

## **Refinancing the 2012 Radio Board Bond**

### **Background**

The CVPDC holds the bond for the Radio Board's 2012 equipment purchase. There's \$5.98 million left to pay over the next five years at 3.04% interest. The Radio Board is a committee of the PDC and doesn't have legal standing to incur debt. The bond is being repaid by the participating localities under an agreement.

Although the PDC has the authority to borrow money, we do not have the authority to issue tax exempt bonds as Counties, Cities and Towns do. Therefore, for this borrowing we worked with the Town of Amherst's IDA in issuing the bonds for us. We intend to continue to work through and with Amherst Town's IDA if we do any refinancing.

We asked Davenport, our financial advisor, whether a refinancing at current rates would result lower overall costs. Bank of America, the current bond holder, is offering 1.37% for the remainder of the loan under a complete refinancing. Davenport estimates that we would have to get a rate of .85% to do better than the Bank of America offer and, with interest rates rising, is skeptical that we would get .85% interest rates through a bidding process.

There would be \$55,000 in issuance costs that could be rolled into the new loan. No out of pocket costs would be incurred by the Radio Board, by the PDC, or by our member localities.

The result is lower costs for the participating communities. We have run this idea by the Radio Board and they have no objection to saving money.

A summary provided by Davenport is attached.

### **Recommended Action**

Staff proposes to refinance the balance of the loan and roll the \$55,000 cost of issuance into the new note with Bank of America at 1.37% interest for the five remaining years.

The Commission is asked to approve the attached resolution.