

Staff Memorandum

Business Meeting– 03/21/2018



Overview: The Business Management Department (BMD) is working on the issuance of \$12.5 million of 2015 General Obligation (G.O.) referendum bonds to fund various major capital projects. This will be the second issuance from the 2015 referendum authority. The next step in the issuance process is for Council to adopt a resolution that, among other things, formally authorizes the issuance of the bond. The bonds will be sold April 3rd using a competitive bid process administered by the Local Government Commission (LGC).



Recommendations:

That the Council adopt the resolution authorizing the issuance of \$12.5 million of 2015 G.O. of referendum bonds.

Key Issues

- In November of 2015 the voters of Chapel Hill approved 5 bond orders authorizing the issuance of up to \$40.3 million of G.O. bonds. The purposes and amounts of the referendum authorization are shown in the table below, along with the amounts issued to date, amounts planned for sale in April, and the balance of authority remaining after the sale.

2015 General Obligation Bonds Authority

Bond Order	Authorized Amount	Issued to Date	April 2018 Issue	Balance
Streets & Sidewalks	\$ 16,200,000	\$ 3,000,000	\$ 5,500,000	\$ 7,700,000
Trails & Greenways	5,000,000	5,000,000	-	-
Recreation facilities	8,000,000	1,000,000	4,300,000	2,700,000
Solid Waste facilities	5,200,000	-		5,200,000
Stormwater Improvements	5,900,000	-	2,700,000	3,200,000
Total	\$ 40,300,000	\$ 9,000,000	\$ 12,500,000	\$ 18,800,000

- The referendum process grants authority to issue bonds, but the actual issuance is a separate process that requires Council approval. Council authorized the first issuance from the 2015 referendum authority in October of 2016.
- In addition to the authority to issue G.O. bonds, the Town must also have the capacity to repay the bonds. The Streets and Sidewalk and Parks Facilities Bonds will be paid from the Debt Management Fund and the Stormwater Improvement Bonds will be repaid from the Stormwater Enterprise Fund.
- The \$5.5 million of Streets & Sidewalks Bonds will be used for various projects including Downtown streetscapes, bike and pedestrian amenities, Bolinwood Drive bridge replacement, Mobility Plan projects and street infrastructure improvements.
- The \$4.3 million of Parks Facilities Bonds will be used for the installment payments for the purchase of the American Legion property. The Town purchased the American Legion Property for \$7.9 million using a combination of General Fund fund balance (\$3.6 million) and owner financing (\$4.3 million plus 1% interest). The proceeds of the Parks Facilities Bonds will be used to pay-off the balance of the owner financing.

Staff Memorandum

Business Meeting – 03/21/2018



- The \$2.7 million of Stormwater Improvement Bonds will be used for the design and construction of the Elliott Road Flood Storage Project. The Flood Storage facility is the highest priority project identified in the Lower Booker Creek Subwatershed Study.

Schedule

The key events for the planned general obligation bond issue are as follows:

- **Council adopts resolution formally approving issuance of referendum bonds** March 21
- LGC takes sealed bids for the purchase of the Town's Bonds April 3
- Closing on the Bonds April 19

Fiscal Impact/Resources

The bonds will be issued for a 20-year term and the total estimated average annual debt service is about \$861,000. Annual debt service for the Streets & Sidewalks and Parks Facilities Bonds will be paid from the Town's Debt Management Fund. There is currently sufficient capacity in the Debt Management Fund to pay the additional debt service from these new bonds. The Stormwater Improvement Bonds will be repaid from the Stormwater Enterprise Fund. The Stormwater Fund has sufficient capacity to pay the debt service for the proposed new bonds.

The estimated annual debt service for the proposed bonds by fund is as follows:

- | | |
|------------------------|-------------------------|
| • Debt Management Fund | \$675,000 |
| • Stormwater Fund | <u>186,000</u> |
| Total | <u>\$861,000</u> |