



STAFF REPORT

Public Hearing 11-16-21

AGENDA ITEM #: 21-130
COUNCIL MTG OF: November 2, 2021
FROM: Dave Caron, Town Administrator
OFFERED BY: Mark A. Fleischer, Chief Financial Officer
PREPARED BY: Mark A. Fleischer, Chief Financial Officer
SUBJECT: Debt Service Refinancing

INTRODUCTION: To authorize the refinance of the 2011 RT28 TIF General Obligation Bond through TD Bank.

TOWN ADMINISTRATOR COMMENTS

The Town Council is encouraged to approve the refinancing of the 2011 Route 28 Tax Increment District GOB which is now allocated to the Derry Commerce Corridor.

BACKGROUND

The Town is now eligible to refinance the bonds that funded roadway improvements in the Route 28 Tax Increment District (TIF), now known as the Derry Commerce Corridor TIF. The bond issues proposed to be refinanced carry interest rates between 2.5%-3.5%.

DISCUSSION

During the planning of the Route 28 TIF, the bond was structured to enable the town to redeem the bonds after November 15, 2021. The intent of the original bond terms was to ensure that a successful TIF would generate tax increments that exceeded bond payments. The success of this expanded TIF district, now known as the Derry Commerce Corridor, has generated taxes that have exceeded debt service on the existing bond and other expenses related to economic development in the TIF by \$2,840,574 as of June 30, 2021.

FISCAL IMPACT

An analysis was completed using an estimated interest rate of 1.6% that would yield an interest savings of \$ 194,935.00 over the remaining 10-year term of the bond. This savings will be used for future economic development within the district. The actual interest rate will not be known until 48 hours before closing. Additionally, this transaction requires retaining Bond Council at cost of \$2,000.00 which will also be allocated to the Derry Commerce Corridor TIF using its Restricted Fund Balance.

RECOMMENDED ACTION & MOTION BY COUNCIL

I move the adoption of Bond Resolution #2021-071 (please read the motion, after the Public Hearing on November 16).

Please see Bond Resolution #2021-071