

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Council Saves Nearly \$650,000 by Refunding Municipal Bonds.**

Warrensburg - Because Warrensburg moves faster than Washington, refunding the city's 2009 and 2010 certificates of appreciation is expected to save money.

Refunding, much like refinancing a house, will save nearly \$648,000, city bond counsel Jack Dillingham of Piper Jaffray told the City Council on Monday. Taken together, the certificates are worth more than \$8 million.

"We'll refund them to get a lower interest rate," Finance Director Matthew Lue said.

Based on Lue's advice, the council decided to move quickly to lock in savings rather than risk losing the refunding opportunity.

The tax-cut plan being discussed in Congress this year, if passed into law would take effect in 2018. The plan may restrict refunding bonds and the resulting savings the city expects, Lue said.

The concern about Washington's tax-cut plan caused the council to accept the recommendation to advance the time line for the refunding process.

"We're going to move it from January to December," Lue said.

A Nov. 2 Wall Street Journal report states, "A separate provision in the Republican tax proposal would end governments' ability to refinance their debt before the 10-year mark, when municipal bonds typically become eligible for refinancing. Though less useful in an era of persistently low and less volatile interest rates, that ability has in the past allowed governments to take advantage of drops in borrowing costs."

The 2009 bond, issued for \$5,185,000, and the 2010 bond, issued for \$2,820,000, paid for building the police station, the public works building and expanding Nassif Pool into an aquatic center that includes the lazy river and other features.

WARRENSBURG DAILY STAR JOURNAL

JACK "MILES" VENTIMIGLIA Editor

Nov 16, 2017