



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Council Meeting Staff Report

August 29, 2017

Agenda No.: A.
Indexes (Council Goals):
Presenters: Helen Perraglio
Legislative File: OR0776-17b

Title

Approval of Incorporated County of Los Alamos, New Mexico Ordinance No. 672; An Ordinance Authorizing the Execution and Delivery of a Loan Agreement and Intercept Agreement by and Between the Incorporated County of Los Alamos, New Mexico (the "Governmental Unit") and the New Mexico Finance Authority (the "Finance Authority"), in the Principal Amount of \$4,331,349.00 for the Purpose of Refunding Finance Authority Loan No. 1898-PP for the Governmental Unit, Paying a Loan Processing Fee and Funding a Loan Agreement Reserve Account, and Evidencing the Special Limited Obligation of the Governmental Unit to Repay the Principal Amount of \$4,331,349.00, Together with Interest Thereon; Providing for the Pledge and Payment of the Principal and Interest Due Under the Loan Agreement Solely from the First One-Sixteenth of One Percent Increment of Environmental Services Gross Receipts Tax Imposed Pursuant to Section 7-20E-17, NMSA 1978, and Distributed to the Governmental Unit by the State Taxation and Revenue Department; Providing for the Distribution of Environmental Services Gross Receipts Tax to be Redirected by the State Taxation and Revenue Department to the Finance Authority or its Assigns for the Payment of Principal and Interest Due on the Loan Agreement Pursuant to an Intercept Agreement; Ratifying Actions Heretofore taken: Repealing all Action Inconsistent with this Ordinance; and Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement and Intercept Agreement.

Recommended Action

I move that Council Approve Incorporated County of Los Alamos Ordinance No. 672, and authorize the Chair in executing the necessary closing documents thereafter.

County Manager Recommendation

The County Manager recommends that Council approve the ordinance as presented, and execute the Loan Agreement once NMFA has provided the finalized interest rate.

Body

In May 2007 the County entered into a loan agreement with the New Mexico Finance Authority (NMFA) to fund the construction of the Los Alamos County Eco Station. The original loan was for \$5,861,189 with a 27 year term at an interest rate on 4.06%. Current rates offered by NMFA for refunding the loan are approximately 2.5% making it financially advantageous to refund the remaining 17 year term of the loan. Specific repayment terms are subject to fluctuations in interest rates, but the most current projection provided by NMFA on August 23, 2017 shows that refunding would save more than \$30,000 in interest cost per year, with an estimated Net Present Value Savings to the County of approximately \$531,000 over the remaining term of the Loan. The term of the loan will not change and will retire by May 1, 2034.

Pursuant to Incorporated County of Los Alamos Resolution No. 17-04, approved by County Council on April 4, 2017, the Finance Division applied to NMFA for refunding of loan #1898-PP. The application was approved by the Board of the NMFA at its May 2017 meeting.

Please note that at the time of introduction of this Ordinance, the preliminary loan principal amount

was \$4,443,047.00. As of August 23, 2017 the final principal amount was reduced to \$4,331,349.00 due to excess reserves applied to the refunding. This principal amount is the final amount and is not subject to change after the adoption of the Ordinance.

Please also note that at the time of introduction of this Ordinance, a Draft Loan Agreement contained preliminary amounts and dates. These amounts and dates were updated on August 23, 2017 and the final interest rate may be subject to minor fluctuations prior to the final locked in blended rate at time of closing. This will be included as Exhibit A of the Final Loan Agreement. In addition, the loan repayment schedule will be attached as Exhibit B of the Final Loan Agreement at time of closing.

This ordinance authorizes the refunding of NMFA loan #1898-PP. The Ordinance must be adopted by the affirmative vote of at least a three fourths (3/4) majority of all of the members of the Governing Body.

Alternatives

If the County does not pursue the refunding, the existing loan repayment schedule and intercept agreement would remain in effect. The savings of approximately \$30K per year would not be realized over the remaining 17 years of the loan.

Fiscal and Staff Impact/Planned Item

Staff impact is minimal. The proposed refunding is projected to reduce debt service costs by approximately \$30,000 per year.

Attachments

- A - The Revised Final Incorporated County of Los Alamos, New Mexico Ordinance No. 672
- B - Revised Final Loan Agreement
- C - Publication Notice