SPECIAL WAKEFIELD INSERT

Wakefield:
The School Board will vote October 2, 2008 on a conceptual design for Wakefield.

"Rebuild Wakefield" <rebuildwakefield@gmail.com>, continues to track latest updates on planned new construction.

It has become clear that we have three issues to address regarding Wakefield:

1. <u>The perception issue of Wakefield</u>. And as we all know, perception can create reality. We as AHCA and ARCA, working with all of you and other communities, need to find a way to work with the School Board and County Board to create a campaign to change the long held perception factor.
2. <u>The academic standards of Wakefield</u>. In talking with many of who have had children moving through Wakefield or currently have children currently attending, it is clear there is an excellent academic program. Maybe it could use some tweaking, but all in all, a strong program. Therefore, I am hoping that those that I have spoken with can work together with Rebuild Wakefield so we can get an accurate fact sheets (both in English and Spanish) out to the entire community that feeds into Wakefield.
3. <u>The physical facility</u>: *Caveat – we all wait and see what the financial crisis does or does not do to our local Arlington economy and tax base. That said,* I have done some number crunching and shared with some neighbors as well as County and School System Finance Staff. I based my calculations off information the Staff provided to me. While the key financial ratios (see the four below plus rating agency concern) the County uses do change <u>by moving Wakefield two years sooner (from 2012 Bond approval to 2012 Bond Approval</u>) for actual funding and construction, <u>those key ratios don't change significantly.</u> I have sent my calculations to them to explain if I somehow have missed something. I also have spoken to one of the Rating Agencies that rated a 2008 Bond offering for Arlington and don't see major impact to our Bond rating by moving Wakefield sooner. My challenge to all of you, demand that this be explained to you in detail in a manor you can all understand. Do not let them use general phrases and concepts to keep you from asking the tough questions. As I am able to confirm more of my findings, I will be sharing by email.

The Criteria called out in the CIP link sent to by the County Finance Director are/were the following:

a) Outstanding Debt as Percentage of Market Valuation of Tax Base No Greater than 4%,
b) Ratio of Debt Service to General Expenditures No Greater Than 10%,
c) Ratio of Debt per Capita to Per Capita Income No Greater than 6%,
d) <u>Growth in Debt Service over the Six Year Planning Period No Greater than Ten-Year Historical Growth in Revenues –</u> Average annual growth in debt service in the Adopted CIP is estimated at 4.3 percent, significantly less than the ten-year average growth in revenues of 6.9 percent. In addition, growth in debt service associated with lease payments under master lease is expected to remain less than historical growth in revenues [This taken directly from link The County Finance Director sent me],

e) The bond rating agencies that rate the County's debt for potential investors use these debt ratios, coupled with other County and community economic factors. The three major bond rating agencies, Moody's Investors Service, Standard & Poor's, and Fitch Ratings currently rate the County Aaa/AAA /AAA (the highest possible). Arlington is one of a select national group of about 22 counties that hold these coveted Aaa/AAA/AAA ratings from the three major rating agencies. Finally, the County's recent bond issue sold in June 2008 and historical County bond trading in the secondary market confirm that Arlington belongs within the very top group of municipal credits in the national bond market. The funding levels contained in this CIP would maintain this status.

As this newsletter was being drafted, I received the following from the Finance Staff:

a) "We've looked over your analysis and generally agree with your numbers." That the first four ratios would be within those defined boundaries.
b) "We noted one difference in assumptions – the Board-adopted CIP assumed expenditure growth of 4.0% over the six year planning period, while your analysis seemed to assume 4.29%. We also noted that your analysis did not include the fourth and newest debt capacity metric that we are tracking – average annual growth in debt service. For this CIP, the Board adopted a 4% average growth assumption to satisfy this metric. If Wakefield were moved forward by two years, average annual growth in debt service would be 6.03%." Please note from their own link where I got 4.3% from, I suppose it wasn't fair of me to assume the Finance Director would send me up to date information. Also, I will discuss with them their assumption about growth rate because I don't believe they are correct.
c) **"We also noted that your analysis <u>did not include the fourth and newest debt capacity metric that we are tracking –</u> average annual growth in debt service. <u>For this CIP, the Board adopted a 4% average growth assumption to satisfy this metric."</u> Funny, because if you read the definition above, in (1)(d) it was suppose to be an average as measured against the revenue growth rate of 6.9% - now it is just an average annual growth rate NOT measured against growth revenue. Where did this last minute change come from? And what defines benchmark defines this as a make or break threshold? Also, it does not factor in what happens in the next three years after this six year period.**