

GO Bond Debt Issuance

Board of Commissioners Meeting April 13, 2021



Topics

- GO Bond Debt Issuance Activities and Timeline
- Bond Rating Process
- Summary of Projects and Projected Cost
- Financial Model
 - Funds Available
 - Debt Service Assumptions
 - Debt Service
 - Unissued Debt Status
- Next Steps

GO Bond Debt Issuance Timeline

	Activity
4/29/2021	Documents Sent to Rating Agencies
Week of May 10th	Rating calls with agencies
5/24/2021	Bond Ratings Made Public
5/25/2021	Davidson Board of Commissioners Considers Approval of Guaranteed Maximum Price (GMP) for Public Facilities Project and Sale and Issuance Resolution
	Finalize Notice of Sale (NOS) and Preliminary Official Statement (POS)
5/27/2021	Post NOS and POS
6/8/2021	Bond Sale/Pricing (10:55 AM)
6/15/2021	Distribute Final Official Statement
6/29/2021	Bonds Closing/Delivery

Bond Rating Process

- Town will seek credit ratings from two of the primary credit rating agencies - Moody's and Standard & Poor's.
- First Tryon will send the rating agencies drafts of the POS and financial information (audits/budget) in advance of rating calls.
- Town and First Tryon will prepare a formal rating presentation that provides an overview of the bond issue and the Town (demographics, local economy, financials, capital plans, outstanding debt).
- Town and First Tryon will have calls with the rating agencies to go through the presentation and answer any questions.
- Rating agencies then review the information, present it to their internal credit committee and provide a rating.

- **Projected Bond Rating: High AA/Aa**

Summary of Projects and Cost

	Bonds Issued	Cash Proceeds
2019 GO Bond Order - Public Facilities- \$14 Million	\$ 13,250,000	\$ 14,500,000
2017 GO Bond Order - Mobility - \$6 Million	\$ 545,000	\$ 600,000
2017 GO Bond Order - Greenways - \$5 Million	\$ 185,000	\$ 200,000
2017 GO Bond Order - Parks - \$4 Million	\$ 3,560,000	\$ 3,900,000
	Issuance Cost	\$ 270,160
Total GO Bond Issuance June 2021	<u>\$ 17,540,000</u>	<u>\$ 19,470,160</u>

Funds Available For Future Debt Service

- General Funds Allocated

- 2017 \$ 200,000
- 2018 \$ 300,000
- 2019 \$ 400,000
- 2020 \$ 263,000
- 2021 \$1,016,000

- TOTAL \$2,179,000

- \$1.72 Million from MI Connection Capital Project Fund

- Total of \$3.9 Million available

Debt Service Assumptions

- Duration of Bonds: 20-year repayment schedule
- Interest Rate: 1.75%
- Total Cash Proceeds: \$19,470,160
- Total Debt Service: \$22,738,710

Projected GO Bond Orders Remaining Funds

	Unissued Authorized GO Bonds	
2019 GO Bond Order - Public Facilities- \$14 Million	\$	750,000
2017 GO Bond Order - Mobility - \$6 Million	\$	5,455,000
2017 GO Bond Order - Greenways - \$5 Million	\$	4,815,000
2017 GO Bond Order - Parks - \$4 Million	\$	440,000
	\$	<hr/> <hr/> 11,460,000

Financial Model Summary

- Overall picture
 - No Tax increase
- Reimbursements
 - Reimburse \$530,000 in soft costs to the Community Investment Fund (CIF)
 - Reimburse \$275,000 to Fund Balance for Downtown Gathering Space
 - Reimburse Public Facilities costs based on amount paid at time of debt issuance
 - Includes soft costs and demolition costs as approved by the board
- Updated CIP will include future GO Bond Projects

Next Steps

- Staff will work with Local Government Commission (LGC), Financial Advisors (First Tryon Advisors), and Bond Counsel (Parker, Poe, Adams and Bernstein) to prepare necessary documents and navigate the bond rating process.
- May 25 – Board Considers Approval of GMP for Public Facilities and Sale and Issuance Resolution
- June 8 – Bond Pricing and Sale
- June 29 – Bond Closing and Distribution of Funds

Questions?

Discussion