

THE BOND BUYER

Refinancing for Natchez Convention Center a step closer

By

David Hamilton

The Natchez Democrat, Miss.

Published

March 09, 2018, 11:03am EST

NATCHEZ, Miss. — Natchez moved a step closer toward the refinancing of more than \$7 million in debt on the Natchez Convention Center, though one citizen voiced concerns Tuesday regarding the process.

Natchez aldermen voted unanimously at Tuesday's regular meeting to hire an underwriter to aid in the refinancing and a "swap adviser" to terminate a complicated financial arrangement created in 2006 to allow the refinancing to proceed.

The underwriter, Crews & Associates in Little Rock, Ark., will be a leading agency in the debt restructuring, while the swap adviser, Swap Financial Group out of New York City, are tasked with terminating the city's swap agreement with the Bank of New York.

The swap agreement was a complicated financial transaction that served as the means of saving money the last time the city refinanced the convention center debt in 2006.

With Tuesday's actions, the city moved closer to the second refinancing since the \$12-million bond issue in 1999 to build the center.

Afterward, attorney Paul Benoist asked the board to recognize him. Though Ward 2 Alderman Billie Joe Frazier voted not to allow Benoist to speak, the rest of the board allowed the lawyer to state his case.

Benoist's objections to Tuesday's actions stem not from the refinancing itself, he said, but with his belief that the taxpayers are owed answers to questions he had posed prior to the meeting.

Primarily, Benoist believes that the city should owe approximately \$4 million less on the convention center than what currently remains indebted, and he argued

that the city should report where exactly the food and lodging tax money that are supposed to cover the convention center debt has gone.

"I am not opposed to a possible refunding of the bond on the convention center," Benoist said. "But I want the city officials to understand this: The taxpayers want to know how much of the 3-percent and 1.5-percent special (food and lodging) tax that was passed by the Legislature that deals with this issue is actually going up to Jackson and coming back, and where is that money going?" Benoist said, added that, to his knowledge, a typical bond payment schedule would have led the city to owe approximately \$3.5 million at this point.

No one provided answers to Benoist's questions during the meeting.

After the meeting, City Attorney Bob Latham reiterated that the city believes refinancing would save the city approximately \$200,000 in savings, even after fees are considered.

While those fees will be based on a small percentage of what amount is refinanced, the exact sum of those fees remains unclear, as Latham said specific amounts would not be known until agents come up with a hard number for the refinancing.

On top of what is currently owed on the convention center, city officials also have mentioned adding money to cover improvements to the convention center, such as the addition of a new sound system.

In order to proceed with the refinancing, the city is required by state law to net at least a 2-percent total savings after fees. Refinancing would reportedly not extend the debt past 2024, the year the city is set to pay off the bond.

The final payment for 2024 currently shows a balloon payment of approximately \$2 million, and both Latham and Natchez Mayor Darryl Grennell have said believe this refinancing should eliminate that balloon payment.