

# BOARD OF ALDERMEN

ITEM NO. D(3)

## AGENDA ITEM ABSTRACT

MEETING DATE: January 16, 2007

**TITLE: A Request to Consider Re-Issuing Bond Anticipation Notes Upon Expiration and to Consider Increasing Amount Issued**

<b>DEPARTMENT:</b> Management Services	<b>PUBLIC HEARING:</b> YES ____ NO <u>x</u>
<b>ATTACHMENTS:</b> A. Resolution Approving Staff Proposal to Reissue BAN and Modify Amount Borrowed	<b>FOR INFORMATION CONTACT:</b> L. Bingham Roenigk, Assistant Town Manager, 918-7439 George Seiz, Public Works Director, 918-7427

### PURPOSE:

The Board is requested to consider re-issuing bond anticipation notes (BANs) that are due to expire March 14, 2007 and approve a staff recommendation to renew and increase the amount of BANs issued so that work on the sidewalk bond projects may continue in a timely fashion. It is recommended that the bond anticipation notes to be re-issued total \$2,590,000.

### INFORMATION

A referendum was held on November 4, 2003, whereby Carrboro voters authorized the issuance of up to \$4,600,000 of Town general obligation bonds for sidewalks and greenway trails. The Board approved an initial round of bond anticipation notes totaling \$1,230,000 in June 2006 to provide funding for the first phase of sidewalk projects in anticipation of the later issuance of a portion of the Bonds. These notes will expire in early March 14, 2007 allowing the Town an opportunity to re-issue and increase the amount needed for upcoming projects. The administrative process handled by the Local Government Commission is such that the BANs will be put up for "sale" on February 27, with a closing on March 13<sup>th</sup>. Upon board approval on re-issuing the bond anticipation notes and with agreement on the amount to be borrowed, staff will submit a formal resolution for board approval on February 6, 2007. This resolution signifies that the Town will issue the Notes to provide preliminary financing for sidewalk and greenways projects in anticipation of the later issuance of a portion of the previously-authorized Bonds.

Work for Phase IA projects (10 projects) is substantially complete with final payments expected by the end of February. The increase in BAN proceeds will provide a nine-month cash flow period for the following: purchase of right-way and easements for second phase (Phase IB) sidewalk bond projects, finish design of all Phase IB projects (11 projects), construction of four (4) Phase IB projects, funding for completion of the NCDOT Sidewalk Enhancement projects (4 projects), and begin the design of the Roger's Rd. sidewalk project. It is anticipated that additional BANs will be issued on January, 2008 for the construction of the remaining seven (7) Phase IB projects and Roger's Rd. sidewalk in 2008. The January 2008 BAN issue will be contingent upon the actual amount of work completed in 2007.

### FISCAL IMPACT:

The current BANs shall mature in March 2007 at an interest cost of approximately \$38,500 which is already budgeted. Actual interest cost associated with the modified BAN will not be known until February 27, 2007 when the Local Government Commission (LGC) receives sealed bids. Closing of the

notes is scheduled for March 13, 2007. Sufficient funds are available to pay for bond counsel fees and administrative fees incurred by the LGC. As project budgets are confirmed, a budget amendment will be presented at a later date to the Board before the year-end allocating BAN proceeds to projects as needed.

STAFF RECOMMENDATION:

Approve resolution accepting the staff recommendation to re-issue the bond anticipation notes and to modify the notes to borrow \$2,590,000