

## Moab City Council Agenda Item

Meeting Date: January 25, 2022

**Title:** Walnut Lane Bond Proceeds

**Presenter:** Ben Billingsley

**Attachment(s):**

- Cash Flow Analysis

**Possible Motion:** I move to return the proceeds of the Series 2021 Sales Tax Revenue Bonds in the amount of \$6,500,000 plus accrued interest to the bond purchaser.

**Summary:** Typically proceeds from bond issuance experience negative arbitrage, which is the difference between the interest earned on bond proceeds and the stated interest paid on the bond. Negative arbitrage is an opportunity cost as the project experiences delays, the asset is not being capitalized. The timing of the need for the bond proceeds is unclear, so the Council is considering returning the proceeds of the bond.

**Staff Recommendation:** As the timing for the utilization of the bond proceeds is unknown, and the housing fund has the means to proceed with Phase 1 without using the bond proceeds, staff recommends returning the proceeds of the bond.

**Fiscal Note:** The total cost of bond issuance plus paid and accrued interest is \$167,000.

**Preceding Action:** The return of bond proceeds has been a point of discussion since the summer of 2021, and this decision was tabled in the Council meeting on January 11.

**Subsequent Action:** If bond proceeds are returned, the next decision point for Council is to determine the allocation of ARPA NEU (Non-Entitlement Unit) proceeds that will be dedicated to the housing fund, as well as provide guidance to staff on proceeding with the compilation of a bid package.