

# TOWN OF ORFORD

Board of Selectmen  
Bond Public Hearing  
January 13, 2020

MEMBERS PRESENT: John Adams, Fred Kidder II, Tom Steketee  
OTHERS PRESENT: Esther Dobbins-Marsh

## **Call Meeting to Order**

The meeting was called to order at 7:00 pm

Before the Bond Public Hearing began, Adams gave Mark Blanchard the floor to discuss his retirement as the Trustee of the Trust Funds. After 37 years, Blanchard said it's time for him to step down, but wants to get the word out in the event others in Town may want to volunteer for the position. Anyone interested can contact Blanchard for more information on the position and responsibilities.

Adams introduced Greg Im as our bond attorney. Im said he was at the meeting to outline the Bond process and answer questions from the audience.

Q. What is the current interest rate?

A. Im said the interest rate is set by the Bond Bank after all municipal applications are submitted. The town's combined credit rate impacts the interest rate we would be charged, Currently it's between 2.8% and 3.2%. The rate is based on the length of the bond. If the Town take a Bond from the Bond Bank, there is no pre-pay option. Principal payments are made annually, with interest payments twice a year.

Q. What banks can the Town use for the Bond

A. The Town can take a loan from the Bond Bank or a local bank – it was suggested that we see what options we can get from the bank we currently do business with.

Q. Would the Bond Bank require a performance bond from the contractor

A. Im said no, but as the Town's attorney, it would be strongly suggested. He wasn't sure what the local bank requirements would be.

Q. How does the Town receive the funds?

A. Im said the Town would receive the total amount approved for at the closing, and the funds would be deposited into its own bank account. The treasurer is responsible for the account, working with the administration of the Town.

Q. How is the Bond issued

A. The loan is a fixed rate, with the Town deciding the term. Payments option include a declining balance or payment of the same amount each year

Q. What's the difference between the Bond Bank and a local bank?

A. The Bond Bank generally has a lower interest rate, and a streamlined lined process. With the amount Orford wants to borrow, it should be an issue for a local bank, but larger amounts are sometimes too much for local banks to handle

Q. If the Town takes a Bond but doesn't use the funds, what happens?

A. The funds would remain in a bank account earning interest, but the loan payments would need to start as scheduled.

Q. What are the costs to get a Bond?

A. There are attorney fees (\$2500-\$3000), broker fees and closing costs

Q. If the Bond is passed at the annual meeting, how long until the Town receives its funds?

A. Thru the Bond Bank, payment to the Town would be on August 12, 2020

There was lengthy discussion regarding the overall projects the town needs to complete and the funds paid for engineering fees. Many questioned if there's a better way to finance the Archertown Road rebuild project, and if it should be the priority when several FEMA projects are uncompleted. Should the Town consider taking a bond to have funds to cover the cash outlay for all the projects, then repay when FEMA and/or the state pays the Town their percentage of the project. Could the Town take a line of credit to cover some expenses, then refinance with a Bond if necessary.

It was suggested the Selectboard set the priorities for the roads & bridges projects and estimate the total cash outlay from the Town.

The meeting adjourned at 9:00 pm

Respectfully Submitted,

Esther Dobbins-Marsh