

**Madison County**

**Commissioners Meeting Minutes**



MAY 17, 2016

6:30 P.M.

MADISON MEMORIAL HOSPITAL BOARD ROOM

**ATTENDEES**

**Commissioners: Chairman Jon Weber, Kimber Ricks and Todd Smith  
County Clerk: Kim Muir**

This meeting was held in conjunction with the Madison Memorial Hospital Board meeting.

Commissioner Weber opened the meeting with all 3 commissioners present at 6:40. Tom Mortel, Attorney for Madison Memorial Hospital, explained that in 2006 the hospital issued bonds to reconstruct new portions of the hospital. The bonds could be refinanced in 10 years. Interest rates are low and market rates are favorable right now. The bonds will be paid off now in 2037, at a much lower interest rate. Any time there is a bond transaction it takes Hospital Board member approval as well as County Commissioners. Troy Evans, attorney for Madison County, has reviewed the proposed resolution on behalf of the County and gave approval by phone before the meeting began. The numbers are better currently than in 2006.

A transaction summary was presented to show differences in interest rates for the bond. Eric from Piper Jaffray is doing the refinance. Mike Tym of Ponder was contacted for a teleconference. Mike explained the summary of the transaction and the timing. The security is similar to existing security, but they can reduce financial covenants. The structure is based on the same security i.e., land is owned by the county and the facility is owned by Madison Memorial Hospital. No one can foreclose on the property; they can just come in and run the hospital. No hospital assets of the county can be foreclosed upon. Commissioner Smith asks if they could pay off sooner to save money, but board members want to preserve the cash flow of the hospital. The decision was made to not extend, but keep expiration at 2037. They are saving up to \$340,000 annually by refinancing.

Interest rates have not been this low since 2004 for municipal bonds. This is a good time to refinance. Interest rates won't lock-in until the second week of June. With rates as low as they are, they are seeing spreads very compressed for higher yielding transactions; meaning now is when the lowest spreads and differentials are really low also. The interest rate is currently 5.24% with the new rate approximately 3.88% with borrowing cost including all closing costs. They usually don't ever see these rates on savings bonds. Troy Christensen feels it's nice to have two good options. The Hospital would like to take advantage of the savings they have spread in many areas and would like the security of having cash available.

Resolution Commissioner Ricks made a motion to sign and approve Resolution #406. Commissioner Weber seconded and voting was unanimous. The resolution was not at the meeting but will be signed at the next County Commissioner meeting scheduled for May 23, 2016.

Commissioner Ricks made a motion to adjourn at 7:35 p.m. Commissioner Weber seconded and voting was unanimous.