



## Town of Richmond, Rhode Island

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*FINANCE OFFICE*  
Richmond Town Hall  
5 Richmond Townhouse Rd  
Wyoming, RI 02898  
401-539-8297

### MEMORANDUM

To: Karen Pinch, Town Administrator  
Town Council

From: Laura Kenyon, Finance Director

Date: December 11, 2023

RE: FY 24 Road Construction and Bond Financing

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There has been considerable discussion about how much to borrow in FY24 to cover road construction. The concern is to be aware of the tax burden on the residents. The facts to help with this decision are the road projects and the funding sources available for these projects.

The total estimated cost of the road projects are as follows:

North Road	\$493,000 completed	
Tug Hollow Road	\$650,000 completed	Total \$1,143,000

(These two projects were planned to be reimbursed by the \$1.0 Loan from Rhode Island Infrastructure Bank in January 2024)

Punch Bowl Trail	\$560,000	
New London Turnpike	\$475,000	
Pinehurst Area	\$600,000	
Wendy Lane	\$150,000	Total \$1,785,000

(These four projects are planned to be reimbursed with the State Municipal Road Grant of \$410,800 and the balance from the Bond Authorization of \$2.5 with Rhode Island Infrastructure Bank in Spring 2024)

The total Town projects are \$2,928,000 less the State Grant of \$410,800 for a balance needed from Municipal funding of \$2,517,200 plus issuance and fees.

The expenses for North Road and Tug Hollow have been paid for out of the Capital Projects (02.19.5635) which currently has a balance of (\$581,852) awaiting the first borrowing of \$1.0 million.

The question is whether to borrow the full \$2.5 million at a rate of around 3.0% or to borrow less and use the funding that has been set aside in Capital Projects.

Here is the summary.

Borrow #1 Completed North Road and Tug Hollow Borrow of Bond Authorization	\$1,000,000
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Town Funds needed:	
Borrowing Issuance	\$20,000
Capital Projects account FY24	\$980,000
Cover funds not budgeted awaiting bonding	(\$581,800)
<b>Net available before second Borrowing</b>	<b>\$398,200</b>

<u>Borrow #2 option A State Grant Roads</u>	
Borrow of Bond Authorization	\$1,100,000
Use of Capital Projects funding from Borrow #1	\$294,200
Town funds needed:	
Borrowing Issuance	\$20,000
Town cost of roads after Grant reimbursement	\$1,374,200
<b>Balance in Capital Projects account FY 25</b>	<b>\$ 104,000</b>

<u>Borrow #2 option B \$1.5 amount to Borrow</u>	
Borrow amount needed to complete Grant roads in FY25	\$1,500,000
Use of Capital Projects funding from Borrow #1	\$0.0
Town funds needed:	
Borrowing Issuance	\$20,000
Town cost of roads after Grant reimbursement	\$1,374,200
<b>Balance from Second borrowing available for contingency or new road projects</b>	<b>\$ 105,800</b>

**Recommendation : Approve Option B: Borrowing of \$2.5 Million** First \$1.0 for Reimbursement of Tug Hollow and North Road Leaving the balance of \$398,200 for other projects and then Borrow \$1.5 Million for the State Grant Roads estimated to cost \$1.4 million leaving a balance of \$100,000 for contingency for those projects. Using the \$398,200 for the State Grant roads leaves no funding for future roads or emergencies and at 3% borrowing rate it would appear to be prudent to go forward with the full authorization. One note is that the borrowing from RIIB is on a reimbursement basis so if \$105,800 is not needed the funds would not actually be borrowed.

### BOND SUMMARY STATISTICS

**Town of Richmond, Rhode Island  
Proposed RIIB Loan  
Estimated Rates - Subject to Change  
Includes 1/3 off Market Rate  
Loan Dated December 15, 2023**

Dated Date	12/15/2023
Delivery Date	12/15/2023
Last Maturity	09/01/2033
Arbitrage Yield	2.640621%
True Interest Cost (TIC)	2.640621%
Net Interest Cost (NIC)	2.654912%
All-In TIC	2.939081%
Average Coupon	2.654912%
Average Life (years)	5.211
Duration of Issue (years)	4.833
Par Amount	2,500,000.00
Bond Proceeds	2,500,000.00
Total Interest	345,875.99
Net Interest	345,875.99
Total Debt Service	2,845,875.99
Maximum Annual Debt Service	313,423.88
Average Annual Debt Service	293,053.59
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
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Total Underwriter's Discount	
Bid Price	100.000000

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Bond Component	2,500,000.00	100.000	2.65491143%	5.211
	2,500,000.00			5.211

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,500,000.00	2,500,000.00	2,500,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	2,500,000.00	2,500,000.00	2,500,000.00
Target Date	12/15/2023	12/15/2023	12/15/2023
Yield	2.640621%	2.939081%	2.640621%

**BOND DEBT SERVICE**

**Town of Richmond, Rhode Island  
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 Estimated Rates - Subject to Change  
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 Loan Dated December 15, 2023**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
06/30/2024			14,133.84	14,133.84
06/30/2025	250,000	2.8207%	63,423.88	313,423.88
06/30/2026	250,000	2.7738%	56,430.75	306,430.75
06/30/2027	250,000	2.6867%	49,605.13	299,605.13
06/30/2028	250,000	2.6398%	42,947.00	292,947.00
06/30/2029	250,000	2.6264%	36,364.25	286,364.25
06/30/2030	250,000	2.6331%	29,789.88	279,789.88
06/30/2031	250,000	2.6331%	23,207.13	273,207.13
06/30/2032	250,000	2.6398%	16,616.00	266,616.00
06/30/2033	250,000	2.6465%	10,008.13	260,008.13
06/30/2034	250,000	2.6800%	3,350.00	253,350.00
	2,500,000		345,875.99	2,845,875.99

**NET DEBT SERVICE**

**Town of Richmond, Rhode Island  
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 Estimated Rates - Subject to Change  
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<i>Period Ending</i>	<i>Total Debt Service</i>	<i>RIIB Fee</i>	<i>Net Debt Service</i>
06/30/2024	14,133.84	1,583.33	15,717.17
06/30/2025	313,423.88	7,125.00	320,548.88
06/30/2026	306,430.75	6,375.00	312,805.75
06/30/2027	299,605.13	5,625.00	305,230.13
06/30/2028	292,947.00	4,875.00	297,822.00
06/30/2029	286,364.25	4,125.00	290,489.25
06/30/2030	279,789.88	3,375.00	283,164.88
06/30/2031	273,207.13	2,625.00	275,832.13
06/30/2032	266,616.00	1,875.00	268,491.00
06/30/2033	260,008.13	1,125.00	261,133.13
06/30/2034	253,350.00	375.00	253,725.00
	<b>2,845,875.99</b>	<b>39,083.33</b>	<b>2,884,959.32</b>

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Net Interest Cost (NIC)	2.654912%
All-In TIC	2.939081%
Average Coupon	2.654912%
Average Life (years)	5.211
Duration of Issue (years)	4.833
Par Amount	2,100,000.00
Bond Proceeds	2,100,000.00
Total Interest	290,535.83
Net Interest	290,535.83
Total Debt Service	2,390,535.83
Maximum Annual Debt Service	263,276.06
Average Annual Debt Service	246,165.02
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
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Total Underwriter's Discount	
Bid Price	100.000000

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Bond Component	2,100,000.00	100.000	2.65491143%	5.211
	2,100,000.00			5.211

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,100,000.00	2,100,000.00	2,100,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts			
Target Value	2,100,000.00	2,100,000.00	2,100,000.00
Target Date	12/15/2023	12/15/2023	12/15/2023
Yield	2.640621%	2.939081%	2.640621%

**BOND DEBT SERVICE**

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<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
06/30/2024			11,872.42	11,872.42
06/30/2025	210,000	2.8207%	53,276.06	263,276.06
06/30/2026	210,000	2.7738%	47,401.83	257,401.83
06/30/2027	210,000	2.6867%	41,668.31	251,668.31
06/30/2028	210,000	2.6398%	36,075.48	246,075.48
06/30/2029	210,000	2.6264%	30,545.97	240,545.97
06/30/2030	210,000	2.6331%	25,023.50	235,023.50
06/30/2031	210,000	2.6331%	19,493.99	229,493.99
06/30/2032	210,000	2.6398%	13,957.44	223,957.44
06/30/2033	210,000	2.6465%	8,406.83	218,406.83
06/30/2034	210,000	2.6800%	2,814.00	212,814.00
	2,100,000		290,535.83	2,390,535.83

**NET DEBT SERVICE**

**Town of Richmond, Rhode Island  
 Proposed RIIB Loan  
 Estimated Rates - Subject to Change  
 Includes 1/3 off Market Rate  
 Loan Dated December 15, 2023**

<i>Period Ending</i>	<i>Total Debt Service</i>	<i>RIIB Fee</i>	<i>Net Debt Service</i>
06/30/2024	11,872.42	1,330	13,202.42
06/30/2025	263,276.06	5,985	269,261.06
06/30/2026	257,401.83	5,355	262,756.83
06/30/2027	251,668.31	4,725	256,393.31
06/30/2028	246,075.48	4,095	250,170.48
06/30/2029	240,545.97	3,465	244,010.97
06/30/2030	235,023.50	2,835	237,858.50
06/30/2031	229,493.99	2,205	231,698.99
06/30/2032	223,957.44	1,575	225,532.44
06/30/2033	218,406.83	945	219,351.83
06/30/2034	212,814.00	315	213,129.00
	<b>2,390,535.83</b>	<b>32,830</b>	<b>2,423,365.83</b>