



BASALT

101 Midland Avenue, Basalt, CO 81621

Meeting Date: Wednesday, November 8, 2021

Location: Zoom Meeting

Time: 5:00 – 6:00 PM

SPECIAL MEETING - BASALT FINANCE ADVISORY BOARD MEETING

5:00 pm

1. Call to Order
2. Review of proposed bond structure

5:30 pm Adjourn

TOWN OF BASALT EXECUTIVE SUMMARY – BOND ISSUANCE	Item Number: Date: November 4, 2021 From: Christine Chicoine, Finance Director
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SUBJECT: Bond Issuance

RECOMMENDATION:

NA

DETAILS:

The Ordinance that will be recommended to Council for approval authorizes the issuance of bonds that were approved at the November 2 election for the Basalt Forward Projects, including Affordable Housing, Midland Avenue Streetscape, and Green Projects. Bruce Kimmel from Ehlers and Dee Wisor from Butler Snow will be at the meeting to present the information. The below is an executive summary for Council.

The recommended bond structure contemplates closing the bonds in early January 2022. Using this strategy benefits the Town through: 1. Historically low interest rates –allows the Town to increase the amount available for projects, while keeping interest costs low. 2. Providing a known amount for projects - Selling the bonds now allows us to know how much is available to fund the projects to allow for better budgeting. 3. Reducing bond closing costs – increases the amount available for projects and reduces administrative costs.

The total budget for the projects initially anticipated \$17 million in bond proceeds, plus \$2.5 million in funding from other sources (grants and General Fund Balance). While the actual amounts of bond proceeds will fluctuate based upon interest rates on the sale date, the anticipated proceeds total roughly \$17.26 million. The additional \$.26 million may be used for project management and legal costs associated with the projects at the discretion of Council. Ryan, Phil Vaughan and I will provide an update regarding the estimated project timelines and budgeting details at the December 14 Council meeting.

The 2022 series will be split in to a taxable and a tax-exempt issuance. The taxable issuance will allow for an estimated \$8 million in project funds. The taxable issuance is anticipated to be used for the affordable housing and green projects, to allow the Town maximum flexibility to enter into partnerships for these projects. The taxable issuance is structured with a shorter term, to be paid off before the tax-exempt issuance, since the rates are slightly higher than tax-exempt rates.

The tax-exempt issuance is anticipated to generate approximately \$9.26 million in project funding. It is anticipated to use this portion of the issuance for the Midland Avenue Streetscape project.

The Town can issue up to \$10 million in tax-exempt financing in any given calendar year. The 2022 series will issue nearly all that amount. Therefore, if land is found for the Police Department, which is currently budgeted at \$1.8 million, then that amount will be issued as a taxable Certificate of Participation. This benefits the Town because the COP is anticipated to be paid within 5 years, allowing for the more expensive taxable issuance to be short-term, and structuring long-term financing under the less expensive tax-exempt issuance.

There are many legal requirements associated with the bond sale. Generally speaking, the Ordinance will allow me or Ryan to authorize the Town to execute the bond sale on the sale date, which is scheduled for December 15. The Ordinance sets parameters for the sale that we will be required to adhere to, and if those parameters are met, then we are authorized to finalize the sale of the bonds. The closing date is anticipated to be in early January 2022. The Official Statement, also approved by this Ordinance, is on file with the Town Clerk.



Basalt Forward Bond Financing Plan

Presentation to the Town of Basalt, Colorado

Bruce Kimmel. Senior Municipal Advisor

November 9, 2021



Basalt Forward Financing Plan

- Two Series of General Obligation (GO) Bonds
 - ✓ Taxable Series 2022A to fund housing and green initiatives
 - ✓ Tax-Exempt Series 2022B to fund Midland Avenue improvements
- Goal: Maximize project funding with total annual debt service – including final two years of Series 2013A – of roughly \$930,000
 - ✓ \$950,000 is the maximum authorized by the Basalt Forward Question
 - ✓ \$20,000 reserve to cover bond administration, county levy fees

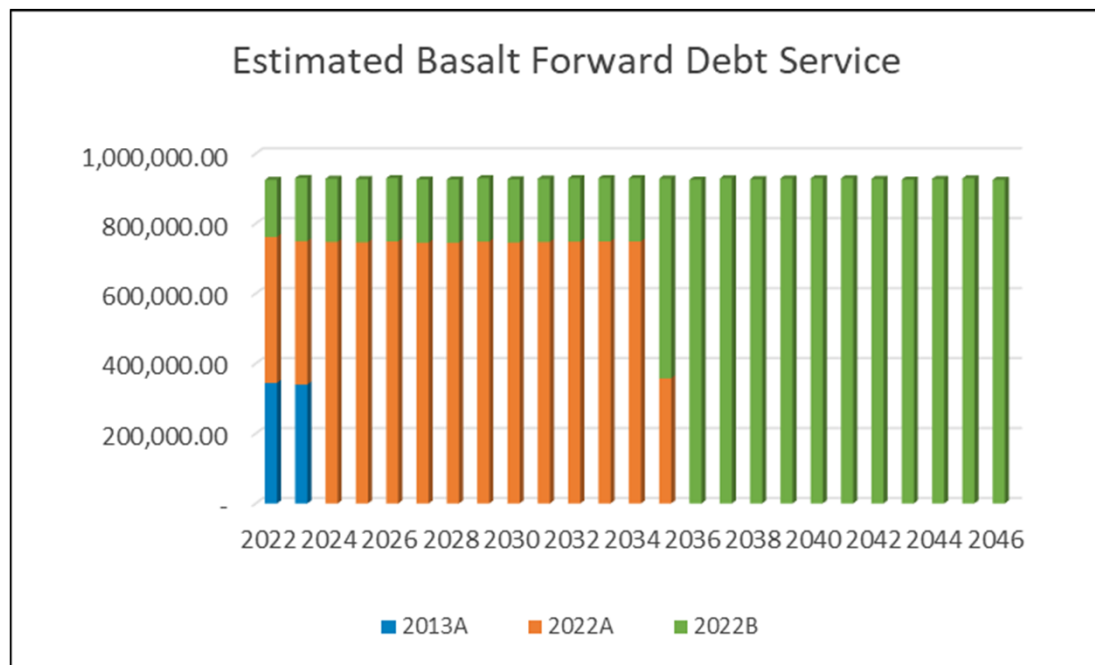


Basalt Forward Financing Plan

- Shorter-term taxable bonds sized to fund \$8M of project costs.
 - ✓ Flexibility in creating future public-private (or nonprofit) partnerships
 - ✓ Shorter term reduces the additional interest expense of taxable debt
- Longer-term tax-exempt bonds wrapped around taxable bonds.
 - ✓ Bank-qualified (BQ) tax-exempt rates are the lowest available to Town
 - ✓ Estimated \$9.25M of project funding – final amount to be determined



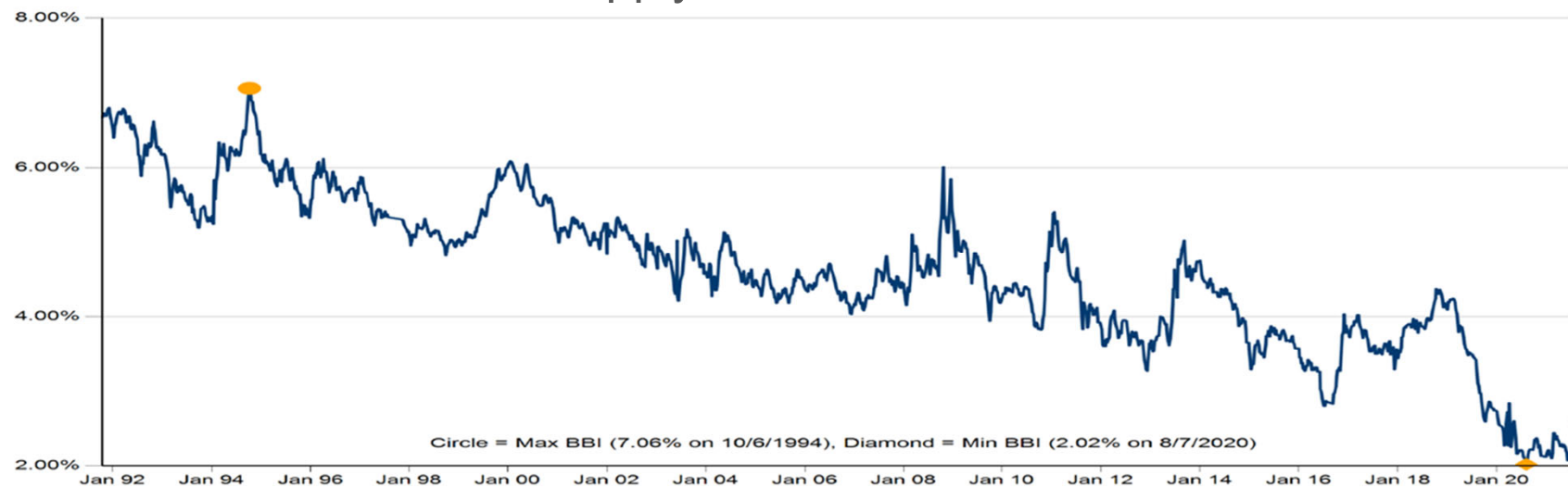
Basalt Forward Financing Plan





Municipal Bond Market Update

- No sustained evidence of interest rate increases due to market concerns about inflation and/or Federal Reserve policy.
- Continued lack of new supply to meet investor demand.





Next Steps

- 11/9: Council authorizes bond issuances to proceed.
- Week of 11/22: Preliminary Official Statement (POS) published.
- Week of 11/29: Town credit rating call with S&P Global.
- Week of 12/6: S&P credit rating report published.
- 12/15: Ehlers accepts competitive bond bids on Town's behalf; Butler Snow confirms conformity with parameters set on 11/9.
 - ✓ Town Manager accepts winning bids and final debt schedules.
- 1/6: Town closes both transactions with winning bidders.



Thank You

- Ehlers appreciates its longstanding financial advisory relationship with the Town and looks forward to helping you bring the Basalt Forward project financing plan to fruition.

- Please contact me with any questions:

Bruce Kimmel

(651) 697-8572

bkimmel@ehlers-inc.com

Town of Basalt, Colorado

\$8,160,000 Taxable General Obligation Bonds, Series 2022A

Assumes Current Market Taxable AA Rates

Sources & Uses

Dated 01/06/2022 | Delivered 01/06/2022

Sources Of Funds

Par Amount of Bonds	\$8,160,000.00
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Total Sources	\$8,160,000.00
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Uses Of Funds

Total Underwriter's Discount (1.000%)	81,600.00
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Costs of Issuance	74,000.00
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Deposit to Project Construction Fund	8,000,000.00
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Deposit to Project Fund	4,400.00
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Total Uses	\$8,160,000.00
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Town of Basalt, Colorado

\$8,160,000 Taxable General Obligation Bonds, Series 2022A

Assumes Current Market Taxable AA Rates

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/06/2022	-	-	-	-	-
12/01/2022	290,000.00	0.450%	127,041.15	417,041.15	417,041.15
06/01/2023	-	-	69,708.75	69,708.75	-
12/01/2023	270,000.00	0.700%	69,708.75	339,708.75	409,417.50
06/01/2024	-	-	68,763.75	68,763.75	-
12/01/2024	610,000.00	1.000%	68,763.75	678,763.75	747,527.50
06/01/2025	-	-	65,713.75	65,713.75	-
12/01/2025	615,000.00	1.200%	65,713.75	680,713.75	746,427.50
06/01/2026	-	-	62,023.75	62,023.75	-
12/01/2026	625,000.00	1.400%	62,023.75	687,023.75	749,047.50
06/01/2027	-	-	57,648.75	57,648.75	-
12/01/2027	630,000.00	1.600%	57,648.75	687,648.75	745,297.50
06/01/2028	-	-	52,608.75	52,608.75	-
12/01/2028	640,000.00	1.800%	52,608.75	692,608.75	745,217.50
06/01/2029	-	-	46,848.75	46,848.75	-
12/01/2029	655,000.00	1.950%	46,848.75	701,848.75	748,697.50
06/01/2030	-	-	40,462.50	40,462.50	-
12/01/2030	665,000.00	2.000%	40,462.50	705,462.50	745,925.00
06/01/2031	-	-	33,812.50	33,812.50	-
12/01/2031	680,000.00	2.050%	33,812.50	713,812.50	747,625.00
06/01/2032	-	-	26,842.50	26,842.50	-
12/01/2032	695,000.00	2.100%	26,842.50	721,842.50	748,685.00
06/01/2033	-	-	19,545.00	19,545.00	-
12/01/2033	710,000.00	2.150%	19,545.00	729,545.00	749,090.00
06/01/2034	-	-	11,912.50	11,912.50	-
12/01/2034	725,000.00	2.200%	11,912.50	736,912.50	748,825.00
06/01/2035	-	-	3,937.50	3,937.50	-
12/01/2035	350,000.00	2.250%	3,937.50	353,937.50	357,875.00
Total	\$8,160,000.00	-	\$1,246,698.65	\$9,406,698.65	-

Yield Statistics

Bond Year Dollars	\$64,226.67
Average Life	7.871 Years
Average Coupon	1.9410919%
Net Interest Cost (NIC)	2.0681420%
True Interest Cost (TIC)	2.0707297%
Bond Yield for Arbitrage Purposes	1.9308402%
All Inclusive Cost (AIC)	2.1992282%

IRS Form 8038

Net Interest Cost	1.9410919%
Weighted Average Maturity	7.871 Years

Town of Basalt, Colorado

\$9,445,000 General Obligation Bonds, Series 2022B

Assumes Current Market BQ AA Rates

Wrap - 25 Years

Sources & Uses

Dated 01/06/2022 | Delivered 01/06/2022

Sources Of Funds

Par Amount of Bonds	\$9,445,000.00
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Total Sources	\$9,445,000.00
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Uses Of Funds

Total Underwriter's Discount (1.000%)	94,450.00
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Costs of Issuance	95,000.00
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Deposit to Project Fund	9,255,550.00
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Total Uses	\$9,445,000.00
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Town of Basalt, Colorado

\$9,445,000 General Obligation Bonds, Series 2022B

Assumes Current Market BQ AA Rates

Wrap - 25 Years

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/06/2022	-	-	-	-	-
12/01/2022	-	-	163,183.85	163,183.85	163,183.85
06/01/2023	-	-	90,378.75	90,378.75	-
12/01/2023	-	-	90,378.75	90,378.75	180,757.50
06/01/2024	-	-	90,378.75	90,378.75	-
12/01/2024	-	-	90,378.75	90,378.75	180,757.50
06/01/2025	-	-	90,378.75	90,378.75	-
12/01/2025	-	-	90,378.75	90,378.75	180,757.50
06/01/2026	-	-	90,378.75	90,378.75	-
12/01/2026	-	-	90,378.75	90,378.75	180,757.50
06/01/2027	-	-	90,378.75	90,378.75	-
12/01/2027	-	-	90,378.75	90,378.75	180,757.50
06/01/2028	-	-	90,378.75	90,378.75	-
12/01/2028	-	-	90,378.75	90,378.75	180,757.50
06/01/2029	-	-	90,378.75	90,378.75	-
12/01/2029	-	-	90,378.75	90,378.75	180,757.50
06/01/2030	-	-	90,378.75	90,378.75	-
12/01/2030	-	-	90,378.75	90,378.75	180,757.50
06/01/2031	-	-	90,378.75	90,378.75	-
12/01/2031	-	-	90,378.75	90,378.75	180,757.50
06/01/2032	-	-	90,378.75	90,378.75	-
12/01/2032	-	-	90,378.75	90,378.75	180,757.50
06/01/2033	-	-	90,378.75	90,378.75	-
12/01/2033	-	-	90,378.75	90,378.75	180,757.50
06/01/2034	-	-	90,378.75	90,378.75	-
12/01/2034	-	-	90,378.75	90,378.75	180,757.50
06/01/2035	-	-	90,378.75	90,378.75	-
12/01/2035	390,000.00	1.400%	90,378.75	480,378.75	570,757.50
06/01/2036	-	-	87,648.75	87,648.75	-
12/01/2036	750,000.00	1.500%	87,648.75	837,648.75	925,297.50
06/01/2037	-	-	82,023.75	82,023.75	-
12/01/2037	765,000.00	1.600%	82,023.75	847,023.75	929,047.50
06/01/2038	-	-	75,903.75	75,903.75	-
12/01/2038	775,000.00	1.700%	75,903.75	850,903.75	926,807.50
06/01/2039	-	-	69,316.25	69,316.25	-
12/01/2039	790,000.00	1.800%	69,316.25	859,316.25	928,632.50
06/01/2040	-	-	62,206.25	62,206.25	-
12/01/2040	805,000.00	1.900%	62,206.25	867,206.25	929,412.50
06/01/2041	-	-	54,558.75	54,558.75	-
12/01/2041	820,000.00	2.000%	54,558.75	874,558.75	929,117.50
06/01/2042	-	-	46,358.75	46,358.75	-
12/01/2042	835,000.00	2.050%	46,358.75	881,358.75	927,717.50
06/01/2043	-	-	37,800.00	37,800.00	-
12/01/2043	850,000.00	2.100%	37,800.00	887,800.00	925,600.00
06/01/2044	-	-	28,875.00	28,875.00	-
12/01/2044	870,000.00	2.150%	28,875.00	898,875.00	927,750.00
06/01/2045	-	-	19,522.50	19,522.50	-
12/01/2045	890,000.00	2.150%	19,522.50	909,522.50	929,045.00
06/01/2046	-	-	9,955.00	9,955.00	-
12/01/2046	905,000.00	2.200%	9,955.00	914,955.00	924,910.00
Total	\$9,445,000.00	-	\$3,661,368.85	\$13,106,368.85	-

Yield Statistics

Bond Year Dollars	\$187,351.74
Average Life	19.836 Years
Average Coupon	1.9542754%
Net Interest Cost (NIC)	2.0046886%
True Interest Cost (TIC)	2.0085209%
Bond Yield for Arbitrage Purposes	1.9470837%
All Inclusive Cost (AIC)	2.0710576%

IRS Form 8038

Net Interest Cost	1.9542754%
Weighted Average Maturity	19.836 Years

Series 2022B GO Bonds - P | SINGLE PURPOSE | 11/3/2021 | 9:17 AM



Town of Basalt, Colorado

\$9,445,000 General Obligation Bonds, Series 2022B

Assumes Current Market BQ AA Rates

Wrap - 25 Years

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Existing D/S	Net New D/S
12/01/2022	-	-	163,183.85	163,183.85	761,691.15	924,875.00
12/01/2023	-	-	180,757.50	180,757.50	749,317.50	930,075.00
12/01/2024	-	-	180,757.50	180,757.50	747,527.50	928,285.00
12/01/2025	-	-	180,757.50	180,757.50	746,427.50	927,185.00
12/01/2026	-	-	180,757.50	180,757.50	749,047.50	929,805.00
12/01/2027	-	-	180,757.50	180,757.50	745,297.50	926,055.00
12/01/2028	-	-	180,757.50	180,757.50	745,217.50	925,975.00
12/01/2029	-	-	180,757.50	180,757.50	748,697.50	929,455.00
12/01/2030	-	-	180,757.50	180,757.50	745,925.00	926,682.50
12/01/2031	-	-	180,757.50	180,757.50	747,625.00	928,382.50
12/01/2032	-	-	180,757.50	180,757.50	748,685.00	929,442.50
12/01/2033	-	-	180,757.50	180,757.50	749,090.00	929,847.50
12/01/2034	-	-	180,757.50	180,757.50	748,825.00	929,582.50
12/01/2035	390,000.00	1.400%	180,757.50	570,757.50	357,875.00	928,632.50
12/01/2036	750,000.00	1.500%	175,297.50	925,297.50	-	925,297.50
12/01/2037	765,000.00	1.600%	164,047.50	929,047.50	-	929,047.50
12/01/2038	775,000.00	1.700%	151,807.50	926,807.50	-	926,807.50
12/01/2039	790,000.00	1.800%	138,632.50	928,632.50	-	928,632.50
12/01/2040	805,000.00	1.900%	124,412.50	929,412.50	-	929,412.50
12/01/2041	820,000.00	2.000%	109,117.50	929,117.50	-	929,117.50
12/01/2042	835,000.00	2.050%	92,717.50	927,717.50	-	927,717.50
12/01/2043	850,000.00	2.100%	75,600.00	925,600.00	-	925,600.00
12/01/2044	870,000.00	2.150%	57,750.00	927,750.00	-	927,750.00
12/01/2045	890,000.00	2.150%	39,045.00	929,045.00	-	929,045.00
12/01/2046	905,000.00	2.200%	19,910.00	924,910.00	-	924,910.00
Total	\$9,445,000.00	-	\$3,661,368.85	\$13,106,368.85	\$10,091,248.65	\$23,197,617.50

Significant Dates

Dated	1/06/2022
First Coupon Date	12/01/2022

Yield Statistics

Bond Year Dollars	\$187,351.74
Average Life	19.836 Years
Average Coupon	1.9542754%
Net Interest Cost (NIC)	2.0046886%
True Interest Cost (TIC)	2.0085209%
Bond Yield for Arbitrage Purposes	1.9470837%
All Inclusive Cost (AIC)	2.0710576%

IRS Form 8038

Net Interest Cost	1.9542754%
Weighted Average Maturity	19.836 Years