

**THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK**

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October 20, 2008

Ms. Charlotte Gregory
Superintendent
Berlin CSD
53 School Street
Berlin, New York 12022

Dear Superintendent Gregory:

Thank you for meeting with me to discuss the districts building plans and options. My staff and I are familiar with the district's facilities after previous inspections.

The district has serious issues that must be addressed including ADA compliance, poor ventilation and heating systems, windows, plumbing systems, and others as evidenced by unsatisfactory ratings and minimal useful life remaining on the 2005 building condition survey.

We have analyzed the existing space needs of the district and the current and projected student enrollments. It is clear that the district has excess space, and consolidation can financially benefit the district and the taxpayers now and in the future. The current economic climate also demonstrates a need to be as fiscally prudent as possible. For Berlin, that particularly points to decreasing fixed expenses and capital costs. We have reviewed and agree with the potential savings the district could accrue by reducing the need to heat, illuminate, staff, and maintain excess space at multiple locations. I recommend that the district proceed with the closing of Stephentown and Grafton elementary schools.

The current floor plans demonstrate that there are only three instructional grade level classes in Stephentown elementary (1 Kindergarten, 1 second, and 1 third grade, and six in Grafton elementary (1 kindergarten, 2 first, 2 second, and 1 third grade). Additionally, the enrollment projections show that with an average grade level class size of 68 students in pre-k to 6th grade, individual class sizes are in some cases well below 20 students per room.

The State encourages districts to consolidate and merge in order to benefit from reasonable size student populations for educational economy. Berlin will be unlikely to justify to the local taxpayers and the State Education Department the need to expend capital funds necessary in the near future to maintain facilities for the benefit of such small student populations. Building aid is based on the student population served in a building, and a small

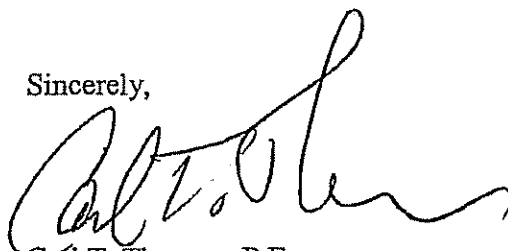
population generates a small reimbursement, leaving a significantly greater share for the local taxpayer.

Because of the savings potential to the district and the state through consolidation, we are willing to provide additional aid to the district as necessary to absorb the Stephentown and Grafton students into renovated and new space at Berlin elementary school. The renovations and additions to Berlin would be greater than otherwise needed in order to accommodate the increased enrollment, and we are able to pay aid for the necessary classrooms, as well as the expanded central services necessary to accept the growth. This allows us to provide aid for auditorium, cafeteria, library and teacher's conference spaces which would not generate additional aid under normal renovation circumstances. The Maximum Cost Allowance under this approach is an increase of \$1.8M over normal renovation calculations for Berlin, and would eliminate the need for local expenses at the other elementary schools.

The State has an obligation to educate our public school children, but there is also an obligation to do so in a fiscally responsible manner to the benefit of all taxpayers. We believe this represents the best opportunity for Berlin to take advantage of significant State resources in a time of economic uncertainty. If the district does not take advantage of this funding, predicated on the closure of Stephentown and Grafton elementary schools, all other calculations have demonstrated a significantly higher local taxpayer share, and a correspondingly reduced State share of necessary capital costs.

I would be happy to answer any additional questions that arise.

Sincerely,



Carl T. Thurnau, P.E.
Director of Facilities

Cc: Curt Miller

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THE STATE EDUCATION DEPARTMENT
SOLE SUPERVISORY DISTRICT OF RENSSELAER · COLUMBIA · GREENE COUNTIES
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DISTRICT SUPERINTENDENT

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October 20, 2008

Mr. Frank Zwack, President and
Members of the Board of Education of the Berlin Central School District
PO Box 259
Berlin, NY 12022

Dear President Zwack and Board Members:

As you know, my colleagues and I at Questar III have been providing support for the Berlin Central School District with planning and other needs. Recently I accompanied the district administration and architects to the New York State Education Department (NYSED) to provide advocacy on behalf of the District with my colleagues at NYSED regarding state building aid eligibility. It remains my special interest to continue to assist the District as the Board of Education moves through its ongoing process of realignment to address emerging and future needs of the students in your community.

As I listened at our most recent meeting with NYSED officials, Interim Superintendent Gregory and Mr. Hunter were describing the Board of Education actions to date, including the adoption of the March 30 resolution to move to a single elementary school site and close two elementary schools. I am writing to you to affirm that the additional aid of \$1.8 million we were able to secure from NYSED is based on implementation of that resolution. NYSED officials made it clear that this aid would not be provided unless the two elementary buildings were closed. Given the fiscal constraints on local taxpayers, and the Board's desire to contain and avoid increases in local property taxes, this additional \$1.8 million in aid should be a substantial factor in your deliberations and most helpful to your efforts.

As the Commissioner's representative in the field, I receive copies of NYSED correspondence to school districts. I am therefore well aware of the August, 2007 letter from Carl Thurnau to you regarding deficiencies and non-compliance issues in your facilities. These issues, including violations of the Americans with Disabilities Act, if left unaddressed, will result in enforcement action by NYSED against the School District. I am attempting to be of assistance to you to ensure that the resolution of these matters does not result in such enforcement action. For these efforts to succeed, the Board of Education will have to act to place a building proposal before the voters in a timely manner.

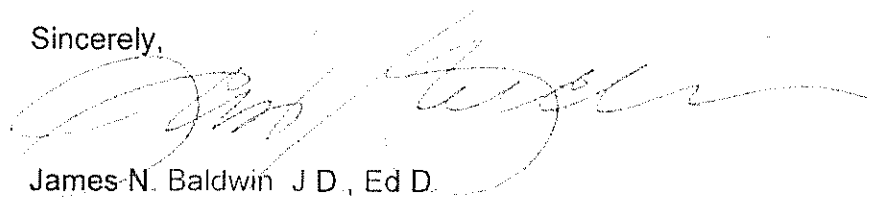
When I asked Superintendent Gregory what progress was being made toward that end, she indicated that no decision has been made yet on when to move forward with a referendum to address school facility deficiencies. Her concerns centered on the most cost-effective way to finance the project with community support, recognizing that prolonging a decision is escalating taxpayer costs. I can speak from my familiarity with other projects, that we have been seeing dramatic increases in building and related costs as fuel costs are unstable and the nation and State struggle through very difficult economic times.

Superintendent Gregory and I have discussed how Berlin could be an educational model for rural schools through implementation of advanced instructional technology and adoption of project-based learning that is aligned with emerging technologies in Tech Valley and focused on the development of 21st Century learning skills. This will first require the District to move beyond the difficult but necessary decisions to consolidate elementary locations and bring school facilities into compliance with applicable requirements. Such actions will set the stage for recurring cost savings and enable you to focus resources on the implementation of promising educational programs and not the continued maintenance and operation of unneeded school facilities.

I applaud your efforts to date and note the District's forward looking vision statement and the wonderful programs you have recently supported for students. Please be assured that I and my colleagues at NYSED and Questar III remain available to assist you as you move forward to secure the facilities and educational programs that will serve your community for the next generations.

Please contact me if I can be of assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "James N. Baldwin".

James N. Baldwin J.D., Ed.D.

CC: Carl Thurneau
Charlotte Gregory
Andrew DeFeo