



## SPECIAL CALL BOARD MEETING

WEDNESDAY SEPTEMBER 14, 2016 12:00 P.M.

COEUR D'ALENE CHAMBER OF COMMERCE

CDA MINES CONFERENCE ROOM

### MEETING MINUTES

#### 1. CALL TO ORDER

Chairman Davis called the **ignite cda** Special Call Board meeting to order at 12:00.

ignite cda board members present: Armon, Davis, Jordan, Hoskins, Druffel, Metts, Widmyer.

ignite cda staff present: Berns ignite cda legal counsel present: Quade

#### 2. LAKE DISTRICT BOND – REVIEW OF REFUNDING PROPOSALS

*Background: The Lake District Bond (“Note”) is currently held by Washington Trust Bank. The current principal of the Note is approximately \$8.7 million with a current interest rate of 3.26%. There is no pre-payment penalty associated with the Note. The Note has an interest rate reset provision that occurs September 30, 2016 wherein the interest rate resets at a rate between 3.75% and 5.75% based on a formula contained within the Note document. Given both the pending interest rate reset provision and the no prepayment penalty provision, the **ignite cda** board chose to seek Note refunding proposals from interested financial institutions.*

Ex. Director Berns shared a summary of the three refunding proposals submitted by the following banks:

- Washington Trust Bank
- Banner Bank
- Mountain West Bank

Key elements of the refunding proposals are depicted in the following table:

| bank   | Mountain West  | Banner Bank   | Washington Trust  |
|--|--|---|---|
| loan amount \$   | \$8,700,000  | \$8,700,000   | \$8,700,000   |
| loan term  | 5 years  | 5 years   | 5 years   |
|  | 5 year maturity: semi annual payments  | 5 year maturity: semi annual payments   | 5 year maturity: semi annual payments   |
| loan fee \$  | 1,000  | 5,437.50  | 0   |
| bank attorney fees   | \$5,000-\$7,000  | 3,000   | 2,500   |
| collateral / covenants   | Lake District tax increment pledge<br>debt service reserve fund @ 10% of P<br>reserve amount reviewed annually   | Lake District tax increment pledge<br>debt service reserve fund @ 10% of P                        | Lake District tax increment pledge<br>debt service reserve fund @ 10% of P<br>reserve amount reviewed annually<br>annual fund balance of \$1M, decreasing by 1/5 per year |
| tax exempt interest rate   | <b>2.30% fixed for loan term (held until 10/21/16)</b><br><i>est. total interest paid for loan term = \$518,162</i><br><b>2.40% fixed for loan term (held until 12/19/16)</b><br><i>est. total interest paid for loan term = \$541,124</i> | <b>2.49% fixed for the loan term</b><br><i>est. total interest paid for loan term = \$561,821</i> | <b>1.25% fixed for loan term (immediate change from current rate)</b><br><i>est. total interest paid for loan term = \$279,236</i>  |
| Participation  | lead bank<br>not willing to participate  | lead bank<br>willing to participate   | lead bank<br>willing to participate   |
| pre-payment penalties  | <b>yes</b><br>3/3/3/2/1*   | <b>no</b>   | <b>no</b>   |
| * If full payoff is desired prior to maturity, the pre-payment penalty would be: |  |   |   |
| - 3% of the then outstanding principal balance in years 1, 2, and 3              |  |   |   |
| - 2% of the then outstanding principal balance in year 4                         |  |   |   |
| - 1% of the then outstanding principal balance in year 5                         |  |   |   |

The following table illustrates the potential estimated cost savings associated with the three proposals as compared to the existing Note parameters:

| Bank             | current rate   | bond amount  | total interest cost for loan term |                   |
|------------------|----------------|--------------|-----------------------------------|-------------------|
| Washington Trust | <b>3.26%</b>   | \$ 8,700,000 | \$ 740,090                        |                   |
| Bank             | proposed rate  | bond amount  | total interest cost for loan term | savings           |
| Washington Trust | 1.25%          | \$ 8,700,000 | \$ 279,236                        | \$ <b>460,854</b> |
| Mt. West         | 2.30%          | \$ 8,700,000 | \$ 518,162                        | \$ <b>221,928</b> |
| Mt. West         | 2.40%          | \$ 8,700,000 | \$ 541,124                        | \$ <b>198,966</b> |
| Banner           | 2.49%          | \$ 8,700,000 | \$ 561,821                        | \$ <b>178,269</b> |
| Bank             | new floor rate | bond amount  | total interest cost for loan term |                   |
| WTB              | <b>3.75%</b>   | \$ 8,700,000 | \$ 854,645                        |                   |
| Bank             | proposed rate  | bond amount  | total interest cost for loan term | savings           |
| Washington Trust | 1.25%          | \$ 8,700,000 | \$ 279,236                        | \$ <b>575,409</b> |
| Mt. West         | 2.30%          | \$ 8,700,000 | \$ 518,162                        | \$ <b>336,483</b> |
| Mt. West         | 2.40%          | \$ 8,700,000 | \$ 541,124                        | \$ <b>313,521</b> |
| Banner           | 2.49%          | \$ 8,700,000 | \$ 561,821                        | \$ <b>292,824</b> |

**Motion by Commissioner Druffel, seconded by Commissioner Hoskins, selecting Washington Trust Bank as the financial institution for refunding of the Lake District Note based on their submitted refunding proposal. Motion carried.**

### 3. ADJOURN

**Motion by Commissioner Hoskins, seconded by Commissioner Widmyer, to adjourn. Motion carried.**

The **ignite cda** Board meeting adjourned at 12:12 p.m. Minutes prepared and submitted by Ex. Director Berns.