

*MINUTES OF THE
BUILDING AUTHORITY OF COLUMBUS*

August 21, 2019

Deputy City Manager Conference Room - CCG Annex Building, 420 10th Street

MEMBERS PRESENT: Vincent Allen, Board Chairman; Angelica Alexander, Board Secretary/Treasurer; Renee Sturkie, Assistant Board Secretary; Christopher Smith, Board Member

MEMBERS ABSENT: Leila Carr, Vice Chairman; Olive Vidal-Kendall, Assistant Board Secretary

OTHERS ATTENDING: Pamela Hodge, Deputy City Manager; Emma McCabe, Recording Secretary; Glen Arrington, Recording Secretary

COUNSELORS: Rob McKenna, Board Counsel; Courtney Rogers, Financial Advisor

CALL TO ORDER:

Board Chairman, Vincent Allen, called the August 21, 2019 meeting of the Building Authority of Columbus to order. A quorum was present and notice was given regarding attendance.

INFORMATIONAL ITEMS:

a. Presentation for Bond Refinancing – Davenport & Company

Courtney Rogers presented to the board. Today the board was presented with a refinancing opportunity. Basically, two years ago when congress redid the Tax Act and lowered the tax rate for corporations, one of the things they did in order to help pay for it is they did away with the ability for local governments to advance refund – meaning refinance in advance of the call date. The bonds we’re looking to refund today are not callable until January 1 of 2020. Under the IRS rules, we’re going to do what’s called a current refunding – meaning we can refinance within 90 days of the call date. We can call these bonds just inside of October 1. So we have a schedule set up to go to New York next week and talk to the bond rating agencies. This is going to be a public sale. We’ll sell the bonds and actually close in October. We’ve hit a great tail wind because interest rates have been down. Mr. Rogers showed the board trends of the market over the past 20 years.

The refund opportunity is three fold:

1. When we put this together for council last week, we were only looking at 2010B and 2010C. The loan that was approved last time we met, we now can refinance that as well, as we realized at the last minute and council approved in a verbal vote to add that to the ability for us to refinance.
2. Since the 2018 bond was a bank placement, the call date is at any time. So we’re actually going to lower the interest rate on those as well. We won’t extend them at all. We did tenure bonds.
3. These bonds (2010C) were actually issued as taxable bonds (Build America Bonds). They were trying to get the economy going again. They were trying to incentivize. They offered a subsidy and made it a little bit better than tax exempt bonds. So now it’s like 32%. So we’re actually going to take these out of tax exempt bonds. Final maturity is 2024.

There’s a multitude of projects – fire stations, 6th avenue abatement, City Services Center, natatorium parking garage – so right now, it’s just shy of \$75M outstanding. Based upon our analysis, we could almost take \$10M out. Based upon today’s rates...almost \$.5 million a year of

real budgetary savings. Typically, when we're looking at refinancing, we try to do what's called a net present value divided by the amount we're refunding. 3% is kind of the rule of thumb as to whether it makes sense to do this now or no. And we're well above that number. With the remaining 10 years of this loan, we're looking at interest rates below 3% and we may even be below 2.5%.

Where we are is we wanted to bring to you the council approved requesting resolution which says yes the board can move forward with this. We feel it's very important to keep the momentum of trying to get a bond rating higher and talking to them. We're hoping to get the ratings back September 11. What we do is put these out for any of the any of the large firms on Wall Street, Chicago to actually buy the bonds. We do validation afterwards. We need 90 minutes. And then we close. We're scheduled to lock in the rates on September 24 at 11:00 AM. The company will send us "good faith funds". We can meet at 2:00 PM in the Annex Conference Room before the council meeting at 5:30 PM.

The floor was open for discussion.

ACTION ITEMS:

a. Approval of Bond Resolution for Series 2019 Bond

Board Chairman, Allen moved the meeting to review the Resolution of the Columbus Building Authority declaring its intent to issue its lease revenue refunding bonds. The members of the board reviewed the bond. Rob McKenna gave an overview of the resolution. With no questions or request to make any changes, a motion to approve the resolution was made by Renee Sturkie. Christopher Smith seconded the motion. A vote was held and the resolution was unanimously approved.

b. Approval of November 26, 2018 CBA Board Meeting Minutes

Board Chairman, Allen moved the meeting to review the CBA Board Meeting Minutes from the November 26, 2018 meeting. The members of the board reviewed the minutes. With no questions or requests to make any changes, a motion to approve the minutes was made by Renee Sturkie. Christopher Smith seconded the motion. A vote was held and the resolution was unanimously approved.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

The meeting was adjourned.

Glen Arrington

Glen Arrington

Recording Secretary