

BOARD OF ALDERMEN

ITEM NO. D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: May 20, 2003

TITLE: A Public Hearing on the Issuance of Refunding Bonds and Adoption of the Bond Order

DEPARTMENT: Management Services	PUBLIC HEARING: YES <u>X</u> NO <u> </u>
ATTACHMENTS: A. Bond Order B. Resolution Authorizing Bond Order Publication C. Notice of Adoption of Bond Order to Be Published by Town Clerk D. Savings Analysis – Annual Debt Service Payments on GO Bonds Refunded	FOR INFORMATION CONTACT: Bing Roenigk, Assistant Town Manager 918-7300

PURPOSE:

To take advantage of favorably low interest rates, the Board of Aldermen, on May 6th, agreed to consider refunding general obligation bonds issued by the Town in 1990 and bonds previously refunded in 1989, and set a public hearing for May 20th. The Board is requested to conduct the required public hearing and to adopt the bond order authorizing the issuance of refunding bonds if the Board so desires. The Board must also publish the Bond order as required by law. The Board is also requested to adopt a resolution authorizing Bond Order Publication.

INFORMATION:

On May 6, 2003, the Board introduced the attached bond order in consideration of pursuing the refunding of bonds issued by the Town in 1990 and bonds previously refunded in 1989. In addition, the Board established May 20, 2003 as the public hearing date to receive public comment on the advisability of the proposed refunding. The public hearing notice has been published as required and all other procedural steps have taken place in accordance with the Local Government Commission and statutory regulations. In order to proceed with the refunding process, the Board is required to take action to adopt and publish the Bond order. This action can only occur after public comment on the refunding proposal.

FISCAL IMPACT:

The savings analysis for refunding \$650,000 in publicly held debt shows that the Town could save approximately \$94,000 over the remaining terms if the aforementioned bonds were issued. Issuance costs for the refunded bonds are rolled into the refunding with no out of pocket costs to the Town. The breakdown of the bond refunding follows:

Bond Issue/Misc. Fees	Amount
1989 GO Refunding, Outstanding Principal	\$447,000
1990 Streets and Bikeways, Outstanding Principal	\$175,000
Bond Counsel Fees, 1989 GO Refunding	\$ 7,500
Bond Counsel Fees, 1990 Streets and Bikeways Refunding	\$ 5,000

1990 Streets and Bikeways, Redemption Penalty	\$ 3,500
Subtotal	\$638,000
Potential Bank/Processing Fees (not known until bid results are in)	\$ 12,000
Total Refunding	\$650,000

Town staff is in the process of seeking proposals for the GO Bond refinancing. Proposals are due to the Town by May 22 and will be presented to the Board for approval on June 3. At that time, the Board will be asked to adopt a resolution providing details of the refunding bonds.

FINANCIAL IMPACT: There is no impact in the current FY02-03 budget. Annual savings of approximately \$9,000 are estimated for the bonded debt refunding in FY03-04, climbing to \$25,000 in FY08-09 (Attachment D).

ADMINISTRATION'S RECOMMENDATION: The Town Manager recommends that the Board conduct the Public Hearing and adopt two resolutions: (1) resolution adopting the bond order and (2) the resolution authorizing the Town Clerk to publish the bond order.