



Town of Chapel Hill Capital Program Proposed Two-Thirds Bonds

November 16, 2022

Agenda



**What are Two-Thirds Bonds?
How are they Calculated?**



**Proposed Use of
Two-Thirds Bonds**



Next Steps in Borrowing Process

What Are Two-Thirds Bonds?

- **Two-Thirds Bonds are General Obligation (GO) Bonds that can be issued under the following circumstances:**
 - If no new GO Bonds were issued during the year, Two-Thirds bonds can be issued in the subsequent year in an amount up to two-thirds of the reduction in principal for the base year

2/3

Two-Thirds Bonds Calculation

- Reduction in GO principal FY22 \$2,977,000
- Two-Thirds of reduction **\$1,980,000**

- Avg. annual debt service \$218,000*
- Years outstanding 20

** Actual debt service amounts depend on the rates at the time of the sale.*

Two-Thirds Bonds Proposed Use

Public Safety Radio Equipment

- Effective July 1, 2025
- State VIPER system; P25 Phase 2 ready
- Current radios no longer supported
- No alternate funding source



Two-Thirds Bonds Uses

Two-thirds bonds are statutorily restricted to certain uses:

- **Streets and sidewalks**
- **Parks and recreation**
- **Public facilities**
- **Public safety**



GO Bonds Issuance Schedule

- **Preliminary Resolution (2/3)** **Nov 16**
- **Introduce Bond Order (2/3)** **Dec 7**
- **Public Hearing (2/3)** **Jan 11**
- **Adopt Bond Order (2/3)** **Jan 11**
- **Issuance Resolution (2/3 & Referendum)** **Jan 25**
- **LGC Bond Sale** **Feb 14**
- **Bond Closing** **Mar 7**



Planned February 2023 Issuances

Bond Order	Authority*	February Issue
Referendum:		
Affordable Housing	\$ 5,245,000	\$ 5,245,000
Streets & Sidewalks	<u>7,700,000</u>	<u>7,700,000</u>
Total Referendum	\$12,945,000	\$12,945,000
Two-Thirds Bonds:		
Public Safety Radios	\$ 1,980,000	\$ 1,980,000

** Authority for two-thirds bonds contingent on Council approval*

Recommendation

- **Council adopt Resolution R-11 stating the Town's intent to issue general obligation public safety two-thirds bonds.**