



Town of West Newbury

381 Main Street

West Newbury, Massachusetts 01985

Angus Jennings, Town Manager

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TO: Community Preservation Committee; Finance Committee

FROM: Angus Jennings, Town Manager

DATE: October 8, 2019

RE: Proposed funding, Soldiers & Sailors Memorial Building Preservation and Restoration

This memo is submitted to supplement the Application for Project Funding currently pending before the CPC, Project Name "Preservation and Restoration of the Soldiers & Sailors Memorial Building (Carr Post)."

At their regularly scheduled meeting on September 30th, the Board of Selectmen voted 3-0 to support a financing proposal comprised of \$250,000 from existing CPC funds with the balance of project costs proposed for borrowing. The source of proposed up-front funds will be proposed to comprise the entire balance in the CPA Historical reserve, as of June 30, 2019 (once that figure is verified by the Town Accountant), with the balance to come from CPA Undesignated funds. These numbers will be included in the Motion to be made at Town Meeting. As soon as I receive information regarding the June 30, 2019 balances I will provide them to the CPC and Finance Committee.

The Board's rationale for this funding structure is that the up-front funds would allow us to execute a contract for design services without waiting for the bonds to be issued, which at best would take a couple of months after the Town Meeting vote. Regarding borrowing the majority of funds, interest rates are low so it's a good time to borrow; and, the Board favors spreading the cost across a longer period of time so that future taxpayers are fairly charged for an asset/amenity that they would enjoy (rather than prior/current taxpayers bearing the full cost).

The enclosed amortization table was prepared by the Town's Financial Advisor Hilltop Securities, and estimates the annual debt service assuming 20-year borrowing at 2.5%.

The language of the proposed Town Meeting Warrant Article is attached, along with the latest draft of the Town Meeting Motion prepared by Bond Counsel and with edits by Town Counsel and the CPC Administrator.

Thank you for consideration of this proposal, which we understand will be taken up for continued consideration at the upcoming CPC meeting on Thursday, October 17th at 7:30 PM.

cc: Board of Selectmen; Carr Post Building Committee

DRAFT Town Meeting Warrant Article

ARTICLE 10. To see if the Town will vote to appropriate \$1,500,000.00, or any other amount, to pay costs of preserving, restoring and making extraordinary repairs to the Soldiers and Sailors Memorial Building (Carr Post), including but not limited to, interior and exterior preservation and restoration of the building, installation of a subsurface sewage disposal system, installation of walkways and signage, hazardous materials remediation, replacement of electrical, plumbing, HVAC and fire alarm systems, and for the payment of all other costs incidental and related thereto; to determine whether this amount shall be raised by taxation, transfer from available funds, including amounts in the Community Preservation Fund, borrowing or otherwise, or to take any other action relative thereto. By request of the Board of Selectmen and the Community Preservation Committee

DRAFT Town Meeting Motion

Motion: That the Town vote to appropriate \$1,500,000 to pay costs of preserving, restoring and making extraordinary repairs to the Soldiers and Sailors Memorial Building (Carr Post), including but not limited to, preservation and restoration of the building, installation of a subsurface sewage disposal system, installation of walkways and signage, hazardous materials remediation, replacement of electrical, plumbing, HVAC and fire alarm systems, and for the payment of all other costs incidental and related thereto, and that to meet this appropriation, (i) a total of \$250,000, comprised of \$_____ from Historic Preservation Reserve, and \$_____ from Undesignated Fund Balance, shall be transferred from amounts in the Community Preservation Fund, and (ii) the Treasurer, with the approval of the Board of Selectmen, is authorized to borrow \$1,250,000 under and pursuant to M.G.L. c. 44, §7(1), M.G.L. c. 44B (the Community Preservation Act), or pursuant to any other enabling authority, and to issue bonds or notes of the Town therefor. Any premium received upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with M.G.L. c. 44, §20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount.

Town of West Newbury, Massachusetts

Projected Historic Building Costs:	\$ 1,500,000	(TBD)
Less: CPA Fund Balance Applied	250,000	
Total Borrowing:	\$ 1,250,000	
Projected Interest Rate on Bonds:	2.50%	
CPA Surcharge Receipts (FY 2019):	327,336	
10% Commitment to Open Space:	32,734	
10% Commitment to Historic Resource:	32,734	
10% Commitment to Affordable Housing:	32,734	
CPA State Matching Funds (FY 2018):	102,706	
Total CPA Revenues (FY 2018):	\$ 430,042	

Community Preservation Act Debt Model - Level Debt Service

					E				F	G		H		I
(A+B+C)					Additional Commitment of Surcharge Receipts			(\$327,336 Annual Surcharge - (D+E))	(Annual Surcharge - E - H)					
Fiscal Year	Existing Open Space Debt Service	Plus: Existing Historic Resource Debt Service	Plus: Existing Affordable Housing Debt Service	Equals: Total Existing Debt Service Supported by CPA Revenues	Additional Open Space Surcharge Commitment to Meet 10% Requirement	Additional Historic Resource Surcharge Commitment to Meet 10% Requirement	Additional Affordable Housing Surcharge Commitment to Meet 10% Requirement	Annual CPA Surcharge Coverage Available for Projected Debt Service	Projected Debt Service (see page 2)	Total Existing + Projected Debt Service Supported by CPA Revenues	Estimated Coverage of CPA Surcharge Revenues over (less) CPA Commitments + Projected Debt Service	Fiscal Year Ending		
2020	-	-	-	-	32,734	32,734	32,734	229,135	-	-	229,135	6/30/2020		
2021	-	-	-	-	32,734	32,734	32,734	229,135	81,250	81,250	147,885	6/30/2021		
2022	-	-	-	-	32,734	32,734	32,734	229,135	80,000	80,000	149,135	6/30/2022		
2023	-	-	-	-	32,734	32,734	32,734	229,135	78,750	78,750	150,385	6/30/2023		
2024	-	-	-	-	32,734	32,734	32,734	229,135	82,500	82,500	146,635	6/30/2024		
2025	-	-	-	-	32,734	32,734	32,734	229,135	81,125	81,125	148,010	6/30/2025		
2026	-	-	-	-	32,734	32,734	32,734	229,135	79,750	79,750	149,385	6/30/2026		
2027	-	-	-	-	32,734	32,734	32,734	229,135	78,375	78,375	150,760	6/30/2027		
2028	-	-	-	-	32,734	32,734	32,734	229,135	82,000	82,000	147,135	6/30/2028		
2029	-	-	-	-	32,734	32,734	32,734	229,135	80,500	80,500	148,635	6/30/2029		
2030	-	-	-	-	32,734	32,734	32,734	229,135	79,000	79,000	150,135	6/30/2030		
2031	-	-	-	-	32,734	32,734	32,734	229,135	77,500	77,500	151,635	6/30/2031		
2032	-	-	-	-	32,734	32,734	32,734	229,135	81,000	81,000	148,135	6/30/2032		
2033	-	-	-	-	32,734	32,734	32,734	229,135	79,375	79,375	149,760	6/30/2033		
2034	-	-	-	-	32,734	32,734	32,734	229,135	77,750	77,750	151,385	6/30/2034		
2035	-	-	-	-	32,734	32,734	32,734	229,135	81,125	81,125	148,010	6/30/2035		
2036	-	-	-	-	32,734	32,734	32,734	229,135	79,375	79,375	112,109	6/30/2036		
2037	-	-	-	-	32,734	32,734	32,734	229,135	82,625	82,625	115,359	6/30/2037		
2038	-	-	-	-	32,734	32,734	32,734	229,135	80,750	80,750	113,484	6/30/2038		
2039	-	-	-	-	32,734	32,734	32,734	229,135	78,875	78,875	111,609	6/30/2039		
2040	-	-	-	-	32,734	32,734	32,734	229,135	82,000	82,000	114,734	6/30/2040		
Total	\$ -	\$ -	\$ -	\$ -					\$ 1,603,625	\$ 1,603,625				

Assumptions:

✦ Projections include CPA revenues for FY 2019.

Title:

Town of West Newbury, Massachusetts
Community Preservation Act Debt Model - Level Debt Service
General Obligation Bonds Dated 2/15/20

LEVEL DEBT SERVICE SCHEDULE

<u>Fiscal Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total P+I</u>
6/30/2021	50,000	2.50%	31,250	81,250
6/30/2022	50,000	2.50%	30,000	80,000
6/30/2023	50,000	2.50%	28,750	78,750
6/30/2024	55,000	2.50%	27,500	82,500
6/30/2025	55,000	2.50%	26,125	81,125
6/30/2026	55,000	2.50%	24,750	79,750
6/30/2027	55,000	2.50%	23,375	78,375
6/30/2028	60,000	2.50%	22,000	82,000
6/30/2029	60,000	2.50%	20,500	80,500
6/30/2030	60,000	2.50%	19,000	79,000
6/30/2031	60,000	2.50%	17,500	77,500
6/30/2032	65,000	2.50%	16,000	81,000
6/30/2033	65,000	2.50%	14,375	79,375
6/30/2034	65,000	2.50%	12,750	77,750
6/30/2035	70,000	2.50%	11,125	81,125
6/30/2036	70,000	2.50%	9,375	79,375
6/30/2037	75,000	2.50%	7,625	82,625
6/30/2038	75,000	2.50%	5,750	80,750
6/30/2039	75,000	2.50%	3,875	78,875
6/30/2040	80,000	2.50%	2,000	82,000
Total	1,250,000		353,625	1,603,625