

TOWN OF NEW BOSTON
New Boston Select Board
BOND HEARING

January 11, 2023

APPROVED

In attendance at the Whipple Free Library Community Meeting Room: Donna Mombourquette, David Litwinovich, and Jennifer Brown

Staff present: Paul Branscombe, Town Administrator; Jennifer Allocca, Finance Director

The New Boston Select Board will hold a Public BOND Hearing at 6:00 PM on Wednesday, January 11, 2023 at the Whipple Free Library Community Meeting Room regarding a bond in the approximate amount of \$7,900,000 for construction of a new Fire and Emergency Medical Services (EMS) Facility.

The public is invited to provide comments and input to the Select Board.

This public hearing is conducted under the provisions of RSA 33:8-a,I and 40:13, II-a. Notice of Public Budget Hearing

Chair Mombourquette opened the Bond Hearing with a Pledge of Allegiance.

Finance Director Jennifer Allocca explained that the proposed budget for this project is approximately \$7.9M. This is based upon projections and the types of costs being incurred nowadays. She explained that the Town has a couple of options for financing this bond. Most municipalities get their financing through conventional banks, but most banks have a 10-year maximum term for municipalities. The NH Bond Bank allow for 10-, 15-, or 20-year terms and, depending on the size of the project, a 25-year term as well. However, the bond term cannot be greater than the useful life of the project. If the project comes in under budget, due to potential grants or other sources of funding, the money would be used to make payments. She stated that the Town could consider splitting the bond into a bond for \$1M with a 10-year term through TD Bank, and a \$6.9M bond with a 20-year term through the NH Municipal Bond Bank. The rates through the Bond Bank for this loan, would be \$0.64 per thousand for the first year with a level debt schedule. The estimated rate through the Bond Bank is considered very conservative.

Tammy St. Gelais, NH Municipal Bond Bank, stated that the rate presented is a worst-case scenario. For a recent \$7M bond, the Bond Bank's rate came in at 3.44%.

Jennifer Allocca displayed the 10-, 15-, and 20- year rates through the Bond Bank. She also showed the differences between splitting the bond with TD Bank or seeking the entire \$7.9M through the Bond Bank.

Tammy St. Gelais explained that, if 10 years from now the rates are lower, the loan will be refinanced, and the savings returned to the Town. There are other types of financing through the Bond Bank, including level debt and level principal. Level principal has a bit higher tax rate per thousand. With a level debt loan, the Town would pay more in interest at the end of the loan, as it would be paying less principal at the beginning. With a level principal loan, the Town would

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pay more in principal, leading to a higher tax rate impact, but the principal would decrease throughout the life of the loan.

Bill McFadden, 110 Dane Road, asked what the overall interest is added to the proposed \$7.9M loan. Jennifer Allocca explained that, under the level principal plan, the \$7.9M loan would have an interest of \$4.9M, for a total of \$12,442,000 at 5.5%.

In response to a question from Bill McFadden regarding who decides which plan will be pursued, Jennifer Allocca explained that, per the warrant article language, this is left to the Select Board. The Town would also seek any other potential funding sources possible.

In response to a question from Bill McFadden regarding the fact that TD Bank currently offers the lowest interest rate, Jennifer Allocca stated that the entire loan could be run through TD Bank, but this can only be for a 10-year term, leading to a higher impact per thousand.

Mark Suennen, Twin Bridge Road, asked about the timeline for this process, if the warrant article passes. Tammy explained that applications are due April 28th. The application requires three years of audit materials. The group then provides a recommendation to its board. Bond council will then prepare loan agreements, beginning of May. Once the Select Board signs these, the Town can be locked in by June 19th. Bonds are sold on July 13th and proceeds are distributed on August 12th. If construction needs to start earlier, the Town could pursue a bond anticipation note.

Frank Welton, 111 Bog Brook Road, asked if the interest rate will be reduced after 10 years. Tammy stated that, after this time, the Bond Bank will refinance the whole series and any savings will be distributed to all communities. The interest rate will not change, but the payments will be lower. The Town cannot change to a different payment method, such as level principal, at that time. The method is locked in when the Select Board signs.

There was conversation, introduced by Bill McFadden, regarding an option for residents to be individual shareholders and loan money directly to the Town. Jennifer Allocca stated that this idea can be reviewed by Town Counsel.

H. ADJOURNMENT

The Bond Hearing was adjourned at 6:38pm.

Respectfully submitted,
Kristan Patenaude

Next Scheduled Meeting: January 17, 2023 (6:00 PM)

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84 **Whipple Free Library Community Meeting Room - New Boston, NH 03070**
85 **Phone: (603) 487-2500-www.newbostonnh.gov**
86 **Handicap Access available**