

Public Works Shops: Financing Update

Town Council | February 2, 2021



TOWN OF VAIL

PW SHOPS FINANCING | Background

This project was identified as essential to providing town services:

- Current Streets building and employee area are the original 1979 shop.
- Expansion of shop building to house heavy equipment as fleet has grown with increased services.
- Remodel office area, breakroom and locker rooms to meet the current employee crews which have also increased with service levels.
- Expand the shop yard by excavating into hillside for safer flow of vehicle traffic, to accommodate expansion of the building, and town operations.

PW SHOPS FINANCING | Ordinance

Ordinance No. 2, Series 2021:

- Emergency ordinance to lock interest rate
- Authorizes town to enter into financing arrangement
- Deal structured as a direct lease with Truist bank
 - Bank gives TOV \$15.0 million up front to use for PW Shops project
 - TOV makes lease payments to bank with interest
 - No pre-payment penalty after 2025

PW SHOPS FINANCING | Overview

Loan amount	\$15.2 million
Maturity	15-year term Maturing December, 2035
True Interest Cost	1.76%
Total interest expense	\$2.2 million
Issuance Costs & Lender fees	\$200,000
Maximum Annual Debt Service payment	\$1.2 million
Prepayment option:	Callable anytime on or after 12/1/2025; Town can make partial(or full) pre-payments 1x per year
Closing Date	February 17, 2021

Saves \$3.4M in cost increases if cash-funded in 5 years



Next Steps:

- Staff requesting Town Council approve Ordinance No. 2, Series 2021
- Closing: February 17th