the full 20 years, they will not get the benefit of this credit.

High School Tuition Revenue
to Manchester From Sending Towns for Operations
(Scenario 1 - assumes all towns remain for 20 years)

| | Tuition Students ¹ | Total Operations Tuition ² |
|---------------------|-------------------------------|---------------------------------------|
| Current Year Actual | 1790 | \$11,577,539 |
| Agreement Year 1 | 1817 | 11,959,597 |
| 2 | 1844 | 12,115,071 ³ |
| 3 | 1872 | 12,514,868 |
| 4 | 1900 | 12,927,858 |
| 5 | 1929 | 13,354,477 |
| 6 | 1958 | 13,795,174 |
| 7 | 1987 | 14,250,414 |
| 8 | 2017 | 14,720,677 |
| 9 | 2047 | 15,206,459 |
| 10 | 2078 | 15,708,272 |
| 11 | 2109 | 16,226,644 |
| 12 | 2140 | 16,762,123 |
| 13 | 2172 | 17,315,273 |
| 14 | 2205 | 17,886,677 |
| 15 | 2238 | 18,476,937 |
| 16 | 2272 | 19,086,675 |
| 17 | 2306 | 19,716,535 |
| 18 | 2341 | 20,367,180 |
| 19 | 2376 | 21,039,296 |
| 20 | 2412 | 21,733,592 |
| | TOTAL | 313,204,202 |

¹ assumes 1.5% growth per year

² assumes 3% cost growth per year plus 1.5% growth per year in tuition students, flat growth in Manchester

³ assumes loss of 2% capital charge in year 2

High School Tuition Revenue
to Manchester From Sending Towns for Operations
(Scenario 2- assumes Bedford leaves after 10 years)¹

| | Tuition Students ² | Total Operations Tuition ³ |
|---------------------|-------------------------------|---------------------------------------|
| Current Year Actual | 1790 | \$11,577,539 |
| Agreement Year 1 | 1817 | 11,959,597 |
| 2 | 1844 | 12,115,071 ⁴ |
| 3 | 1872 | 12,514,868 |
| 4 | 1900 | 12,927,858 |
| 5 | 1929 | 13,354,477 |
| 6 | 1958 | 13,795,174 |
| 7 | 1987 | 14,250,414 |
| 8 | 2017 | 14,720,677 |
| 9 | 2047 | 15,206,459 |
| 10 | 2078 | 15,708,272 |
| 11 | 1160 | 8,924,654 |
| 12 | 1177 | 9,219,168 |
| 12 | 1195 | 9,523,400 |
| 14 | 1213 | 9,837,672 |
| 15 | 1231 | 10,162,315 |
| 16 | 1249 | 10,497,671 |
| 17 | 1268 | 10,844,094 |
| 18 | 1287 | 11,201,949 |
| 19 | 1306 | 11,571,613 |
| 20 | 1326 | 11,953,476 |
| | TOTAL | 228,329,282 |

¹ assumes Bedford students remain 45% of total

² assumes 1.5% growth per year

³ assumes 3% cost growth per year plus 1.5% growth per year in tuition students, flat growth in Manchester

⁴ assumes loss of 2% capital charge in year 2

High School Tuition Revenue
to Manchester From Sending Towns for Operations
(Scenario 3 - assumes all towns leave after 10 years)

| | Tuition Students ¹ | Total Operations Tuition ² |
|---------------------|-------------------------------|---------------------------------------|
| Current Year Actual | 1790 | \$11,577,539 |
| Agreement Year 1 | 1817 | 11,959,597 |
| 2 | 1844 | 12,115,071 ³ |
| 3 | 1872 | 12,514,868 |
| 4 | 1900 | 12,927,858 |
| 5 | 1929 | 13,354,477 |
| 6 | 1958 | 13,795,174 |
| 7 | 1987 | 14,250,414 |
| 8 | 2017 | 14,720,677 |
| 9 | 2047 | 15,206,459 |
| 10 | 2078 | 15,708,272 |
| | TOTAL | 124,593,270 |

¹ assumes 1.5% growth per year

² assumes 3% cost growth per year plus 1.5% growth per year in tuition students, flat growth in Manchester

³ assumes loss of 2% capital charge in year 2