

Special Town Meeting
May 2023
Article 4

Stabilization Fund
Northeast Metropolitan Regional Vocational School
Construction Project

The Northeast Metropolitan Regional Vocational School (“School”) is underway on a Massachusetts School Building Authority (“MSBA”) sponsored school construction project. As of the most recent information received from the School, the estimated project cost is:

Total Estimated Project Costs	\$317,422,620.00
Estimated MSBA Reimbursement	<u>\$140,851,919.00</u>
District’s Local Share of Project Costs	\$176,570,701.00

Each city and town that is a member of the school district is responsible for the payment of their share of the debt service on the construction project. This debt service will be paid to the School annually based on debt schedules including principal and interest as a capital assessment. This assessment is based on the student enrollment of each city and town in the district and can change annually based on increases or decreases in enrollment.

As of the date of this writing, the School’s funding schedule is based on a bond sale that was held on April 21, 2022 in the amount of \$30,955,000.00. This is the first of three planned issuances for funding the School’s share of the project. The debt service on this portion of the project assessed to the cities and towns is shown on the attached. The amount for Fiscal Year 2024 that is due from the Town of Saugus is \$193,365.00.

In order to create a dedicated funding source for the Town's share of debt service, MGL c40 s5B provides the mechanism for the Town to create a Stabilization Fund into which funds may be appropriated and reserved for future appropriation for any lawful municipal purpose. This targeted stabilization fund was approved by Town Meeting in May 2022 and is a special reserve that funds can be appropriated to/from for funding the debt service for the Northeast Metropolitan Regional Vocational School construction project. The balance in this fund as of 3/31/23 is \$507,015.35.

The amount of this appropriation is \$500,000.00.

The source of funding for this appropriation is July 1, 2022 certified free cash.