COUNTY DEPARTMENT AGENDA REQUEST

Department:	Finance	Presenter(s):	Merchant Capital/Jack Krakeel
Meeting Date:	Wednesday, September 1, 2010	Type of Request:	Report

Wording for the Agenda:

Representatives of Merchant Capital will discuss the feasibility of refinancing some of Fayette County's bonds in the current bond market.

Background/History/Details:

In August, 2009, Fayette County refinanced the Water System's Revenue Bonds, Series 1998 principal amount of $14.7M, prepaid $6.5M in GEFA loans and borrowed $16.5M for the construction of Lake McIntosh resulting in a net present value savings of approximately $1.6M. Staff has been working with Merchant Capital monitoring the Bond Market for a cost savings opportunity by refinancing the Fayette County Public Facilities Authority's 2001 Bonds, $47,995,000.

Discussions in the past with Merchant Capital have centered around refinancing of Water System Bonds.

What action are you seeking from the Board of Commissioners?

Staff would like input from the Board and directions about whether or not to proceed in this matter.

If this item requires funding, please describe:

Not Applicable at this time.

Has this issue come before the Commissioners in the past?	No	If so, when?	
Do you need audio-visual for the presentation?		Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	Yes
Approved by Purchasing	Not Applicable	Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

Fayette County Public Facilities Authority
Refunding Summary for S2001 Bonds

- 2010 Principal payment of $1,415,000 is paid from current excess bond proceeds, leaving $6,585,000* to be applied to the County's refunding
- The Series 2001 Bonds are refunded on 3/2/2011 in anticipation of the June 1, 2011 call date (90 days prior to the call date, the legal limit)
- Savings for fiscal years 2011 through 2014 total $3,774,957, excluding investment income, which can be utilized for the jail's build-out, if desired
- Savings then provide approximate level debt service savings of $850,000 for the remaing years

1	2	3	4	5	6	7	8	9
Fiscal Year	Current Principal	Current Interest	Current Total Debt Service	Refunding Principal	Refunding Interest	Refunding Total Debt Service	Gross Savings	Cummulative Savings
2011	$ 1,490,000	$ 1,176,989	$ 2,666,989	$ 1,345,000	$ 368,064	$ 1,713,064	$ 953,924	$ 953,924
2012	1,550,000	2,291,398	3,841,398	1,440,000	1,461,900	2,901,900	939,498	1,893,422
2013	1,615,000	2,224,748	3,839,748	1,465,000	1,433,100	2,898,100	941,648	2,835,069
2014	1,690,000	2,153,688	3,843,688	1,500,000	1,403,800	2,903,800	939,888	3,774,957
2015	1,765,000	2,077,638	3,842,638	1,620,000	1,373,800	2,993,800	848,838	4,623,794
2016	1,850,000	1,989,388	3,839,388	1,650,000	1,341,400	2,991,400	847,988	5,471,782
2017	1,945,000	1,896,888	3,841,888	1,685,000	1,308,400	2,993,400	848,488	6,320,269
2018	2,035,000	1,804,500	3,839,500	1,735,000	1,257,850	2,992,850	846,650	7,166,919
2019	2,140,000	1,702,750	3,842,750	1,785,000	1,205,800	2,990,800	851,950	8,018,869
2020	2,245,000	1,595,750	3,840,750	1,855,000	1,134,400	2,989,400	851,350	8,870,219
2021	2,355,000	1,483,500	3,838,500	1,930,000	1,060,200	2,990,200	848,300	9,718,519
2022	2,475,000	1,365,750	3,840,750	2,030,000	963,700	2,993,700	847,050	10,565,569
2023	2,600,000	1,242,000	3,842,000	2,130,000	862,200	2,992,200	849,800	11,415,369
2024	2,730,000	1,112,000	3,842,000	2,235,000	755,700	2,990,700	851,300	12,266,669
2025	2,870,000	975,500	3,845,500	2,350,000	643,950	2,993,950	851,550	13,118,219
2026	3,010,000	832,000	3,842,000	2,420,000	573,450	2,993,450	848,550	13,966,769
2027	3,165,000	681,500	3,846,500	2,540,000	452,450	2,992,450	854,050	14,820,819
2028	3,320,000	523,250	3,843,250	2,620,000	369,900	2,989,900	853,350	15,674,169
2029	3,485,000	357,250	3,842,250	2,755,000	238,900	2,993,900	848,350	16,522,519
2030	3,660,000	183,000	3,843,000	2,890,000	101,150	2,991,150	851,850	17,374,369
Totals:	*$ 47,995,000*	*$ 27,669,484*	*$ 75,664,484*	*$ 39,980,000*	*$ 18,310,114*	*$ 58,290,114*	*$ 17,374,369*	

Summary of Refunding:

S2010 Par Amount:	$ 39,980,000	PV Savings:	$ 13,391,437
S2001 Original Coupon:	4.98%	Less Prior Funds on Hand	(6,585,000)
S2010 Refunding Yield:	2.93%	Plus Rounding	4,463
S2010 Call Date:	June 1, 2021	Net PV Savings:	**$ 6,810,901**

Merchant Capital, LLC
August 26, 2010