



Published August 16th, 2023

Town Council approves Municipal Advisory Services for potential refunds review

By Vera Kochan

The Town Council authorized staff to conduct a Request for Proposals in the search for a qualified firm to perform Municipal Advisory Services with regards to potential refunding of Moraga's 2013 Public Infrastructure Projects Certificates of Participation.

The July 12 staff report by Administrative Services Director Annie To referred to the November 2012, voter approved, Measure K. Moraga's 1% General Sales Tax, with a 20-year term, will sunset in 2033. COPs totaling \$7.72 million were issued to help fund a variety of public infrastructure improvement projects. According to the report, "these COPs are secured by annual budget appropriations from the Town's General Fund, with the understanding that Measure K revenues will be used to make the annual COPs debt service payments."

At first, Measure K was expected to generate approximately \$1 million in annual revenues, but the collections have exceeded the initial revenue estimate, and using Fiscal Year 2021-22 as an example, have amounted to \$2.66 million.

"Currently, the outstanding COPs total \$4.65 million, with an average coupon (interest rate) of 4.86% and a final maturity date of April 1, 2033," explained To. "These COPs are now eligible to be refunded (refinanced) through a tax-exempt 'current refunding' process, allowing for replacement with new bonds at a lower interest rate." In order to take advantage of any possible refunds, staff's research led them to the conclusion that the Town would be best served through an outside, independent, municipal financial advisory firm.

Staff advised council members that there's no time like the present to begin the process before the Federal Reserve Board decides to raise interest rates even further. RFPs were issued by July 25, and were expected to be received by Aug. 11, at which point the applicants will be reviewed by Town Manager Scott Mitnick, Public Works Director/Town Engineer Shawn Knapp and To. The final recommendation will go before the town council for approval.

"The Town annually spends approximately \$600,000 on principal and interest payments," stated To. "The cost to hire a Municipal Advisor is estimated to be between \$20,000 to \$40,000, which would be paid from future refunding proceeds. Staff will return to Town Council for a future budget appropriation adjustment and the cost of the issuance will be offset by the proceeds. The potential savings of the refunding is estimated to be \$200,000 to \$300,000 (net of fees and cost issuance). The recurring annual General Fund budget savings may be \$20,000 to \$30,000."

Reach the reporter at: vera@lamorindaweekly.com

[back](#)

Copyright © Lamorinda Weekly, Moraga CA