

# BOARD OF ALDERMEN

ITEM NO. B(4)

## AGENDA ITEM ABSTRACT

MEETING DATE: June 10, 2003

**TITLE: A Request to Approve Loan Modifications for Installment Refinancings**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS:</b> A: Resolution B: Savings Analysis	<b>FOR INFORMATION CONTACT:</b> Bing Roenigk, Assistant Town Manager 918-7300

### PURPOSE:

To take advantage of lower interest rates that will result in significant savings on debt service payments made by the Town, the Board is requested to approve the Town's recommendation to modify three financing documents, two with BB&T and one with Bank of America and to authorize the Assistant Town Manager to execute these documents on behalf of the Town.

### INFORMATION

Town staff has reviewed outstanding privately placed debt (installment financings) for savings opportunities. As mentioned in previous board meetings, installment financings may be renegotiated with the current contract holder (bank) to obtain a lower rate while at the same time minimizing financing costs. If renegotiation of rates with the current holder is the most beneficial option, town staff needs only to forward the contract modification provisions and a schedule of any incidental costs to the Local Government Commission for approval. The Town, determining that it is beneficial to renegotiate with the current bank holders, has renegotiated outstanding installment loans with BB&T and Bank of America. Calculated savings are provided for the Board's information (Attachment B). The interest rates renegotiated follow:

Bank/Contract	Old Interest Rate	New Interest Rate
Bank of America, Century Center	5.49%	3.75%
BB&T, Hillsborough Park Land	5.98%	3.99%
BB&T, Fiber Optic Outlay, etc	5.02%	2.38%

### FISCAL IMPACT

Based on loan modifications offered by the banks holding the installment debt notes, savings will equal approximately \$395,000 through FY17-18.

### ADMINISTRATION'S RECOMMENDATION

Authorize the Assistant Town Manager to execute financing documents to refinance existing installment debt at the lower interest rates (Attachment A).