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COUNTY DEPARTMENT AGENDA REQUEST

Department/Division: BOARD OF COMMISSIONERS

Department Head: Carol Chandler

Presenter, if needed: Jack Krakeel

Preferred Meeting Date: Thursday, June 26, 2008

Wording for the Agenda:

Discussion of Bond Advisory Committee's recommendation to the Board of Commissioner concerning the possibility of refinancing existing water revenue bonds.

Background/History/Details:

In early May, the Board of Commissioners established an internal committee for the purpose of developing a recommendation to the Board related to the possibility of refinancing existing water bonds. The Committee was charged with arriving at a recommendation for a bond firm and bond council.

The Committee consists of Commissioners Smith and Maxwell, Jack Krakeel, Administrator, Mary Holldand, Finance Director, Scott Bennett, Attorney, and Tony Parrott, Water System Manager. Also assisting have been Ted Burgess and Toni Jo Howard of the Finance Department.

What action are you seeking from the Board of Commissioners?

Hear and consider recommendations of Bond Advisory Committee.

If this item requires funding, please describe:

Has this issue come before the Commissioners in the past? Yes

If so, when? Wednesday, May 7, 2008

Do you need audio-visual for the presentation? No

Back-up Material Submitted? Yes

STAFF USE ONLY

Approved by Finance? Yes

Reviewed by Legal?

Approved by Purchasing? Yes

Approved by Administrative Staff? Yes

Staff Notes

Administrator's Approval Yes

Confirmed Meeting Date Thursday, June 26, 2008

- ○ Recognition/ Presentation
- ○ Public Hearing
- ◉ Old Business
- ○ New Business
- ○ Consent
- ○ Report
- ○ Other

Bond Refinancing: Mr. Krakeel reminded the Commissioners that during the last workshop meeting they met with representatives of Merchant Capital who provided them with an overview of a potential program for refinancing Water System Bonds. He said staff has met with Merchant Capital in order to get additional information and in order to look at additional opportunities. He informed the Board that staff, after looking at the issues, essentially would not recommend a variable rate or synthetic fixed rate approach to refinancing. He said the County currently has about six different loans that would be appropriate for refinancing, and one of those loans is the Series 1998 Water Bonds with a principal amount outstanding of $15,215,000. He said the other five loans were Georgia Environmental Facilities Authority (GEFA) Loans with an aggregate principal outstanding amount of $6,831,722. He told the Commissioners the net effect of refinancing these loans at this time under two alternative scenarios are, accordingly, a traditional placement through a publicly offered fixed rate instrument that would yield a savings of approximately $920,126 present value, and a direct placement, which would be a placement that would be made directly by the bond firm with a financial institution such as a bank versus a publicly offered process, that would yield a present value savings of approximately $1,061,000. He said Merchant Capital would like to conduct business with the County and is prepared to move forward by preparing all the necessary documentation and paperwork as needed. He mentioned that staff has worked aggressively during the past 30 days to develop a Request for Proposals should the Board wish to issue an RFP for potential bond refinancing, and asked for the Board's direction on how staff should proceed. Some discussion followed. Commissioner Horgan motioned to establish a Bond Committee in order to report to the Board of Commissioners with a recommendation of what bond firm to use. Commissioner Pfeifer seconded the motion. After brief discussion, Commissioner Horgan then amended his motion to establish a Bond Committee for the purpose of recommending what bond firm to use, to negotiate for bond council, and to return with a recommendation to the Board of Commissioners. Commissioner Pfeifer seconded the motion. No discussion followed. The motion passed unanimously.

Commissioner Pfeifer exited the meeting at this time.

The Commissioners then discussed who should belong to the newly commissioned Bond Committee. Commissioner Horgan motioned for Chairman Jack Smith, Commissioner Eric Maxwell, Interim County Administrator Jack Krakeel, Finance Director Mary Holland, Water System Director Tony Parrott, and County Attorney Scott Bennett to serve on the newly formed Bond Committee. Commissioner Frady seconded the motion. The motion passed 4-0 with Commissioner Pfeifer not present for the vote.

ADMINISTRATOR'S REPORT:

REFINANCING OF EXISTING WATER BONDS: Interim County Administrator Jack Krakeel updated the Board on staff's meetings with various firms regarding the refinancing of existing water bonds and the potential for savings in the refinancing of those bonds. He said this process was concluded this afternoon and staff was in the process of putting together its formal recommendation to the Board with respect to the firm that staff believes would provide the County with the greatest net savings in refinancing of existing revenue bonds as well as outstanding loans from the Georgia Environmental Facilities Authority. He said staff would be presenting a formal recommendation to the Board at the June 26th meeting and information would be provided to the Board prior to that meeting.