

**Leyden Broadband Committee Meeting
Minutes of Meeting with Clark Rowell
June 16, 2016**

Committee members present: Lance Fritz, Tom Luck and Bob Ryan

Others Present: Bob Hardesty

The meeting began at 1pm.

Clark Rowell is from UniBank Fiscal Advisory Services, which is the firm the Town has retained as its Financial Advisor. The purpose of this meeting was to discuss the Town of Leyden's ability to finance its proposed broadband project and what steps we should be taking now to do so.

It was Clark's opinion that the town should be able to obtain funding and he recommended using the Massachusetts "State House Loan Program" to do so. He felt that issuing a 20 year underwriting for a borrowing of our size (under a million dollars) would be too expensive. He pointed out that a 20 year bond issue would require significantly heavier upfront bond counsel cost as well as ongoing full annual audits (\$12-15K/year) for 20 years. In either scenario we will need bond counsel and Clark has recommended Richard Manley of Locke Lord LLP, 111 Huntington Ave, Boston.

The State House Loan Program allows the Town to issue either 1-year Bond Anticipation Notes (BANs) at a variable rate (currently 0.8% annually) that are renewable for up to five consecutive years, or a five-year fixed rate State House Note (currently 2.5% annually). Late last year the Governor filed a bill which is now before the legislature ("An Act to Modernize Municipal Finance and Government") which would extend the ability to consecutively use 1-year variable rate BANs from 5 years to 10 years and it is expected that this bill will pass. Clark envisions the Town of Leyden's funding to be amortized over 15 years in the form of ten 1-year renewable BANs followed by a 5-year (or longer if then allowed) fixed rate State House Loan Note. The annual cost to the Town to go to a payback of 15 years instead of the 20 years on which we have based our projections would be approximately \$78K. This would be \$15K more annually (assuming the same 3.5% interest rate) than the \$63K of debt service previously projected.

The issuance cost for Clark to do a 1-year renewable note would be \$525 and his cost to do a five-year serial note would be \$1,000.

We also discussed the fact that there is a USDA Farm Bill Broadband Loan and Loan Guarantees program that we are also considering. This program can be amortized over 17-20 years. The program has minimal bond counsel cost but may require full annual audits. The real advantage of this program is the ability to lock in a low fixed rate for 17-20 years (currently 3-3.5%/annum). We have asked Clark to look into this program on our behalf.

Meeting adjourned at 3:30 pm

Respectfully submitted,

Bob Ryan, Chair