

Proposition #2 - The Purchase of the Marsden Street Properties and Use of Capital Reserve Funds and Bonds to Fund the Purchase:

RESOLVED:

- a. That the Board of Education of the Sag Harbor Union Free School District, in the County of Suffolk, New York (the “School District”), is hereby authorized to acquire by purchase real property located at 7, 9, 11, 12 and 15 Marsden Street, Sag Harbor, New York 11963 from Marsden Street Property LLC, for the estimated total cost of \$9,425,000, including preliminary costs and costs incidental thereto and to the financing thereof, which purchase shall be on the terms and conditions set forth in a purchase contract by and between the School District and said seller;
- b. that \$3,425,000 of funds on hand and available in the Capital Reserve Fund entitled “Facilities Improvement Capital Reserve Fund”, heretofore approved by the voters of the School District, are hereby authorized to be expended to pay a portion of such estimated total cost, and such expenditure is hereby approved;
- c. that a tax is hereby voted in the amount of not to exceed \$6,000,000 to finance the balance of such estimated total cost, such tax to be levied and collected in installments in such years and in such amounts as shall be determined by said Board of Education; and
- d. that in anticipation of such tax, bonds of the School District are hereby authorized to be issued in the principal amount of not to exceed \$6,000,000, and a tax is hereby voted to pay the interest on said bonds as the same shall become due and payable.

Approval of this proposition will not have an impact on the 2023-24 budget or tax levy.

Marsden Property Purchase

If the Project is approved by the voters on May 16th, the district will begin the process of seeking a \$6 million bond anticipation note (BAN) in July. In addition, \$3,425,000 will be withdrawn from the District's Facilities Improvement Capital Reserve Fund (there is no requirement to replenish these reserve funds).

The \$6 million BAN can be issued for up to five years before it must be converted into Bonds. Interest on the BAN is due in year one and principal must be paid down in years two through five. The district can convert the debt into Bonds at anytime during the five years if interest rates become more favorable.

Budget and Tax Levy Impact Based on Current Interest Rates on a Home Valued at \$1 million:

- 2023/2024 – No Budget or Tax Levy Impact
- 2024/2025 - Budget impact is interest of \$210,000 due on the BAN – Tax Levy impact is about \$18.14 per year
- 2025/2026 - Budget impact is principal and interest of \$335,000 due on the BAN – Tax Levy impact is about \$28.94 per year
- 2026/2027 - Budget impact is principal and interest of \$336,200 due on the BAN – Tax Levy impact is about \$29.04 per year
- 2027/2028 - Budget impact is principal and interest of \$337,200 due on the BAN – Tax Levy impact is about \$29.13 per year
- 2028/2029 - Budget impact is principal and interest of \$338,000 due on the BAN – Tax Levy impact is about \$29.20 per year
- 2029/2030 to 2043/2044 Budget is principal and interest of \$480,000 due on Bond – Tax Levy impact is about \$41.47 per year

Marsden Property Purchase Average Cost to Taxpayers Based on Current Assessed Values and Equalization Rates

<u>Fiscal Year</u>	<u>Yearly Cost to Taxpayers with a Home Valued at \$1,000,000</u>	<u>Yearly Additional Cost to Taxpayers</u>
2023-2024	\$0.00	\$0.00
2024-2025	\$18.14	\$18.14
2025-2026	\$28.94	\$10.80
2026-2027	\$29.04	\$0.10
2027-2028	\$29.13	\$0.09
2028-2029	\$29.20	\$0.07
2029-2030	\$41.47	\$12.27
2030-2031	\$41.47	\$0.00
2031-2032	\$41.47	\$0.00
2032-2033	\$41.47	\$0.00
2033-2034	\$41.47	\$0.00
2034-2035	\$41.47	\$0.00
2035-2036	\$41.47	\$0.00
2036-2037	\$41.47	\$0.00
2037-2038	\$41.47	\$0.00
2038-2039	\$41.47	\$0.00
2039-2040	\$41.47	\$0.00
2040-2041	\$41.47	\$0.00
2041-2042	\$41.47	\$0.00
2042-2043	\$41.47	\$0.00
2043-2044	\$41.47	\$0.00
Total:	\$756.50	