

**MUNICIPAL FINANCE CORPORATION**

**12067 CHEYENNE COURT  
GRANGER, INDIANA 46530**

Telephone 574-243-8933

Fax 574-243-8947

March 11, 2005

Mr. Jim Conner  
Middlebury Community Schools  
57853 Northridge Drive  
Middlebury, Indiana 46540-9408

Re: Building Project

Dear Mr. Conner,

I feel very confident that the tax impact figures that were provided in your presentation on Monday, March 7, 2005 at the Board of School Trustees Work Session are accurate.

We must remember that those numbers are based on construction cost estimates, soft cost estimates, and an estimate of the bond interest rates. The calculations to go from a loan amount based on those three estimates to a tax impact, are simple arithmetic.

The monthly costs given in the presentation and in the handout to the school patrons are the amount of increase caused by the building project over the 2004 payable 2005 School Debt Service Tax Rate. The lease payments for the first three years in each bond issue are less than the full lease payment for the remainder of the lease term. If the persons that are trying to check our figures do not apply this same strategy, then they will not agree with our numbers. I would suggest that more information be given about the bond payback structure.

Sincerely,

MUNICIPAL FINANCE CORPORATION



Ralph E. Gerhart, President