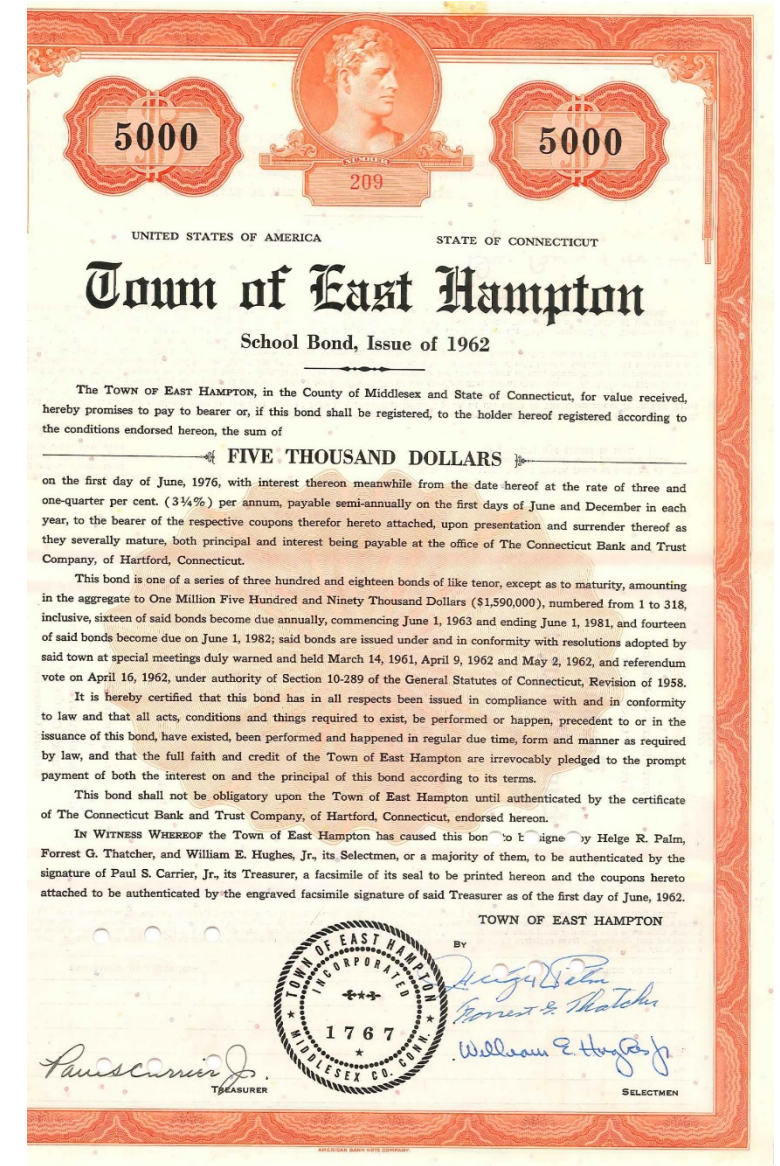
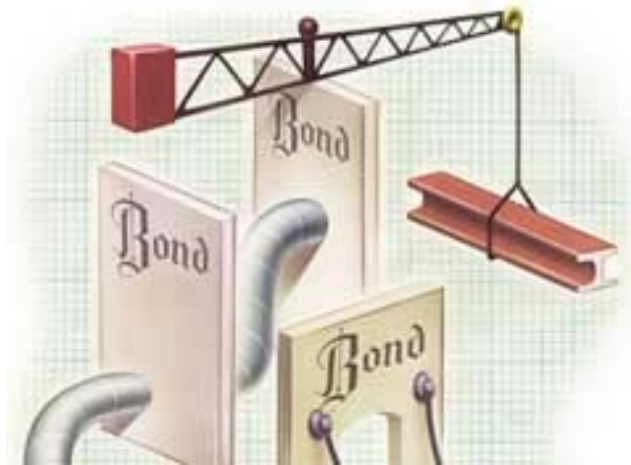


Town Hall / Police Facility



How do we finance the project?



Bonds 101

What is a Municipal Bond?

A municipal bond is a debt security issued by a public entity to finance (new money) or refinance (refunding) capital expenditures. Similar to a mortgage. The Town takes money from a lender and agrees to pay it back over time with interest.

Who issues bonds?

*States

*State Authorities

*Counties

*Cities/Towns

*School Districts

*501-c-3 Organizations

Who regulates the bonds?

MSRB administers regulations by SEC in relations to Municipal Bonds.

What Does Standard & Poor's Have To Say About East Hampton?

- Very strong economy;
- Strong management, with good financial policies and practices;
- Strong budgetary performance, with balanced operating results in the general fund and a slight operating surplus at the total governmental fund level;
- Strong budgetary flexibility, with an available fund balance in fiscal 2016 of 11.2% of operating expenditures;
- Very strong liquidity and access to external liquidity that we consider strong;
- Very strong debt and contingent liability profile as well as low overall net debt at less than 3% of market value; and
- Strong institutional framework score.

Why does a AAA bond rating matter?

- Savings on the interest cost for the project
- The difference between a AAA and a AA will yield a total interest savings of approx. \$500K
- The difference between a AAA and a A will yield a total interest savings of approx. \$1.1M
- Current interest rates for bonds
 - AAA National 20 Year 2.55
 - AA National 20 Year 2.80
 - A National 20 Year 3.10

High School Recap

December 2014
\$15,000,000 Notes
0.220% Int. rate

December 2016
\$7,000,000 Notes
1.120% Int. rate

December 2015
\$20,000,000 Bonds
2.55% Int. rate
\$5,000,000 Notes
0.620% Int. rate

September 2017
\$6,700,000 Bonds
\$1,200,000 Notes



Looking Back at the High School Project

- Revised cost for the average taxpayer is \$362 less than originally estimated.
- Estimates are realistic
- We have already issued \$20M
- An additional \$6.7M will be sold August 30, 2017

	Original Estimate	Revised Estimate
Total Debt Issued	\$28,342,855	\$26,700,000
Total Average Cost	\$6,114	\$5,752
Annual Average	\$306	\$288

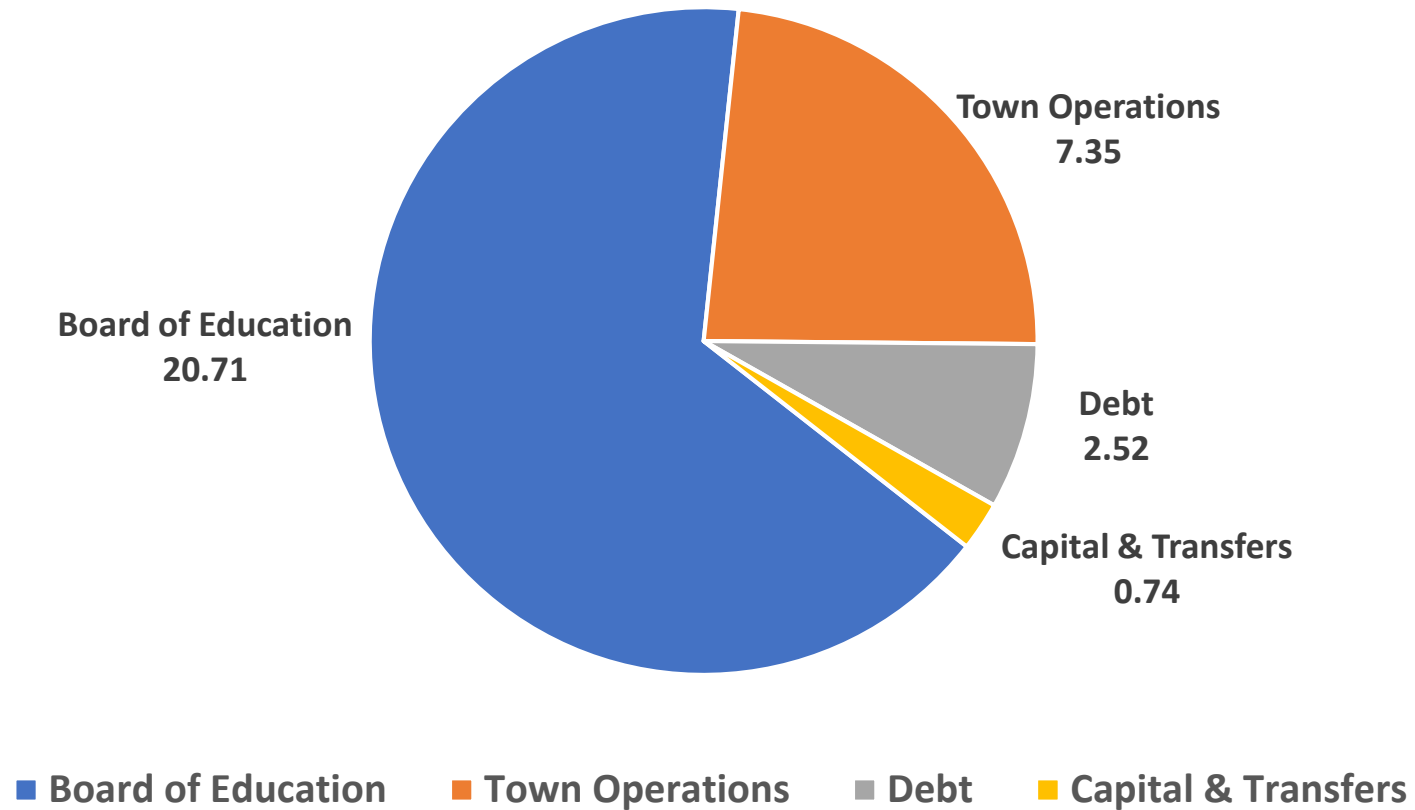
Looking Ahead at the Town Hall / Police Project

- Assumptions
 - Interest rate of 3.5%
 - 0.50% Grand List Growth
- First principal payment in 2022
- Net mill increase Yr. 1 – 1.24

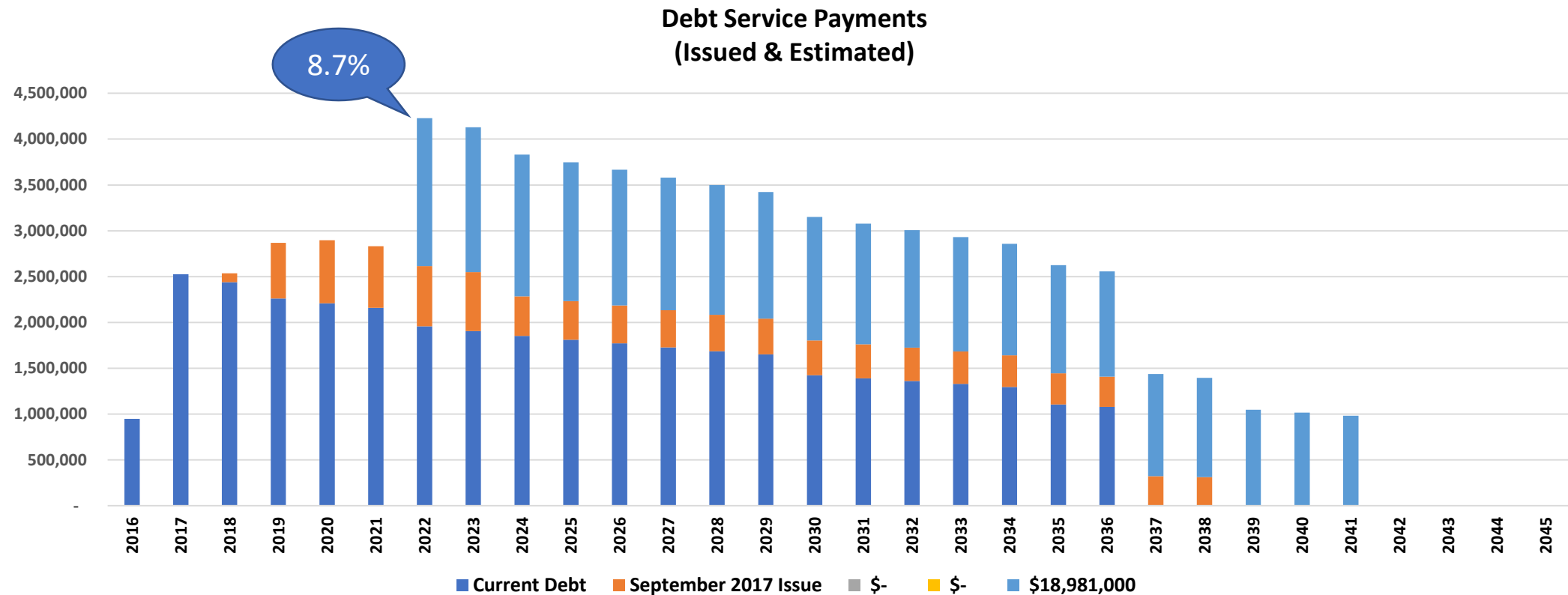


Assessed Value	Average Annual Cost	Average Monthly Cost
\$150,000	\$165	\$13.78
\$184,000	\$203	\$16.90
\$200,000	\$220	\$18.37
\$250,000	\$276	\$22.97
\$300,000	\$331	\$27.56
\$350,000	\$386	\$32.15
\$450,000	\$496	\$41.34
\$500,000	\$551	\$45.93

Fiscal Year 2018 Budget (31.32 Mill Rate)



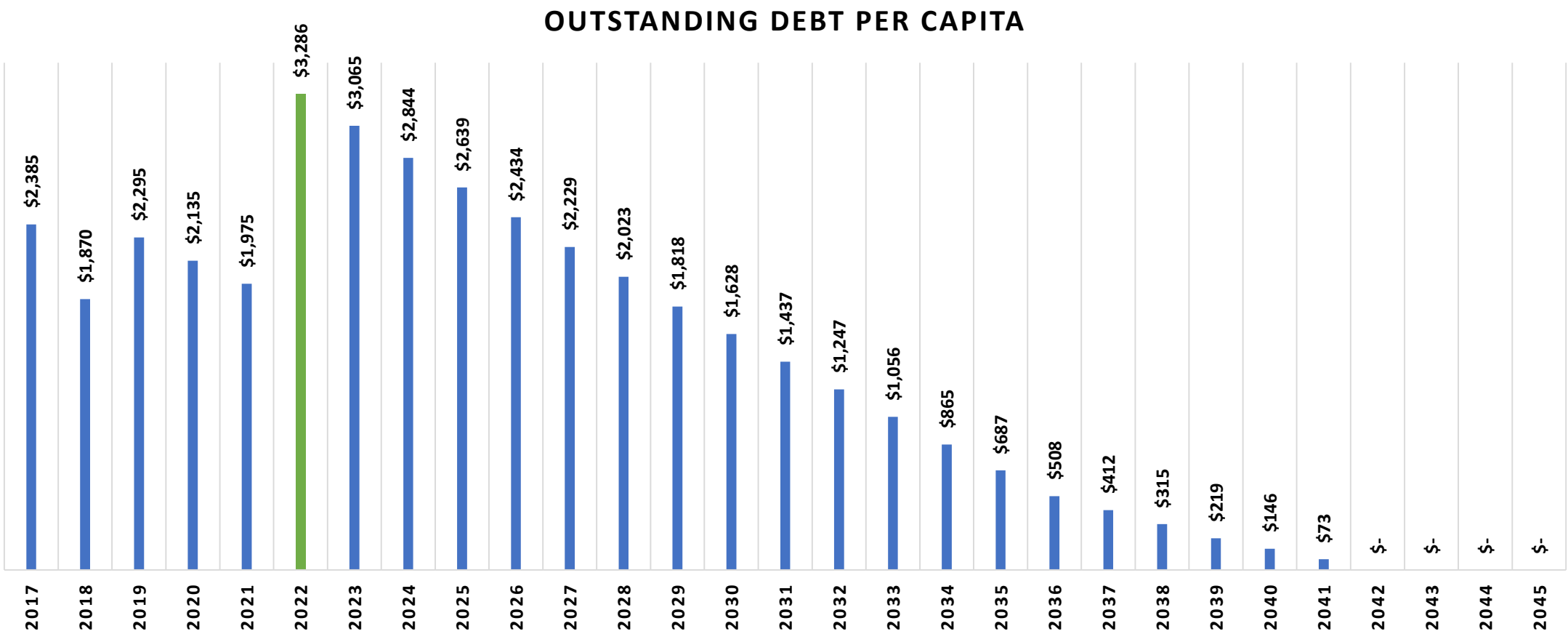
Current and Future Debt



In 2022 debt payments are estimated to be 8.7% of total general fund expenditures.

- Below 8% is considered low
- 8-15% is moderate

Debt Per Capita



Low: \$1,000-\$2,000 Moderate: \$2,000-\$5,000

Thank you

Jeff Jylkka

jjylkka@easthamptonct.gov