



# Bond Sale Summary

## March 14, 2022

Jim Gavin, Town Treasurer

Kathy Foley, Assistant Town Treasurer

Pam Dukeman, Assistant Town Administrator/Finance  
Director

## Credit Rating – AAA Rating Reaffirmed

- Prior to the bond sale, Town underwent an updated credit review with Standard & Poors (S&P)
  - Last full credit review March 2021
- Process includes rigorous review of finances and financial practices
  - Finance and Town Management Team made comprehensive presentation
  - Significant financial materials sent to S&P
    - CAFR, Budget Documents
    - Financial Policies
    - OPEB and Capital materials
  - S&P review included:
    - Reserve Balances
    - OPEB Efforts
    - Ability to sustain financial practices
    - Budget Policies
    - Debt and liability position.
    - Adherence to financial policies
    - Collection Rates
    - Budget monitoring control
    - Reinvestment in assets
    - COVID response

## Credit Rating – AAA Rating Reaffirmed

- Credit Review Result – AAA rating reaffirmed
- S&P reaffirms the Town’s AAA Rating, citing the following areas:
  - Conservative approach to budget management,
  - Very Strong Management, with strong financial policies and practices,
  - Strong Budgetary performance and Very strong budget flexibility,
  - Very Strong Liquidity,
  - Very Strong Debt and contingent liability position.
- This is an excellent rating for a small community, reflects well on the work done by the Town, including the Select Board, Finance and Warrant Commission, other appointed and elected officials and Boards, our management and staff and our residents, who all contribute to the work required to obtain this rating.
- Approximately 20% of communities in Massachusetts hold AAA ratings with S&P.
- A high rating helps the Town issue debt at the lowest possible interest rate and save money for our residents.

## Long Term Bond Sale - \$7.1M, very low interest rate

- The Town sold a long term bond for \$ 7.1M
  - The original bond offering was resized (reduced by premium received) to \$6,380,000
  
- Competitive sale on March 8, 2022:
  - 3 bids received,
  - Winning bid: Fidelity Capital Markets
  - Net Interest rate of 2.27%

# Long Term Bond Sale - Very low interest rate

The long term bond is for:

General Fund:

	<u>Resized Bond</u>
• Road Improvement Bond \$4.65M – ATM 2020 (10 year term)	\$4,606,500
• DPW Roadside Sweeper \$250K – ATM 2021	\$0
• Fire Multi-purpose Vehicle \$400K – ATM 2021	\$0

New Hanlon/Deerfield School Project:

• Debt issued is net of MSBA reimbursement	
• Feasibility – ATM 2018 (30 year term)	\$906,168
• Approved funding \$1,750,000	
• Design “Bridge” funding – ATM 2021 (30 year term)	\$867,332
• Approved funding \$1,460,000	

Total Bond \$6,380,000

## BAN Sale - \$4M sold at very low rate

- The Town sold a 4 month \$4M short term note
- Competitive sale on March 8, 2022:
  - 3 bids received
  - Winning bid: TD Securities
  - Net Interest Cost: .88%
- This note is for short term funding for:
  - \$4M is funding for cash flow for Hanlon/Deerfield school project.
- The note will be rolled into long term funding July 2022.

## Debt Sale Status

- With this sale, remaining debt authorized but not yet issued:
  - Hanlon/Deerfield Construction, which is \$84M gross, less MSBA reimbursement.

### This Bond Issue:

- The debt service for the Road Bond will start in FY23.
  - This debt fits into the roll off of the \$4.6M bond issued in FY2012, which ends in FY22

### Future Bond – School

- The Treasurer will issue long term debt in July 2022 for the Hanlon/Deerfield project.
  - School debt service will begin in FY24.
  - That follows the roll off of the 20 year High School bond which ends in FY23.

