



TO: President Mellon and Members of Council

FROM: Dustin Anderson, Town Manager, and;
Wendy Mis, IAMC, Clerk-Treasurer

SUBJECT: Refinancing of the Series 2010 Economic Development Bonds

DATE: August 3, 2020

The Town issued \$5,335,000 worth of economic development bonds in 2010. If the remaining principle of \$3,090,000 were to be refinanced, it is projected that it would generate total savings of between \$240,000 and \$300,000. This would be \$25,000 and \$30,000 savings per year in debt service payments over the next 10 years. There no downside to refinancing.

At your April 6th meeting, you authorized staff to engage with Baker Tilly, Stifel, and Barnes and Thornburg to begin working on this potential refinancing.

Our underwriters and placement agent have not seen any conclusive evidence that the current calamity will have a significantly adverse impact on the projected refinancing savings. There is some concern about a public offering of this debt, as it would require a ratings agency to become involved. There has not been a TIF project that has been rated since the onset of the pandemic, and there is some reluctance to be the first through that door.

There is interest from a number of banks to transact a private placement of this refinancing. This may result in a lower-than-projected total savings. Initially, the projected floor for the potential savings to the Town was \$250,000. With a private placement, we see the floor move toward \$240,000. The most recent analysis by our placement agent is included at the conclusion of this memorandum.

Staff recommends continuing to move forward.

To that end, we bring to your consideration Ordinance 1805. While your April approval allowed staff to work with our placement agents and bond council, this ordinance authorizes the Town to refinance the 2010 economic development bonds.

If the market moves away on this issue and it makes sense to pause, that is not a problem to do.

Recommendation:

Accept Ordinance 1805 and set for final reading and potential approval at the regularly scheduled August 17th meeting of Town Council.