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MEMO

DATE: January 19, 2018
TO: The Board of Mayor and Aldermen (BOMA)
FROM: Joe Cosentini, Town Administrator
SUBJECT: Land Purchase

As reported on January 9th, the Town received a petition calling of a referendum of the bond issuance that was approved by BOMA in November, 2017. Encompass Land has informed us that they are unable to keep the properties under contract until May and have asked for consideration of alternative financing that will still allow the purchase to go through by the end of February. As a part of this consideration, Encompass is offering to pre-pay a portion of the tap fees that would be included as part of the purchase agreement. The purchase agreement between the Town and Encompass included an additional tap allocation of 285 for a project to be located on Sedberry Road and an additional 25 taps for Canterbury. Both allocation would be charged the current full wastewater impact fee of \$6,100 per tap. The offered pre-payment would be for \$3,600 of the \$6,100 fee and total \$1,116,000. The remaining portion of the fee would be collected at building permit as is the typical collection point for the remainder of the wastewater fee.

If this is agreeable to the BOMA, our financing for the land purchase would be organized as follows:

- Wastewater Fund would pay cash for the Hill Property (65.12 acres) at \$480,000
- Wastewater Fund would accept pre-payment of 310 taps in the amount of \$1,116,000 to be used toward the purchase of the 105 acres on the Alexander Property
- General Fund would finance through general obligation capital outlay notes an amount not less than \$1,509,000 to cover the remaining purchase

(Note: \$480,000 + \$1,116,000 + \$1,509,000 = \$3,105,000 Purchase Cost)

We have asked Raymond James to look at debt service estimates on the capital outlay note issuance. These numbers are attached for your review. The debt service payment would be budgeted for in our general fund and available cash in the wastewater fund would be reduced to just under \$2,000,000.

Staff will need the BOMA to authorize the preparation of a rescinding resolution for the bond issuance and an authorizing resolution for the issuance of general obligation capital outlay notes in an amount not less than \$1,509,000. These documents will be presented for approval at the February 13 BOMA meeting.

The purchase contract will also need to be amended with a revised closing date of on or before February 28 and the removal of the financing contingency as the capital outlay notes do not carry a protest provision.