

BOARD OF ALDERMEN

ITEM NO. B(2)

AGENDA ITEM ABSTRACT

MEETING DATE: January 12, 2010

TITLE: A Request to Consider Reissuing Bond Anticipation Notes (BANs) Upon Expiration at Unchanged Amount of \$2,590,000

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Budget Amendment	FOR INFORMATION CONTACT: L. Bingham Roenigk, Finance Director, 918-7439

PURPOSE:

The Board is requested to consider re-issuing bond anticipation notes (BANs) that are due to expire February 17, 2010 and approve a staff recommendation to renew the amount of BANs issued to remain unchanged at \$2,590,000 so that work on the sidewalk and greenway bond projects may continue in a timely fashion. A budget amendment is requested for approval to reallocate funds to reflect current spending plans.

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 a fifth round of bond anticipation notes totaling \$2,590,000 in April 2009 to provide continued funding for sidewalk projects in anticipation of the later issuance of a portion of the Bonds. These notes will expire February 17, 2010, allowing the Town an opportunity to re-issue 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 2nd, with a closing on February 16th. 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 January 19, 2010. 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.

A budget amendment is presented for approval. The budget amendment reallocates funds between projects to ensure sufficient project budgets associated with the bond construction program over the next nine months. The BAN amount to be issued will be sufficient to pay project costs over the nine-month life of the new note.

Please note that the proposed BAN actually has a maturity of slightly less than nine months. State law generally requires that bonds be issued within seven years after the approving bond referendum. The LGC has discretion to extend that time period to ten years. The LGC has the discretion to grant these extensions if requested by the Town based on any reason not within the Town's control, and we understand the LGC routinely grants requested extensions. If the LGC for any reason were to fail to grant the extension, the Town's authority to issue the bonds approved at the 2003 referendum will expire in November, 2010, and therefore it would likely be in the Town's best interests to proceed with a bond issue prior to the expiration

date. Staff plans to request the extension from the LGC, if the Board so desires, and will provide more information on this process upon the Board's return from summer break in 2010.

FISCAL IMPACT:

The current BANs shall mature on February 17, 2010 with an interest cost of approximately \$19,281.11 which is already budgeted. Actual interest cost associated with the upcoming BAN will not be known until February 2nd when the Local Government Commission (LGC) receives sealed bids. Sufficient funds are available to pay for bond counsel fees and administrative fees incurred by the LGC. The interest costs associated with the upcoming round of BANs will be budgeted in FY10-11; this round of BANs will come be due October 27, 2010.

STAFF RECOMMENDATION; Approve resolution accepting the staff recommendation to re-issue the bond anticipation notes at the current amount, allowing the Town to borrow \$2,590,000 for an additional 9-month period. The board is also requested to approve the budget amendment allocating project funding related to the BAN proceeds and provides direction to staff to proceed with plans to request an extension on the bond authorization to ten years to provide sufficient time to complete the sidewalk and greenways construction program.