

ISSUE #1 - METHODOLOGY:

YOU HAVE RECEIVED INFORMATION FROM STAFF AND FROM THE DEVELOPER PERTAINING TO COST IMPACT AND REVENUE. CONTINUED DEBATE AND DISCUSSION ON THE DIFFERENCES IS CONSIDERED COUNTERPRODUCTIVE. THE DEVELOPER'S POSITION REMAINS THAT THE DEVELOPMENT FULLY PAYS FOR ITSELF. EACH BOARD MEMBER WILL HAVE TO DETERMINE IN THEIR OWN MIND WHAT IS THOUGHT TO BE REASONABLE.

BE ADVISED THAT WE ARE PRESENTLY IN THE PROCESS OF CONTRACTING WITH A FINANCIAL ADVISOR EXPERIENCED IN DEALING WITH DEVELOPMENTS TO CRITIQUE OUR PRESENT METHODOLOGY FOR DETERMINING IMPACT OF A DEVELOPMENT. THIS FINALIZED METHODOLOGY WILL NOT BE COMPLETED UNTIL AFTER JULY 1, 2006.

WE ARE ALSO PRESENTLY PURSUING THE DEVELOPMENT OF LOCAL CONSTRUCTION COST DATA. THIS DATA IS BEING DEVELOPED BY KEN CREVELING OF URBANOMICS.

ONE THING YOU WILL NEED TO CONSIDER IS WHETHER ANY OF THE COMPONENTS INCLUDED WITHIN THE IMPACT FEE ANALYSIS HAS SIMILAR IDENTITY WITH LOOKING AT ANY DEVELOPMENT. I WILL LEAVE THIS UP TO YOUR DISCRETION.

THE PRIMARY FOCUS FOR TODAY IS THE NEXT ISSUE.

ISSUE #2 - FINANCIAL APPROACH TO THE DEVELOPMENT:

IT IS ACCEPTED BY ALL PARTIES THAT TWO (2) NEW SCHOOLS WILL BE REQUIRED BY SARATOGA SPRINGS; ONE (1) NEW ELEMENTARY AND ONE (1) NEW JUNIOR HIGH.

DISCUSSION OF PAYING FOR THE REQUIRED NEW SCHOOLS OR PORTIONS THEREOF BY THE COMMUNITY DEVELOPMENT DISTRICT (CDD) HAS NOT BEEN FRUITFUL. THE DEVELOPER MAINTAINS THAT THE CDD CANNOT TAKE ON A SCHOOL PAYMENT AND STAY IN A MARKETABLE POSITION. SCHOOL COST IS JUST TOO HIGH. WHILE ROADS, FIRE HOUSES AND LIBRARIES

ARE, ALMOST IN EVERY CASE, FUNDED THROUGH THE CDD. SCHOOLS ARE, ALMOST IN EVERY CASE, FUNDED THROUGH LEASE PROGRAMS OR IMPACT FEE AND/OR AD VALOREM GENERATION FINANCE PROGRAMS.

THE DEVELOPER HAS PLACED TWO (2) OFFERS BEFORE YOU:

- 1) DEVELOPER FINANCE CONSTRUCTION OF TWO (2) SCHOOLS USING THE IMPACT FEES AND AD VALOREM GENERATION FROM THE DEVELOPMENT AS REVENUE SOURCES TO RETIRE THE DEBT SERVICE.**
- 2) MONETARY PAYMENT TO SCHOOL DISTRICT OF \$1,250,000.00 AT COMPLETION OF EACH SCHOOL (\$2.5 MILLION TOTAL).**

ISSUE #2 - RESOLUTION:

- A. RESOLVE THE FINANCIAL APPROACH TO THE NEW SCHOOLS REQUIRED BY THE DEVELOPMENT.**

DISTRICT OR DEVELOPER FINANCE OF SCHOOLS:

- COST OF FINANCING**
 - DEBT ACCOUNTING**
 - AVAILABILITY OF AD VALOREM**
 - OPPORTUNITIES FOR REFINANCE**
- B. IF DEVELOPER FINANCE OF THE TWO (2) NEW SCHOOLS IS NOT CHOSEN, AND THE SCHOOL BOARD OPTS TO ACCEPT THE DEVELOPER'S MONETARY PAYMENT TO THE SCHOOL DISTRICT OF \$2,500,000.00. THE SCHOOL BOARD MUST AGREE TO THE DEVELOPER PAYMENT OF \$1,250,000.00 AT THE COMPLETION OF THE TWO (2) NEW SCHOOLS OR ESTABLISH ANOTHER ACCEPTABLE TIME FRAME FOR RECEIPT OF THE MONETARY PAYMENTS. STAFF HAD IDENTIFIED \$2,500,000.00 WITHIN NINETY (90) DAYS AFTER APPLICATION APPROVAL. ANOTHER OPTION COULD BE \$1,250,000.00 AT THE AWARD OF EACH NEW SCHOOL'S CONTRACT AWARD FOR CONSTRUCTION.**