



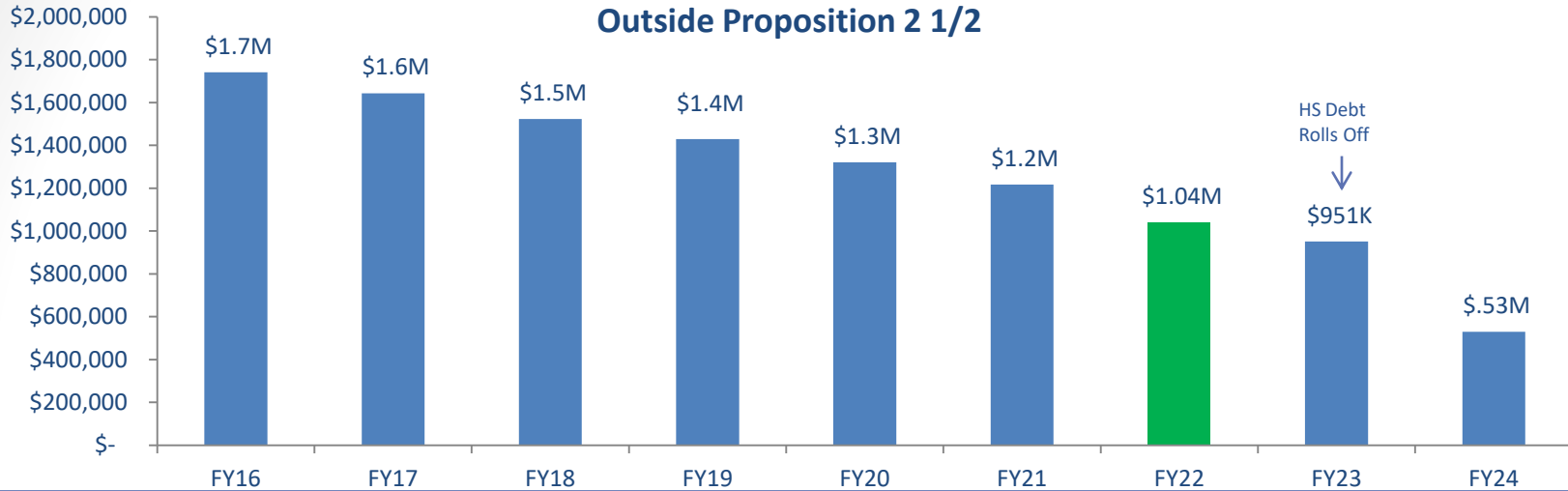
# Follow Up to September 8, 2021 FinCom Meeting

Pam Dukeman  
Assistant Town Administrator/Finance Director  
September 20, 2021

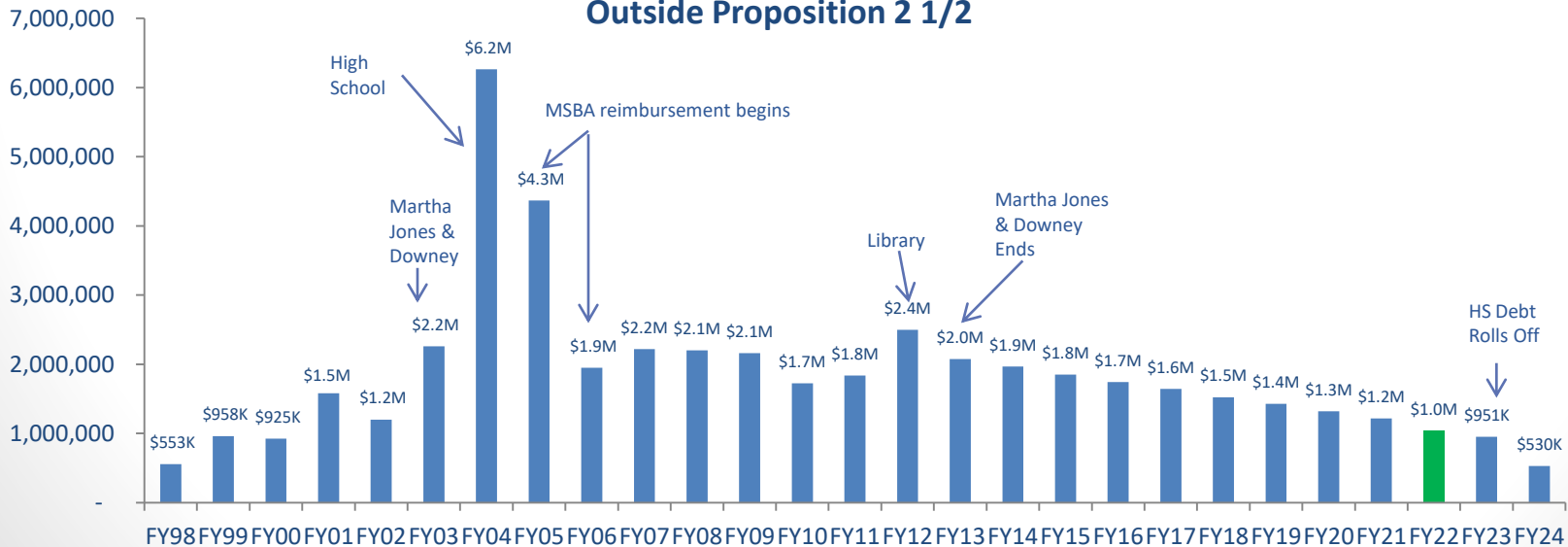
# Question – Please Show Longer History of Exempt Debt

## History of Total Net Exempt Debt – Outside Proposition 2 1/2

**Total Net Exempt Debt Payments  
Outside Proposition 2 1/2**



**Total Net Exempt Debt Payments  
Outside Proposition 2 1/2**



## Question -What would the impact be on the cost of borrowing if the Town had a lower bond rating?

### Impact of Bond Rating on Cost of Borrowing

- The Town currently has AAA bond rating, from Standard and Poor's
  - This is the highest rating available
  
- The Town most recently sold a \$7.7M bond in March of 2021.
  - Net interest rate received was 1.148%
  
- If the Town held a double A (AA) rating at that time:
  - Rate would have been approximately 15 basis points higher.
  - Net interest rate would have been 1.3%
  - Cost would be approx. an additional \$75K

**Question – Please show costs and tax impact for \$41.7M project to just bring Hanlon and Deerfield up to code, No MSBA reimbursement**

<b>At 2%</b>	<b>Principal and Interest Debt Service at 2%/30 Years</b>	<b>Cost per \$100,000 of Home Value</b>	<b>Cost per Department of Revenue Average Home FY21 Value of \$837,300 FY21 Tax Bill \$12,375</b>
Total Cost	\$56,002,600	\$991.65	\$8,303
Average Annual Cost	\$1,866,753	\$33	\$277

<b>At 3%</b>	<b>Principal and Interest Debt Service at 3%/30 Years</b>	<b>Cost per \$100,000 of Home Value</b>	<b>Cost per Department of Revenue Average Home FY21 Value of \$837,300 FY21 Tax Bill \$12,375</b>
Total Cost	\$64,177,500	\$1,136	\$9,515
Average Annual Cost	\$2,139,250	\$38	\$317

<b>At 4%</b>	<b>Principal and Interest Debt Service at 4%/30 Years</b>	<b>Cost per \$100,000 of Home Value</b>	<b>Cost per Department of Revenue Average Home FY21 Value of \$837,300 FY21 Tax Bill \$12,375</b>
Total Cost	\$72,955,000	\$1,292	\$10,816
Average Annual Cost	\$2,431,833	\$43	\$361

## Question – Please show summary comparison of new build versus code only repairs

### Summary of Cost for New building project - \$87.8M, MSBA \$18.2M, Net \$69.5

<b>Interest Rate</b>	<b>Total <u>Annual</u> Principal and Interest Debt Service Each Year for 30 years</b>	<b>Annual Cost per \$100,000 of Home Value</b>	<b>Annual Cost for FY21 DOR Avg Westwood Home Value of \$837,300</b>
<b>2%</b>	\$3,114,976	\$55	\$462
<b>3%</b>	\$3,569,434	\$63	\$529
<b>4%</b>	\$4,058,069	\$72	\$602

### Summary of Cost for Code only repairs - \$41.7M, No MSBA reimbursement

<b>Interest Rate</b>	<b>Total <u>Annual</u> Principal and Interest Debt Service Each Year for 30 years</b>	<b>Annual Cost per \$100,000 of Home Value</b>	<b>Annual Cost for FY21 DOR Avg Westwood Home Value of \$837,300</b>
<b>2%</b>	\$1,866,753	\$33	\$277
<b>3%</b>	\$2,139,250	\$38	\$317
<b>4%</b>	\$2,431,833	\$43	\$361

The annual incremental cost of new building versus code only repairs (at 2%) is \$185 for the average home.

## Please Show Costs and Tax impact of Hanlon/Deerfield new school project:

### Borrowing for 20 Years versus 30 years

<b>At 1.5%</b>	<b>Principal and Interest Debt Service at 1.5%/20 Years</b>	<b>Cost per \$100,000 of Home Value</b>	<b>Cost per Department of Revenue Average Home FY21 Value of \$837,300 FY21 Tax Bill \$12,375</b>
Total Cost	\$81,140,595	\$1,437	\$12,030
Average Annual Cost	\$4,057,030	\$72	\$602

<b>At 2%</b>	<b>Principal and Interest Debt Service at 2%/20 Years</b>	<b>Cost per \$100,000 of Home Value</b>	<b>Cost per Department of Revenue Average Home FY21 Value of \$837,300 FY21 Tax Bill \$12,375</b>
Total Cost	\$85,258,669	\$1,510	\$12,641
Average Annual Cost	\$4,262,933	\$75	\$632

<b>At 2.5%</b>	<b>Principal and Interest Debt Service at 2.5%/20 Years</b>	<b>Cost per \$100,000 of Home Value</b>	<b>Cost per Department of Revenue Average Home FY21 Value of \$837,300 FY21 Tax Bill \$12,375</b>
Total Cost	\$89,510,667	\$1,585	\$13,271
Average Annual Cost	\$4,475,533	\$79	\$664

**Please Show Costs and Tax impact of Hanlon/Deerfield new school project:**  
**Summary Cost Comparison Borrowing for 20 Years versus 30 years**

**Summary of Cost for 30 Year Bond**

<b>Interest Rate</b>	<b>Total <u>Annual</u> Principal and Interest Debt Service Each Year for 30 years</b>	<b>Annual Cost per \$100,000 of Home Value</b>	<b>Annual Cost for FY21 DOR Avg Westwood Home Value of \$837,300</b>
<b>2%</b>	\$3,114,976	\$55	\$462
<b>3%</b>	\$3,569,434	\$63	\$529
<b>4%</b>	\$4,058,069	\$72	\$602

**Summary of Cost for 20 Year Bond**

<b>Interest Rate</b>	<b>Total <u>Annual</u> Principal and Interest Debt Service Each Year for 30 years</b>	<b>Annual Cost per \$100,000 of Home Value</b>	<b>Annual Cost for FY21 DOR Avg Westwood Home Value of \$837,300</b>
<b>1.5%</b>	\$4,057,030	\$72	\$602
<b>2%</b>	\$4,262,933	\$75	\$632
<b>2.5%</b>	\$4,475,533	\$79	\$664

# Question – Do increases in home value impact the amount collected?

## Change in Home Values Over Time Does Not Change Total Taxes Collected for Approved Town Meeting Articles

- Town Meeting approves budget and borrowing articles.
- Home Values (as determined by DOR) are used to determine how to distribute the approved amount.
- Home Value does not impact the total dollar amount approved by Town Meeting.

Town Meeting  
approves budget  
(A)

- The amount of money approved by Town Meeting vote is all that a Town can collect
  - Annual budget
  - Annual amount for debt payments

Home Values set  
each year  
(B)

- The home values and tax rate distribute the total approved taxes among individual properties
  - Values change each year based on sales activity.
  - These amounts are certified by the Department of Revenue.

Tax Rate:  
Budget (A)/Total  
Value (B)

- The tax rate is based upon the total approved budget and total values.

The certified tax rate is multiplied by the value of your home to arrive at your individual tax bill each year.



## Town Meeting Article Language– Special Town Meeting October 18, 2021

- Borrowing article language is important as it is used to authorize the Treasurer and Select Board to sell long term debt.

ARTICLE: To see if the Town will vote to appropriate, borrow or transfer from available funds, an amount of money to be expended under the direction of the School Building Committee to pay costs of design, constructing, equipping, and furnishing a new Paul R. Hanlon Elementary School, to be located at 790 Gay Street, in Westwood, Massachusetts, including costs of site work and all other costs incidental and related thereto, which school facility shall have an anticipated useful life as an educational facility for the instruction of school children of at least 50 years, and for which the Town may be eligible for a school construction grant from the Massachusetts School Building Authority (“MSBA”). The Town acknowledges that the MSBA’s grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town. Any grant that the Town may receive from the MSBA for the Project shall not exceed the lesser of (1) thirty-nine and thirty-five hundredths percent (39.35%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA, or to take any other action relative thereto.

- All bond articles are written and approved by Bond Counsel.
- All Town borrowing has to be approved by 2/3 approval at Town Meeting.

## Town Meeting Language – Special Town Meeting October 18, 2021

- All borrowing articles require 2/3 approval at Town Meeting
- Bond Counsel approved language:

MOTION: That the Town appropriates Eighty-Four Million Six Hundred Ten Thousand Three Hundred Eighty-Six Dollars (\$84,610,386) to pay costs of designing, constructing, equipping, and furnishing a new Paul R. Hanlon Elementary School, to be located at 790 Gay Street, in Westwood, Massachusetts, including costs of site work and all other costs incidental and related thereto (the “Project”), which school facility shall have an anticipated useful life as an educational facility for the instruction of school children for at least 50 years, and for which the Town may be eligible for a grant from the Massachusetts School Building Authority (“MSBA”), said amount to be expended under the direction of the School Building Committee. To meet this appropriation, **the Treasurer, with the approval of the Select Board**, is authorized to borrow said amount under G.L. c. 44, or pursuant to any other enabling authority. The amount appropriated by this vote shall be expended in addition to the \$1,750,000 appropriated to pay feasibility study costs related to the Project under Article 14 of the Warrant at the Annual Town Meeting held on May 30, 2018, and the \$1,460,000 appropriated to pay design costs of the Project under Article 13 of the Warrant at the Annual Town Meeting held on May 3, 2021, resulting in a total cost of the **Project of \$87,820,386**. The Town acknowledges that the MSBA’s grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town; provided further that any grant that Town may receive from the MSBA for the Project shall not exceed the lesser of (1) thirty-nine and thirty-five hundredths percent (39.35%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA, and **that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount** set forth in the Project Funding Agreement that may be executed **between the Town and the MSBA**. **No amounts shall be borrowed or expended pursuant to this vote unless the Town shall have voted to exempt the amounts required for the payment of interest and principal on the borrowing authorized by this vote from the limitations on taxes imposed by G.L. c. 59, §21C (Proposition 2½)**. Any premium received upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with G.L. c. 44, §20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount.

- Article authorizes Treasurer and Select Board to issue debt.
- Article authorizes borrowing up to amount.
- This article recognizes the MSBA reimbursement.
- This article requires approval as a Proposition 2 ½ debt exemption.

## Ballot Question – Special Election October 26, 2021

- Requires majority approval as a ballot question.
- Ballot question has been approved by Bond Counsel and MSBA.

BALLOT QUESTION: Shall the Town of Westwood be allowed to exempt from the provisions of proposition two and one-half, so-called, the amounts required to pay for the bonds issued in order to pay costs of designing, constructing, equipping, and furnishing a new Paul R. Hanlon Elementary School, to be located at 790 Gay Street, in Westwood, Massachusetts, including costs of site work and all other costs incidental and related thereto?

- A debt exemption approval allows the Town to pay for the exact annual cost of principal and interest, net of any reimbursement, outside the limits of Proposition 2 1/2 .
- When the debt ends, the taxes end.

