

To: Town Council, Town of Knightdale, North Carolina
From: Ted Cole, *Senior Vice President, Davenport Public Finance*
RE: Potential General Obligation Refunding Transaction
Date: October 3, 2011

Refunding Highlights:

A potential opportunity exists to refinance the callable maturities of the Town’s following outstanding Bonds:

- General Obligation Public Improvement Bonds, Series 2002 (Water/Sewer Facilities; Park/Rec Facilities)

Based on estimated Private Placement rates, a summary of the potential transaction is shown below:

Refunding of 2002 General Obligation Bonds		Net Prior Debt Service(1)	Refunding Debt Service	Savings
<u>Summary of Refunding Bonds</u>		FY		
Par Amount	2,119,000	2012	43,773	39,535
TIC	2.30%	2013	280,400	272,438
AIC	2.79%	2014	272,400	264,286
		2015	264,400	257,203
		2016	256,400	249,166
<u>Summary of Refunded Bonds</u>		2017	248,400	240,198
Par Amount Refunded	2,000,000	2018	240,400	232,322
Maturities Refunded	2013-2022	2019	232,400	224,515
		2020	224,400	216,777
<u>Savings Summary</u>		2021	216,400	209,108
Annual Savings	7,411	2022	208,200	200,508
Gross Savings	81,518	Totals	2,487,573	2,406,056
Net PV Savings	72,856			81,518
Net PV % of Refunded Bonds	3.64%			
Net PV % of Refunding Bonds	3.44%			

(1) Note: Net Debt Service includes an accrued interest contribution of \$36,627, which assumes a 11/15/2011 closing.

Next Steps:

- September 28th: RFPs distributed to Banks
- October 12th: Receive and discuss RFP results
- October 19th: Town Council considers approval of Winning Bidder and Series Resolution
- November 1st: LGC considers approval of financing
- November 15th: Close on Bonds