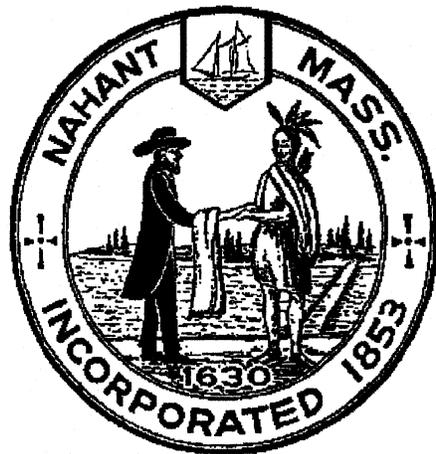


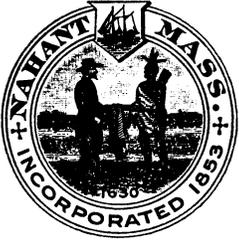
Report and Recommendations
of the
Advisory and Finance Committee



Town of Nahant
Massachusetts

Special Town Meeting
Saturday, January 24, 2004
12:30 p.m.

Please bring this book with you to the Town Meeting



ADVISORY AND FINANCE COMMITTEE

TOWN OF NAHANT, MASSACHUSETTS 01908

December 29th, 2004

Dear Friends and Neighbors,

A Special Town Meeting will be held at the Nahant Town Hall, on Saturday, January 24, 2004, beginning at 12:30 PM.

The purpose of this meeting is to review three Articles relative to the repair and renovation of the Johnson Elementary School. They are as follows:

- 1 Article 1: \$3.8 Million Major Repair Proposal
- 2 Article 2: \$4 Million Renovation Proposal (supplementary to the repairs addressed in Article 1)
- 3 Article 3: \$1.8 Million Repair Proposal

Our letter to you is organized to provide you with the following information:

- 1 The meaning of your vote at the Town Meeting
- 2 Present status of the Johnson School Repair Application
- 3 Advisory and Finance Committee Process
- 4 Recommendation of the Advisory and Finance Committee

The meaning of your vote at the Town Meeting

In review of any article which involves an appropriation, the Advisory and Finance Committee assesses the financial impact to the Town. This is particularly significant when the amount to be raised is outside the levy limit, imposed by Proposition 2 ½ legislation.

Approval of any of these Articles will exceed the levy limit.

Expenditures outside the levy limit require borrowing through a Proposition 2 ½ Debt Exclusion Override and will require a 2/3 vote at the Town Meeting for passage. When an Article requiring a Proposition 2 1/2 Override receives a 2/3 vote of the Town Meeting the Article moves on to a Town wide ballot question where it must also pass by a simple majority. If an Article does not receive a 2/3 vote at Town Meeting, the Article fails, and does not move on to the ballot. If none of these Articles receives a 2/3 vote at Town Meeting, there will be no Town wide ballot question.

This means to the voter at this Special Town Meeting, that passage on any of these articles with a 2/3 vote starts the process of committing the Town to borrow 100% of the project costs. Should such a 2/3 vote prevail, the date set for a Town wide ballot question is February 28, 2004. Ballot questions pass with a simple majority vote.

Present status of the Johnson School Repair Application

The Town of Nahant School Department received notice on December 16, 2003, that the \$3.8 Million Proposal voted at the April 26th, 2003, Town Meeting was placed on the "Priority List" of the School Building Assistance Program, meeting one of the provisions of that vote. However, the April Town Meeting also voted the condition of a "pledge" of state reimbursement for a portion of the project cost. This provision has not been met, and does not satisfy requirements for the Town to borrow. For reference, Exhibit 9 contains the precise wording of the motion and Exhibit 10 and Exhibit 10A contains correspondence from bond counsel relative to the limitations on borrowing based on said wording.

In correspondence to the School Superintendent dated April 4, 2003 the Commissioner of Education stated the following:

"All applicants are reminded that final project approval and placement on the waiting list do not constitute a guarantee of project funding. A funding commitment is made only when a grant is awarded by the state Board of Education, based on annual legislative authorization."

Although the Advisory and Finance Committee makes no recommendation on Proposition 2 1/2 Overrides (this decision is left to the voters), it does examine the short and long term benefits of projects and programs on the Town and the taxpayers.

We have provided two exhibits to assist you with understanding the tax consequences of the subject Articles. Exhibit 2 provides you with examples that can be used to calculate the tax impact per \$1,000 of property valuation. Exhibit 3 provides you with the overall impact of each Article relative to total tax revenue to the Town.

Advisory and Finance Committee Process

To submit well informed advice to the townspeople of Nahant, the Advisory and Finance Committee developed a process and framework for analysis and discussion of these Articles. The Advisory and Finance Committee held two public hearings, one on December 8th and the other on the 10th of 2003. The Petitioners of each Article were invited to make a formal presentation and to provide the following information:

- A clear statement of purpose identifying the objectives of the proposal.
- The rationale and documentation to support the objectives.
- The scope of the proposed project, as well as a breakdown of costs and a timeline for construction and completion.

Questions by the Advisory and Finance Committee served as criteria to evaluate and distinguish the merits of each proposal. The questions focused on the financial, operational and legal impacts of the Articles. They included:

- The current state of Architectural Access Board (AAB)[building codes relative to handicap accessibility] compliance and the impact of the proposed article on AAB requirements .

- The impact of the proposal relative to future SBAB (School Building Assistance Board, Department of Education) reimbursement to the extent the legislature authorizes future funding.
- The review of limited scope repair projects in the context of incremental costs, should future additional work be desired, and to determine if such approaches provide a comprehensive solution for both the long and short term.
- The impact of the proposed article on future operating budgets of the Johnson School especially, future maintenance costs.
- The proposed work schedule and its impact on school operations and the student body.

Recommendation of the Advisory and Finance Committee

The Recommendations presented on the following pages should not be viewed as a lack of support for addressing the needs of the Johnson School. There are certainly needs (some more serious than others) that require attention to insure the structural integrity of the facility and its systems over future years .The Advisory and Finance Committee’s role however, is to evaluate options presented to it, not to create independent solutions. Given it is the Advisory and Finance Committee’s conclusion that none of the current options present an adequate solution , we would be remiss in our fiduciary duty to the Town if we simply recommended the best of what had been presented to us.

The Committee’s decision not to recommend any of the proposed articles should not be viewed as a reluctance to proceed with a meaningful repair/replacement plan of the Johnson School at some point in the future. It is our hope that the efforts expended by many to date can become the building blocks of a renewed discussion on not just the physical needs of the school, but the operating and programmatic needs as well and how the latter can be most optimally meshed with the former.

Given the significant burden on the individual tax payer, as well as the importance of any such Major Repair or Renovation Project on the Town’s only active school building, we encourage each resident to actively participate in the process. A broad base of support should materialize before any future action is taken, and consensus reached on what role the Johnson School should play in our community.

We urge you to come to Town Meeting on January 24th. Your vote will help shape the future of our Town.

Respectfully submitted,

Janet Dolan, Chairwoman
 Luke Tsokanis, Vice Chairman
 Deborah Murphy, Secretary
 Henry G. Clausen

Robert Vanderslice
 Leonard G. Kavanagh
 Tim Bell
 Jeanne Fiore

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WARRANT ARTICLES FOR SPECIAL TOWN MEETING

Article 1: To see if the Town will vote to raise by borrowing, subject to a Proposition 2½ debt exclusion override referendum, and to appropriate the sum of \$3,800,000 for the repair of the Johnson School, and to authorize the said funds to be used for the work as soon as the Massachusetts Department of Education having placed Nahant's 2003 application for such project upon the fiscal year 2004 Priority List maintained by the School Building Assistance Program, or take any other action with respect thereto.

Supporting Statement on Article 1 by the Johnson School Renovation Committee ("JSRC"), as Proponents:

Last April, the Town approved \$3.8 million for major repairs, including repair of the heating system. The JSRC's plan has always been to start work in June 2004. Town's bond counsel has notified the Town that the wording of the Motion actually adopted by the Town last April will prevent borrowing the funds for three years or more. That is harmful to the Town because interest rates, construction pricing, and the risk of a major heating failure will all increase as time passes. A favorable vote is needed now to avoid delay of at least a year in the start of construction; Annual Town Meeting is too late.

The state has given us all the approvals any project could hope for at this point in the process, and has written us that our \$3.8 million project is approved for \$1.88 million in state funding, plus state funding of about 49% of our interest costs. Most Towns proceed with construction at this point. State reimbursement is technically not guaranteed until the legislature actually appropriates funds for a project, and that typically takes at least three more years for a project like this. But the state has never reneged on a project that has been placed on the Priority List, and the heating system simply has to be repaired in any event.

The ADA work is legally required by the state's building code if we do the heating repairs. Thus, if funding for the ADA work is not approved now, the heating repairs cannot proceed.

NOT RECOMMENDED. FOR THE ADVISORY AND FINANCE COMMITTEE'S FULL RATIONALE ON THIS ARTICLE PLEASE REFER TO THE COMMENTARY BEGINNING ON PAGE 9.

Article 2: To see if the Town will vote to raise by borrowing, subject to a Proposition 2½ debt exclusion override referendum, and to appropriate a sum of \$4,000,000, separate and apart from the funds addressed in Article 1, for renovations to the Johnson School supplementary to the repairs addressed in Article 1, and to authorize the School Committee and/or the Johnson School Renovation Committee to apply for any reimbursement from the Commonwealth of Massachusetts that may be available under the School Building Assistance Program, or take any other action with respect thereto.

Supporting Statement on Article 2 by the Johnson School Renovation Committee ("JSRC"), as Proponents:

At the 2002 Annual Town Meeting, the Town charged the JSRC with making recommendations about the renovation of the School. The JSRC has spent considerable time researching options, has held several public forums, and recommends a single coordinated construction program, to begin in June of 2004.

To repair the heating system, we have to shut down entire classroom wings (one at a time, in sequence) during the school year, relocating the students to other parts of the school. This disruption is bad enough once — but unavoidable. But we must avoid having this disruption twice — by doing all the work needed when a wing is already torn up to fix the heat.

Through this comprehensive approach, we can make the school fit to serve future generations — a building Nahant can be proud of. Interest costs and construction prices will only go up if we wait, and this work will have to be done sooner or later.

Doing the Article 1 and 2 work together won't reduce our state reimbursement. Based on the moratorium currently in effect relating to the State's SBA program, the work under Article 2 is not eligible for reimbursement, and we simply have to deal with this locally. The school is already 50 years old, and has never had a full renovation. Without renovation, we'll end up doing this work anyway, but we'll pay even more to do it in "bite size" pieces — a future of one problem after another, each followed by a "Band-Aid" repair, with classroom learning disrupted again and again. The work needed does indeed call for a serious civic investment, but it is the most cost-effective way of doing what we have to do

NOT RECOMMENDED. FOR THE ADVISORY AND FINANCE COMMITTEE'S FULL RATIONALE ON THIS ARTICLE, PLEASE REFER TO THE COMMENTARY BEGINNING ON PAGE 9.

ARTICLE 3: To see if the Town will vote to raise by borrowing , subject to a Proposition 2 ½ debt exclusion override referendum, and to appropriate \$1,800,000 for the repair of the heating system and other ancillary repairs to the Johnson School, and to authorize the School Committee to apply for reimbursement from The Commonwealth of Massachusetts as may be applicable under the School Building Assistance Program and to apply for approval to proceed with construction in advance of a notification of SBAB grant award or take any other action with respect thereto. As petitioned by Robert J. Munnely and 157 other registered voters.

*Supporting Statement on Article 3, by Robert Munnely and 157 other registered voters, as Proponents:
"The proponents recommend that the Town vote to approve \$1.8 million to address the repair of the heating and ventilation systems in the school and asbestos abatement at the Special Town Meeting and delay consideration of the remainder until the State authorizes a grant award and commits to its share of the funding. The vote in April was described as our last chance to get a \$1.8 million grant from the SBAB to help pay for repairs to the school. While we have met the deadlines on filing plans for repairs to the heating and ventilation system, asbestos abatement, handicapped access repairs and a sprinkler system, and the project has been approved by the SBAB, the State funding for this SBAB project has not been authorized by the Legislature or by the Governor. While the state project is uncertain, it may be prudent to asses the schedule and areas in which we proceed to insure that we don't start a large project envisioning funding from our tax partner, the state, only to find later that we may be left with a larger part, or all of the tax bill ourselves."*

NOT RECOMMENDED. FOR THE ADVISORY AND FINANCE COMMITTEE'S FULL RATIONALE ON THIS ARTICLE PLEASE REFER TO THE COMMENTARY BEGINNING ON PAGE 9.

Full Recommendation of the Advisory and Finance Committee

The Advisory and Finance Committee does not recommend any of the subject Articles. The Articles, as presented do not represent solutions emanating from a comprehensive, needs based analysis. Rather, they reflect a prioritization of tasks based on repairs that would qualify for reimbursement.

There are two major weaknesses with this approach. First, this approach limits the number of options considered to those that can ultimately qualify for reimbursement. For instance, a renovation of an existing facility has historically qualified for reimbursement under the State Building Assistance (SBA) Program while the construction of a new facility has not. Even within a renovation project, the focus on what expenses are reimbursable can result in an improper prioritization of what work is actually performed, meaning more critical elements might be omitted because the State will not provide reimbursement for those particular items.

Second, while reimbursement may ultimately defray a portion of any project's cost (including interest costs), it fails to recognize that a town's cash outlays for such a project typically precede the reimbursement. Therefore, the town and its taxpayers typically have to fund one hundred percent of the project costs initially, with the expectation that at some point in the future, they will receive the reimbursement. The reimbursement ultimately is dependent on the State legislature authorizing an appropriation to fund the State's obligation under a specific program. In short, the taxpayer bears the risk of paying for the entire project today, and hopes that at some point in the future, the State will honor its commitment.

Given that reimbursement for a "Renovation" of the Johnson School is not available from the State today, and that reimbursement for a "Major Repair" is tenuous at best, the Finance Committee believes that the voters need to consider additional options beyond those Articles up for consideration at this time. Doing the wrong thing is worse than doing nothing and the Finance Committee believes that by limiting debate to the subject articles, we would simply be choosing from three seriously flawed approaches.

How do the options compare to the stated evaluation criteria used by the Finance Committee:

- While Article 1 (\$3.8 Million Project) includes within its scope, the work required to bring the building in line with current codes and requirements of the Massachusetts Architectural Access Board Regulations (local building codes relative to handicap accessibility), Article 3, (\$1.8 Million Project) does not include any such work within its scope. The latter assumes a variance could be obtained to negate the need for most of the work necessary to bring the building up to code, which the Finance Committee believes is unrealistic.

- Article 1 (\$3.8 Million Project) clearly meets the criteria for reimbursement under the State's SBA Major Repairs Program. The proponents of Article 3 (\$1.8 Million Project) assume that to the extent their proposal incorporates work approved for reimbursement under the \$3.8 Million Project, that reimbursement would also be available from the SBA. However, it is unclear whether limiting the scope of work to select items within a previously approved project, would constitute a minor or major change. In the case of the latter, the State could choose to rescind the grant and require that a new application be filed.
- Article 1 (\$3.8 Million Project) provides a timeline for the proposed work and the impact on the student body. Article 3 (\$1.8 Million Project) and Article 2 (\$4.0 Million Project) do not provide such a timeline or student impact.
- Article 3 (\$1.8 Million Project) has the greatest risk relative to unanticipated or incremental costs given that the scope of work is less clearly defined than in the other two Articles. Article 1 (\$3.8 Million Project) and Article 2 (\$4.0 Million Project) have less uncertainty in terms of such costs, but they do not fully address the cost associated with deferring certain portions of the work proposed to future periods. In addition to the effects of inflation, bidding the work piecemeal would likely result in uncertain increases relative to the overhead, profit and general conditions.
- None of the Articles clearly articulate the impact on future school operating budgets either in terms of savings for such items as energy costs, or on-going maintenance requirements once repairs are complete.

In a more general sense, the Finance Committee has the following reservations:

- Article 1 (\$3.8 Million Project) omits certain items contained in Article 2 (\$4.0 Million Project) that could be considered more critical in terms of safety and regulatory concerns. This clearly reveals the shortcoming of a reimbursement driven approach in that, only items that would qualify for reimbursement were included. If the Town were to develop a project scope based on need, one might argue that items such as removing the transformer with PCB's in the basement, upgrading the electrical systems, and installing sprinklers would also be prioritized.
- Article 2 (\$4.0 Million Project) when taken together with Article 1 (\$3.8 Million Project), comes closest to the full renovation proposal discussed prior to last Spring's Town Meeting. While much of the work contained in these two articles might ultimately need to be performed, the Finance Committee does not believe these proposals take into account the fiscal constraints of the times. While many of the items in Article 2 (\$4.0 Million Project) appear critical, other items are not so easily defined either in terms of their structural requirements or their benefits to aiding in the delivery of education at the school.
- Article 3 (\$1.8 Million Project) represents a limited approach versus a comprehensive and well thought out plan. As such, the assumption that the scope of work could be limited to \$1.8 Million is clearly flawed.

In summary, the Finance Committee does not believe any of the proposed Articles represent an appropriate solution. To the extent voters are confused as to how the Finance Committee could have supported Article 1 (\$3.8 Million Project) last Spring, only to recommend against it now, it must be recognized that circumstances have changed over the intervening months. First, the prospect of reimbursement under the SBA Major Repairs Program seems as distant and unpredictable as the more well-documented fiscal constraints faced by the SBA Renovation Program. Second, we are now presented with two alternative proposals that give us a basis for comparison and bring out the weaknesses inherent in Article 1 (\$3.8 Million Project), namely a scope of work defined by reimbursement rather than need. Third, the Renovation Committee itself has implied they are not fully supportive of that scope of work alone having now endorsed a more comprehensive scope as contained in both Article 1 (\$3.8 Million Project) and Article 2 (\$4.0 Million Project).

While something clearly needs to be done at the Johnson School as articulated in the Finance Committee's letter to the voters, rushing to a decision does not seem fiscally prudent, particularly if all the options have not been properly considered. A Town decision about what to do with the building must take place in the context of other considerations such as:

- What are projected future enrollment levels for the Johnson School
- What school model (ie. K-6, K-4, Other) do the town residents and School Committee feel is most appropriate for the future.
- Does the building provide an adequate infrastructure to meet the programmatic needs of delivering education to the children of Nahant.
- Are the on-going maintenance needs of the building compatible with future projected operating budgets for the school.

In the context of the above items, a renovation to the existing building may not provide the optimum solution in terms of meeting the greatest number of needs. For instance, for the same cost as a renovation, a smaller new school might be built that A) reduces operating/maintenance costs in the future, B) better meshes the infrastructure with programmatic needs, and C) allows more of the dollars spent to go into educational enhancements (technology) versus the building. The Finance Committee does not believe that the discussion to date has evolved to this level. The voters are entitled and should demand that such a discussion take place prior to making any commitment to proceed with any specific option. Having a newly renovated building that is twice the size required for current enrollment levels and is limited in terms of functionality (relative to newer buildings) due to structural constraints imposed by the existing infrastructure should not be considered an acceptable solution.

The work done by the Johnson School Renovation Committee to date can serve as a building block for such discussion, but cannot be the sole determinant. When faced with

a decision of this potential magnitude in terms of cost and direct impact on the taxpayer, a consensus of a majority of the Town's voters should be desired. It is every voter's responsibility to become engaged in this discussion as the Town will only have one opportunity to "Get it Right". To squander that opportunity would jeopardize our ability to care for our greatest asset, the Town's children.

Exhibit 1 summarizes in table form, how each of the proposed articles compare to the evaluation criteria used by the Finance Committee. The incremental tax effect is also shown.

EXHIBITS

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EXHIBIT 1

Comparison of proposed Articles to Advisory & Finance Committee Evaluation Criteria

Evaluation Criteria	Article 1 (\$3.8 Million Project)	Article 2 (\$4.0 Million Project)	Article 1 & Article 2 Combined (\$7.8 Million Project)	Article 3 (\$1.8 Million Project)
Addresses AAB (Handicap Accessibility) Requirements & associated costs	Yes	NA	Yes	No
Qualifies for reimbursement	Yes	No	Yes	Uncertain
Amount of potential Reimbursement	\$1,880,350 + share of interest expense	\$0	\$1,880,350 + share of interest expense	Uncertain
Clearly identifies impact to students/faculty during construction	Yes	No	Uncertain	No
Clearly identifies impact on future operating budgets	No	No	No	No
Identifies incremental costs associated with postponing certain work	NA	Yes	Yes	No
Adequately accounts for future enrollment levels	No	No	No	No
Meshes future programmatic needs with infrastructure improvements	No	No	No	No
Incremental Tax Effect*	\$0.66 per \$1,000 Valuation (7.55% Increase)	\$0.69 per \$1,000 Valuation (7.89% Increase)	\$1.35 per \$1,000 Valuation (15.45% Increase)	\$0.31 per \$1,000 Valuation (3.55% Increase)

*For illustrative purposes, based on a total home price of \$450,000, the incremental tax costs would equal roughly \$297.00 relative to Article 1 (\$3.8Million Project), \$310.50 relative to Article 2 (\$4.0Million Project), and \$139.50 relative to Article 3 (\$1.8Million Project). To the extent the voters were to approve both Article 1 (\$3.8Million Project) and Article 2 (\$4.0Million Project), the total impact would equal \$607.50. These amounts do not include any potential offset of State reimbursement which is not yet legally committed by the State. In addition, State Reimbursement to the extent received, would not automatically create a direct reduction in taxes.

Key:

Yes = In general, meets the criteria; No = In general, does not meet the criteria; NA = Not applicable to this option; Uncertain = Insufficient information presented.

**Estimated Tax Rate Impact
per \$1,000 of no override and each override separately**

	Per \$1,000 Property Valuation
Estimated Tax Rate without New Override-FY05*	\$8.74
Art. # 3 Estimated Tax Rate with \$1,800,000 Override-FY05	\$9.05
Art. # 1 Estimated Tax Rate with \$3,800,000 Override-FY05	\$9.40
Art. # 2 Estimated Tax Rate with \$4,000,000 Override-FY05	\$9.43
Art. # 1 & # 2 Estimated Tax Rate with \$7,800,000 Override-FY05	\$10.09

*Note-\$450,000 included in all scenarios per voted article number 24 of the 4/02 Annual Town Meeting. Each year the interest will decrease and the rate will follow.

Example One

Example to calculate financial impact on your tax bill.

Home Valuation	\$450,000.00
Estimated Tax Rate with \$1,800,000 Override-FY05	\$9.05
Valuation times tax rate	\$4,072,500.00
Divide by \$1,000 = Estimated Tax bill with \$1,800,000 override	\$4,072.50
Home Valuation	\$450,000.00
Estimated Tax Rate without New Override-FY05*	\$8.74
Valuation times tax rate	\$3,933,000.00
Divide by \$1,000 = Estimated Tax bill with no override	\$3,933.00
Subtract to find estimated increase for your tax bill	\$139.50

Example Two

Example to calculate financial impact on your tax bill.

Home Valuation	\$450,000.00
Estimated Tax Rate with \$7,800,000 Override-FY05	\$10.09
Valuation times tax rate	\$4,540,500.00
Divide by \$1,000 = Estimated Tax bill with \$7,800,000 override	\$4,540.50
Home Valuation	\$450,000.00
Estimated Tax Rate without New Override-FY05*	\$8.74
Valuation times tax rate	\$3,933,000.00
Divide by \$1,000 = Estimated Tax bill with no override	\$3,933.00
Subtract to find estimated increase for your tax bill	\$607.50

trvariousoverrides

EXHIBIT 3

**Various Overrides
Vs. Estimated
FY 05 Tax Rate
and Tax Revenue**

	Estimated FY 05 Tax Rate per \$1,000 vs. \$7.8 M Override	Estimated FY 05 Tax Rate per \$1,000 vs. \$4 M Override	Estimated FY 05 Tax Rate per \$1,000 vs. \$3.8 Override	Estimated FY 05 Tax Rate per \$1,000 vs. \$1.8 M Override
Estimated FY 05 Tax Rate With Various Overrides*	\$10.09	\$9.43	\$9.40	\$9.05
Estimated FY 05 Tax Rate-No New Overrides**	\$8.74	\$8.74	\$8.74	\$8.74
Difference	\$1.35	\$0.69	\$0.66	\$0.31
Percentage of Difference (Increase)	15.45%	7.89%	7.55%	3.55%
Estimated FY 05 Tax Revenue With Various Overrides*	\$6,397,355.00	\$5,979,355.00	\$5,957,355.00	\$5,737,355.00
Estimated FY 05 Tax Revenue-No New Overrides	\$5,539,355.00	\$5,539,355.00	\$5,539,355.00	\$5,539,355.00
Difference	\$858,000.00	\$440,000.00	\$418,000.00	\$198,000.00
Percentage of Difference (Increase)	15.49%	7.94%	7.55%	3.57%

*Using Current Valuation, estimating New Growth at \$5,000, estimating 6% Interest, going Long Term immediately and no SBA reimbursement.

**Using Current Valuation, estimating New Growth at \$5,000.

Note: The issuance and Bonding Costs are estimated inside of the 6% Interest Rate. The Interest Rate estimate will actually be lower.

**Estimated Borrowings
School Debt
\$450,000**

**Approved at
April 2002 Town Meeting**

For Architectural and Engineering Services

EXHIBIT 4

20 Year 6% Bond School Building Debt		\$450,000.00		FY	
Payment Date		Principal	Interest	Interest	FY Total P&I
8/26/2003	FY 04		\$13,500.00		
2/15/2004	FY 04	\$22,500.00	\$13,500.00	\$27,000.00	\$49,500.00
8/26/2004	FY 05		\$12,825.00		
2/15/2005	FY 05	\$22,500.00	\$12,825.00	\$25,650.00	\$48,150.00
8/26/2005	FY 06		\$12,150.00		
2/15/2006	FY 06	\$22,500.00	\$12,150.00	\$24,300.00	\$46,800.00
8/26/2006	FY 07		\$11,475.00		
2/15/2007	FY 07	\$22,500.00	\$11,475.00	\$22,950.00	\$45,450.00
8/26/2007	FY 08		\$10,800.00		
2/15/2008	FY 08	\$22,500.00	\$10,800.00	\$21,600.00	\$44,100.00
8/26/2008	FY 09		\$10,125.00		
2/15/2009	FY 09	\$22,500.00	\$10,125.00	\$20,250.00	\$42,750.00
8/26/2009	FY 10		\$9,450.00		
2/15/2010	FY 10	\$22,500.00	\$9,450.00	\$18,900.00	\$41,400.00
8/26/2010	FY 11		\$8,775.00		
2/15/2011	FY 11	\$22,500.00	\$8,775.00	\$17,550.00	\$40,050.00
8/26/2011	FY 12		\$8,100.00		
2/15/2012	FY 12	\$22,500.00	\$8,100.00	\$16,200.00	\$38,700.00
8/26/2012	FY 13		\$7,425.00		
2/15/2013	FY 13	\$22,500.00	\$7,425.00	\$14,850.00	\$37,350.00
8/26/2013	FY 14		\$6,750.00		
2/15/2014	FY 14	\$22,500.00	\$6,750.00	\$13,500.00	\$36,000.00
8/26/2014	FY 15		\$6,075.00		
2/15/2015	FY 15	\$22,500.00	\$6,075.00	\$12,150.00	\$34,650.00
8/26/2015	FY 16		\$5,400.00		
2/15/2016	FY 16	\$22,500.00	\$5,400.00	\$10,800.00	\$33,300.00
8/26/2016	FY 17		\$4,725.00		
2/15/2017	FY 17	\$22,500.00	\$4,725.00	\$9,450.00	\$31,950.00
8/26/2017	FY 18		\$4,050.00		
2/15/2018	FY 18	\$22,500.00	\$4,050.00	\$8,100.00	\$30,600.00
8/26/2018	FY 19		\$3,375.00		
2/15/2019	FY 19	\$22,500.00	\$3,375.00	\$6,750.00	\$29,250.00
8/26/2019	FY 20		\$2,700.00		
2/15/2020	FY 20	\$22,500.00	\$2,700.00	\$5,400.00	\$27,900.00
8/26/2020	FY 21		\$2,025.00		
2/15/2021	FY 21	\$22,500.00	\$2,025.00	\$4,050.00	\$26,550.00
8/26/2021	FY 22		\$1,350.00		
2/15/2022	FY 22	\$22,500.00	\$1,350.00	\$2,700.00	\$25,200.00
8/26/2022	FY 23		\$675.00		
2/15/2023	FY 23	\$22,500.00	\$675.00	\$1,350.00	\$23,850.00
8/26/2023	FY 24		\$0.00		
2/15/2024	FY 24	\$22,500.00	\$0.00	\$0.00	\$22,500.00
Totals		\$450,000.00	\$283,500.00	\$283,500.00	\$733,500.00

Estimated Borrowings

School Debt

\$3,800,000

EXHIBIT 5

20 Year 6% Bond					
School Building Debt		\$3,800,000.00		FY	
Payment Date		Principal	Interest	Interest	FY Total P&I
8/26/2004	FY 05		\$114,000.00		
2/15/2005	FY 05	\$190,000.00	\$114,000.00	\$228,000.00	\$418,000.00
8/26/2005	FY 06		\$108,300.00		
2/15/2006	FY 06	\$190,000.00	\$108,300.00	\$216,600.00	\$406,600.00
8/26/2006	FY 07		\$102,600.00		
2/15/2007	FY 07	\$190,000.00	\$102,600.00	\$205,200.00	\$395,200.00
8/26/2007	FY 08		\$96,900.00		
2/15/2008	FY 08	\$190,000.00	\$96,900.00	\$193,800.00	\$383,800.00
8/26/2008	FY 09		\$91,200.00		
2/15/2009	FY 09	\$190,000.00	\$91,200.00	\$182,400.00	\$372,400.00
8/26/2009	FY 10		\$85,500.00		
2/15/2010	FY 10	\$190,000.00	\$85,500.00	\$171,000.00	\$361,000.00
8/26/2010	FY 11		\$79,800.00		
2/15/2011	FY 11	\$190,000.00	\$79,800.00	\$159,600.00	\$349,600.00
8/26/2011	FY 12		\$74,100.00		
2/15/2012	FY 12	\$190,000.00	\$74,100.00	\$148,200.00	\$338,200.00
8/26/2012	FY 13		\$68,400.00		
2/15/2013	FY 13	\$190,000.00	\$68,400.00	\$136,800.00	\$326,800.00
8/26/2013	FY 14		\$62,700.00		
2/15/2014	FY 14	\$190,000.00	\$62,700.00	\$125,400.00	\$315,400.00
8/26/2014	FY 15		\$57,000.00		
2/15/2015	FY 15	\$190,000.00	\$57,000.00	\$114,000.00	\$304,000.00
8/26/2015	FY 16		\$51,300.00		
2/15/2016	FY 16	\$190,000.00	\$51,300.00	\$102,600.00	\$292,600.00
8/26/2016	FY 17		\$45,600.00		
2/15/2017	FY 17	\$190,000.00	\$45,600.00	\$91,200.00	\$281,200.00
8/26/2017	FY 18		\$39,900.00		
2/15/2018	FY 18	\$190,000.00	\$39,900.00	\$79,800.00	\$269,800.00
8/26/2018	FY 19		\$34,200.00		
2/15/2019	FY 19	\$190,000.00	\$34,200.00	\$68,400.00	\$258,400.00
8/26/2019	FY 20		\$28,500.00		
2/15/2020	FY 20	\$190,000.00	\$28,500.00	\$57,000.00	\$247,000.00
8/26/2020	FY 21		\$22,800.00		
2/15/2021	FY 21	\$190,000.00	\$22,800.00	\$45,600.00	\$235,600.00
8/26/2021	FY 22		\$17,100.00		
2/15/2022	FY 22	\$190,000.00	\$17,100.00	\$34,200.00	\$224,200.00
8/26/2022	FY 23		\$11,400.00		
2/15/2023	FY 23	\$190,000.00	\$11,400.00	\$22,800.00	\$212,800.00
8/26/2023	FY 24		\$5,700.00		
2/15/2024	FY 24	\$190,000.00	\$5,700.00	\$11,400.00	\$201,400.00
Totals		\$3,800,000.00	\$2,394,000.00	\$2,394,000.00	\$6,194,000.00

**Estimated Borrowings
School Debt
\$4,000,000**

EXHIBIT 6

20 Year 6% Bond					
School Building Debt		\$4,000,000.00		FY	
Payment Date		Principal	Interest	Interest	FY Total P&I
8/26/2004	FY 05		\$120,000.00		
2/15/2005	FY 05	\$200,000.00	\$120,000.00	\$240,000.00	\$440,000.00
8/26/2005	FY 06		\$114,000.00		
2/15/2006	FY 06	\$200,000.00	\$114,000.00	\$228,000.00	\$428,000.00
8/26/2006	FY 07		\$108,000.00		
2/15/2007	FY 07	\$200,000.00	\$108,000.00	\$216,000.00	\$416,000.00
8/26/2007	FY 08		\$102,000.00		
2/15/2008	FY 08	\$200,000.00	\$102,000.00	\$204,000.00	\$404,000.00
8/26/2008	FY 09		\$96,000.00		
2/15/2009	FY 09	\$200,000.00	\$96,000.00	\$192,000.00	\$392,000.00
8/26/2009	FY 10		\$90,000.00		
2/15/2010	FY 10	\$200,000.00	\$90,000.00	\$180,000.00	\$380,000.00
8/26/2010	FY 11		\$84,000.00		
2/15/2011	FY 11	\$200,000.00	\$84,000.00	\$168,000.00	\$368,000.00
8/26/2011	FY 12		\$78,000.00		
2/15/2012	FY 12	\$200,000.00	\$78,000.00	\$156,000.00	\$356,000.00
8/26/2012	FY 13		\$72,000.00		
2/15/2013	FY 13	\$200,000.00	\$72,000.00	\$144,000.00	\$344,000.00
8/26/2013	FY 14		\$66,000.00		
2/15/2014	FY 14	\$200,000.00	\$66,000.00	\$132,000.00	\$332,000.00
8/26/2014	FY 15		\$60,000.00		
2/15/2015	FY 15	\$200,000.00	\$60,000.00	\$120,000.00	\$320,000.00
8/26/2015	FY 16		\$54,000.00		
2/15/2016	FY 16	\$200,000.00	\$54,000.00	\$108,000.00	\$308,000.00
8/26/2016	FY 17		\$48,000.00		
2/15/2017	FY 17	\$200,000.00	\$48,000.00	\$96,000.00	\$296,000.00
8/26/2017	FY 18		\$42,000.00		
2/15/2018	FY 18	\$200,000.00	\$42,000.00	\$84,000.00	\$284,000.00
8/26/2018	FY 19		\$36,000.00		
2/15/2019	FY 19	\$200,000.00	\$36,000.00	\$72,000.00	\$272,000.00
8/26/2019	FY 20		\$30,000.00		
2/15/2020	FY 20	\$200,000.00	\$30,000.00	\$60,000.00	\$260,000.00
8/26/2020	FY 21		\$24,000.00		
2/15/2021	FY 21	\$200,000.00	\$24,000.00	\$48,000.00	\$248,000.00
8/26/2021	FY 22		\$18,000.00		
2/15/2022	FY 22	\$200,000.00	\$18,000.00	\$36,000.00	\$236,000.00
8/26/2022	FY 23		\$12,000.00		
2/15/2023	FY 23	\$200,000.00	\$12,000.00	\$24,000.00	\$224,000.00
8/26/2023	FY 24		\$6,000.00		
2/15/2024	FY 24	\$200,000.00	\$6,000.00	\$12,000.00	\$212,000.00
Totals		\$4,000,000.00	\$2,520,000.00	\$2,520,000.00	\$6,520,000.00

**Estimated Borrowings
School Debt
\$7,800,000**

EXHIBIT 7

20 Year 6% Bond School Building Debt		\$7,800,000.00		FY	
Payment Date		Principal	Interest	Interest	FY Total P&I
8/26/2004	FY 05		\$234,000.00		
2/15/2005	FY 05	\$390,000.00	\$234,000.00	\$468,000.00	\$858,000.00
8/26/2005	FY 06		\$222,300.00		
2/15/2006	FY 06	\$390,000.00	\$222,300.00	\$444,600.00	\$834,600.00
8/26/2006	FY 07		\$210,600.00		
2/15/2007	FY 07	\$390,000.00	\$210,600.00	\$421,200.00	\$811,200.00
8/26/2007	FY 08		\$198,900.00		
2/15/2008	FY 08	\$390,000.00	\$198,900.00	\$397,800.00	\$787,800.00
8/26/2008	FY 09		\$187,200.00		
2/15/2009	FY 09	\$390,000.00	\$187,200.00	\$374,400.00	\$764,400.00
8/26/2009	FY 10		\$175,500.00		
2/15/2010	FY 10	\$390,000.00	\$175,500.00	\$351,000.00	\$741,000.00
8/26/2010	FY 11		\$163,800.00		
2/15/2011	FY 11	\$390,000.00	\$163,800.00	\$327,600.00	\$717,600.00
8/26/2011	FY 12		\$152,100.00		
2/15/2012	FY 12	\$390,000.00	\$152,100.00	\$304,200.00	\$694,200.00
8/26/2012	FY 13		\$140,400.00		
2/15/2013	FY 13	\$390,000.00	\$140,400.00	\$280,800.00	\$670,800.00
8/26/2013	FY 14		\$128,700.00		
2/15/2014	FY 14	\$390,000.00	\$128,700.00	\$257,400.00	\$647,400.00
8/26/2014	FY 15		\$117,000.00		
2/15/2015	FY 15	\$390,000.00	\$117,000.00	\$234,000.00	\$624,000.00
8/26/2015	FY 16		\$105,300.00		
2/15/2016	FY 16	\$390,000.00	\$105,300.00	\$210,600.00	\$600,600.00
8/26/2016	FY 17		\$93,600.00		
2/15/2017	FY 17	\$390,000.00	\$93,600.00	\$187,200.00	\$577,200.00
8/26/2017	FY 18		\$81,900.00		
2/15/2018	FY 18	\$390,000.00	\$81,900.00	\$163,800.00	\$553,800.00
8/26/2018	FY 19		\$70,200.00		
2/15/2019	FY 19	\$390,000.00	\$70,200.00	\$140,400.00	\$530,400.00
8/26/2019	FY 20		\$58,500.00		
2/15/2020	FY 20	\$390,000.00	\$58,500.00	\$117,000.00	\$507,000.00
8/26/2020	FY 21		\$46,800.00		
2/15/2021	FY 21	\$390,000.00	\$46,800.00	\$93,600.00	\$483,600.00
8/26/2021	FY 22		\$35,100.00		
2/15/2022	FY 22	\$390,000.00	\$35,100.00	\$70,200.00	\$460,200.00
8/26/2022	FY 23		\$23,400.00		
2/15/2023	FY 23	\$390,000.00	\$23,400.00	\$46,800.00	\$436,800.00
8/26/2023	FY 24		\$11,700.00		
2/15/2024	FY 24	\$390,000.00	\$11,700.00	\$23,400.00	\$413,400.00
Totals		\$7,800,000.00	\$4,914,000.00	\$4,914,000.00	\$12,714,000.00

**Estimated Borrowings
School Debt
\$1,800,000**

EXHIBIT 8

20 Year 6% Bond					
School Building Debt		\$1,800,000.00		FY	
Payment Date		Principal	Interest	Interest	FY Total P&I
8/26/2004	FY 05		\$54,000.00		
2/15/2005	FY 05	\$90,000.00	\$54,000.00	\$108,000.00	\$198,000.00
8/26/2005	FY 06		\$51,300.00		
2/15/2006	FY 06	\$90,000.00	\$51,300.00	\$102,600.00	\$192,600.00
8/26/2006	FY 07		\$48,600.00		
2/15/2007	FY 07	\$90,000.00	\$48,600.00	\$97,200.00	\$187,200.00
8/26/2007	FY 08		\$45,900.00		
2/15/2008	FY 08	\$90,000.00	\$45,900.00	\$91,800.00	\$181,800.00
8/26/2008	FY 09		\$43,200.00		
2/15/2009	FY 09	\$90,000.00	\$43,200.00	\$86,400.00	\$176,400.00
8/26/2009	FY 10		\$40,500.00		
2/15/2010	FY 10	\$90,000.00	\$40,500.00	\$81,000.00	\$171,000.00
8/26/2010	FY 11		\$37,800.00		
2/15/2011	FY 11	\$90,000.00	\$37,800.00	\$75,600.00	\$165,600.00
8/26/2011	FY 12		\$35,100.00		
2/15/2012	FY 12	\$90,000.00	\$35,100.00	\$70,200.00	\$160,200.00
8/26/2012	FY 13		\$32,400.00		
2/15/2013	FY 13	\$90,000.00	\$32,400.00	\$64,800.00	\$154,800.00
8/26/2013	FY 14		\$29,700.00		
2/15/2014	FY 14	\$90,000.00	\$29,700.00	\$59,400.00	\$149,400.00
8/26/2014	FY 15		\$27,000.00		
2/15/2015	FY 15	\$90,000.00	\$27,000.00	\$54,000.00	\$144,000.00
8/26/2015	FY 16		\$24,300.00		
2/15/2016	FY 16	\$90,000.00	\$24,300.00	\$48,600.00	\$138,600.00
8/26/2016	FY 17		\$21,600.00		
2/15/2017	FY 17	\$90,000.00	\$21,600.00	\$43,200.00	\$133,200.00
8/26/2017	FY 18		\$18,900.00		
2/15/2018	FY 18	\$90,000.00	\$18,900.00	\$37,800.00	\$127,800.00
8/26/2018	FY 19		\$16,200.00		
2/15/2019	FY 19	\$90,000.00	\$16,200.00	\$32,400.00	\$122,400.00
8/26/2019	FY 20		\$13,500.00		
2/15/2020	FY 20	\$90,000.00	\$13,500.00	\$27,000.00	\$117,000.00
8/26/2020	FY 21		\$10,800.00		
2/15/2021	FY 21	\$90,000.00	\$10,800.00	\$21,600.00	\$111,600.00
8/26/2021	FY 22		\$8,100.00		
2/15/2022	FY 22	\$90,000.00	\$8,100.00	\$16,200.00	\$106,200.00
8/26/2022	FY 23		\$5,400.00		
2/15/2023	FY 23	\$90,000.00	\$5,400.00	\$10,800.00	\$100,800.00
8/26/2023	FY 24		\$2,700.00		
2/15/2024	FY 24	\$90,000.00	\$2,700.00	\$5,400.00	\$95,400.00
Totals		\$1,800,000.00	\$1,134,000.00	\$1,134,000.00	\$2,934,000.00



EXHIBIT 9

TOWN OF NAHANT

Town Clerk

June 25, 2003

To whom it may concern:

I hereby certify that the following is a true and accurate of action taken on Article 18 of the Nahant Annual Town Meeting held on April 26, 2003:

Article 18 To see if the Town will vote to raise by borrowing, subject to a Proposition 2 1/2 debt exclusion override referendum, and to appropriate a sum of money relative to the repair and renovation of the Johnson School, and to authorize the School Committee to apply for reimbursement from the Commonwealth of Massachusetts, as may be applicable under the School Building Assistance Program, or take any other action with respect thereto.

Voted: Upon motion, duly seconded, it was a unanimous vote in favor that, subject to a Proposition 2 1/2 debt exclusion override referendum, the Town vote to raise and appropriate and/or appropriate from available funds in the treasury, or raise by borrowing, a sum of money not to exceed \$3, 800,000 for, at minimum:

- A. the repair of the heating system of the Johnson School
- B. the modification to the school necessary to bring it into compliance with the requirements of the Americans With Disabilities Act, and
- C. the relocation of working spaces displaced by the ADA work,

all as part of a work plan submitted by Mt. Vernon Associates, Architects, and recommended by the Johnson School Renovation Committee, PROVIDED THAT such funds are to be expended only if the application of the Town for a repair project subsidy is placed upon the approved list maintained by the School Building Assistance Bureau of the Massachusetts Department of Education, with a minimum of 40% of overall repair costs pledged for state reimbursement.

Witness my hand and the seal of the Town of Nahant this twenty-fifth day of June, A. D. 2003.


Harriet C. Steeves

Town Clerk

PALMER & DODGE LLP

111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

ROGER P. VACCO
617.239.0401
rvacco@palmerdodge.com

July 15, 2003

Ms. Nancy Locke
Town Treasurer
Town of Nahant
Town Hall
334 Nahant Road
Nahant, Massachusetts 01908

Dear Nancy: (Nahant School Remodeling Bonds)

I enclose a requirements letter relating to the \$3,800,000 School Remodeling Bonds authorized at the April 26, 2003 annual town meeting.

You have asked whether the June 19, 2003 letter to Superintendent DiBella satisfies the following proviso contained in the vote authorizing the bonds:

“PROVIDED THAT such funds are to be expended only if the application of the Town for a repair project subsidy is placed upon the approved list maintained by the School Building Assistance Bureau of the Massachusetts Department of Education, with a minimum of 40% of overall repair costs pledged for state reimbursement.”

(I note that despite numerous conversations with town officials with respect to the proposed vote for the school project, the vote as passed differs in several ways, including with respect to the proviso, from the proposed votes we reviewed.)

We do not believe that the June 19, 2003 letter satisfies the proviso since it (1) is not evidence that the project has been placed on the School Building Assistance Bureau's priority listing and (2) does not show "a minimum of 40% of overall repair costs pledged for state reimbursement." Accordingly, we shall need items 7 and 8 of our requirements letter in order for the proviso to be satisfied.

Please call me if you have any further questions.

Yours faithfully,

Roger P. Vacco
RPV:lak
cc: Peter Frazier

PALMER & DODGE LLP

111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

ROGER P. VACCO
617.239.0401
rvacco@palmerdodge.com

EXHIBIT 10A

October 28, 2003

Mark Cullinan
Town Administrator
Town of Nahant
Town Hall
334 Nahant Road
Nahant, Massachusetts 01908

Dear Mark: (Nahant School Remodeling Bonds)

With respect to my letter of October 17, 2003, I have since writing that letter reviewed the extracts of the minutes of the April 26, 2003 annual town meeting relating to the vote under Article 18. Such review shows that there is substantial ambiguity as to what was intended by the language in the proviso to the vote requiring "a minimum of 40% of overall repair costs pledged for state reimbursement." I understand that the town is considering holding an additional town meeting and Proposition 2½ debt exclusion vote to eliminate the ambiguity and proceeding in such manner is clearly the most direct way to deal with the ambiguity.

As we previously noted the vote passed under Article 18 differed in several ways, including with respect to the proviso, from the proposed forms of votes we had reviewed prior to the town meeting. Accordingly, I respectfully request that we be given an opportunity to review drafts of the warrant article and vote for the town meeting and the Proposition 2½ debt exclusion vote before they are put in final form.

Please call me if you have any further questions or comments.

Yours faithfully,



Roger P. Vacco

RPV:lak

cc: Nancy Locke
Peter Frazier

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