

HERMITAGE

Board eyes possible savings from refinancing sewer bonds

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By Joe Pinchot, *Herald Staff Writer*

Hermitage Municipal Authority has an opportunity to save money by refinancing a couple of bond issues and might take the opportunity to borrow more.

Authority manager Tom Darby told the authority board Monday he had been informed by the agency's bond consultant that the authority could save \$106,000 by refinancing the 2004 and 2006 bond issues at lower interest rates.

Bonds are debt obligations bought by investors in return for paybacks at specified interest rates over a set amount of time. Municipalities issue bonds to fund public works projects. The savings could be taken as revenue or go to next year's bond payments, Darby said.

Officials noted that, since there are costs associated with the refinancing, it makes sense to consider borrowing more for the construction fund, which will be depleted when the expansion of the wastewater treatment plant is finished late next year.

Darby said he would try to anticipate projects three to five years out and what they might cost, but he noted that some projects come up as emergencies and cannot be planned. "I'm not thinking anything big and grandiose," Darby said of the projects. "I'm looking at as-needed."

Consulting engineer Joseph P. Pacchioni said the authority has spent \$500,000 to \$800,000 a year for five years on line rehabilitation. City Manager Gary P. Hinkson said officials will need to see what impact any additional borrowing will have on the three-year plan of rate hikes that has been implemented to pay for the plant expansion. Darby agreed that he would not want to cause city commissioners to have to change the already announced rate structure.

Darby said he will have a recommendation for the authority at the November meeting or will set up another meeting if the bond consultant suggests that interest rates might start rising.