



WORKSHOP DISCUSSION

PUBLIC FINANCING OPTIONS FOR CITY HALL



OVERVIEW

- Update on discussion from April 2021 Council meeting
- Bond 101 Presentation – John Peterson, Piper Sandler
- Proposed process and timeline
- Discussion and Questions

PICK UP WHERE YOU LEFT OFF....

- In April 2021, Interim City Manager John Kunkle presented the following list of funding options for the City Hall project:
 - USDA Loans
 - Private Banks
 - Municipal Finance Companies
 - General Obligation Bonds
 - Borrowing from the Water Fund
- Manager Kunkle recommended, and Council supported him to pursue a USDA loan.

USDA LOAN – FROM APRIL PRESENTATION

- Current interest rate Manzanita would qualify for is 2.25%
- Serves rural cities of less than 20,000 population, with special consideration of cities less than \$5,000 population
- Loan/grant are available where up to 55% of the cost is a grant
- Up to 40 year repayment term
- No prepayment penalty
- There must be “no other method of financing available”
- Must show how loan repayment will be made
- There is a cash match (determined by project cost)
- At current rates, a 40 year \$3.5m annual debt service would be \$133,621

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Longer term is good for lower debt service payment, but it can be more expensive in the long run.

POTENTIAL FINANCING OPTIONS

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- Municipal Finance Companies – **Full Faith and Credit Obligation**
- General Obligation Bonds
- Borrowing from the Water Fund

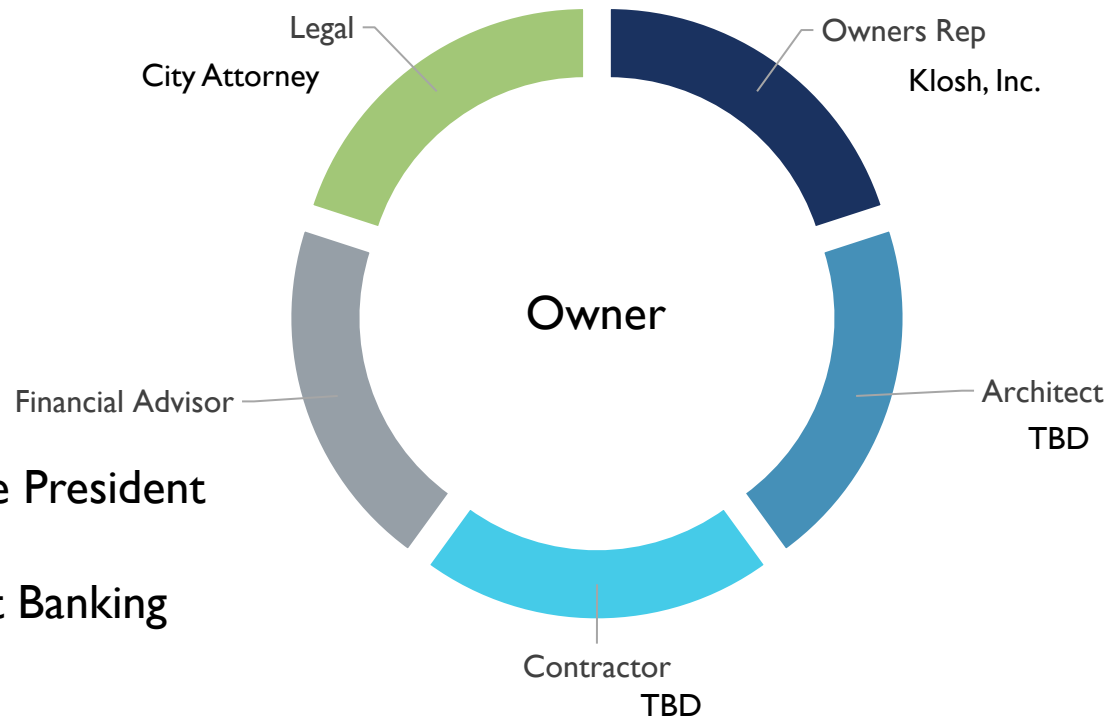
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THE PROJECT TEAM



John Peterson, Senior Vice President
Piper Sandler
Public Finance Investment Banking