



The **Town** *of*
Davidson

College Town. Lake Town. *Your Town.*

General Obligation Bonds



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General Obligation Bonds
August 8, 2017

Presentation Overview

- Why GO Bonds?
- General Obligation (GO) Bond Summary
- Timeline
- Bond Order Amounts
- Projected Tax Increase
- Public Information/Citizen Engagement
- Public Hearings



Why GO Bonds?

- Davidson Game Plan Board Directive
 - Develop list of capital projects
 - Research process and timeline
- 2017 Citizen Survey results demonstrate support for projects
- Financial model shows use of bonds is feasible
 - Current bond interest rates are low
 - Capital project funding is limited
- Potential to accelerate projects when citizens vote on 3 bond referenda on November 7



General Obligation (GO) Bond Summary

- Requires Voter Approval via referendum
- Requires LGC Approval
- Lowest Interest Rate
- Typically 20 Year
- Collateral is the taxing authority of the municipality
- High initial cost to issue public debt
- Bond Rating Required



Timeline

- Full timeline is attached to agenda

- Key Dates:

- Pass 3 resolutions June 13
- Introduce Bond Order / Public Hearing Resolution July 11
- Public Hearing & Approve bond order(s) August 8
- Election Day November 7



Bond Order Amounts

1. Mobility	\$ 6,000,000
2. Greenways	\$ 5,000,000
3. Parks and Recreation	<u>\$ 4,000,000</u>
Total Bond Orders	<u><u>\$15,000,000</u></u>



Tax Increase Required Based on Current Financial Projections

Based on the issuance of GO Bonds in 2019, 2021 and 2023 at \$5 million each; current projection of incremental ad valorem tax increases as follows:

2020: 1.50

2021: 1.50

2022: 0.62

Total Projected Increase: 3.62 pennies



Tax Increase Required Based on Current Financial Projections

Property Value	Current Tax Rate	Current Taxes	New Tax Rate (.35+.0362)	New Annual Taxes	Annual Tax Increase	Monthly Tax Increase
\$400,000	\$0.35	\$1,400	\$0.3862	\$1,545	\$145	\$12



Considerations As We Issue Debt

- As good stewards of our citizens' money, we work to minimize the tax impact of any debt incurred
- The economy/debt environment plays a critical role in Board financing decisions
- We have 7 years (possibly 10) to issue G.O. bond debt
- The timing/amount of G.O. bond issuance affects tax impact
- Our financial models are based on the best information we have now, and will be updated based on changes

Education and Citizen Engagement

Important to share information and get feedback from citizens throughout this process

- Updates at board meetings
- Manager's reports
- Website (including FAQs)
- Newsletter
- eCrier
- Social media
- Videos
- Brochure
- Postcard
- Davidson Coffee Chats
- Davidson Connections
- Table at Farmer's Market

Education vs. Advocacy

- Town funds may only be spent to provide voters with information on bond orders
- Elected officials may advocate for bond orders at non-Town sponsored events, activities or meetings



For More Information

www.townofdavidson.org/GOBonds



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Public Hearing #1 - Mobility

BOND ORDER AUTHORIZING THE ISSUANCE OF \$6,000,000 GENERAL OBLIGATION MOBILITY BONDS OF THE TOWN OF DAVIDSON, NORTH CAROLINA



Public Hearing #2 - Greenway

BOND ORDER AUTHORIZING THE ISSUANCE OF \$5,000,000 GENERAL OBLIGATION GREENWAY BONDS OF THE TOWN OF DAVIDSON, NORTH CAROLINA



Public Hearing #3 – Parks and Recreation

BOND ORDER AUTHORIZING THE ISSUANCE OF \$4,000,000 GENERAL OBLIGATION PARKS AND RECREATION BONDS OF THE TOWN OF DAVIDSON, NORTH CAROLINA

