



## Davidson Day TEFRA Matters

Date: September 25, 2018  
To: Davidson Board of Commissioners  
From: Cindy Reid, Town Attorney

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### 1. OVERVIEW

Davidson Day School is seeking funding for a new upper school campus located at 1803 Mecklenburg Highway in Iredell County. In order to finance the construction, the school's plan is to issue as much as \$9 million in Educational Revenue Bonds. The Bonds are private and the Town has no part in transaction other than to approve the issuance in principle.

### 2. RELATED TOWN GOALS

N/A

### 3. OPTIONS/PROS & CONS

The Bonds will be issued through the Public Finance Authority, a Madison, Wisconsin -based organization that helps local governments and institutions secure financing for construction projects. Even though local government approval has nothing to do with the eventual transaction, the federal government requires local commissioners to approve the Bonds because they are tax exempt. Because the school will be located in Iredell County, the Iredell County Commissioners are also required to approve the issuance of the Bonds.

In approving the Bonds, the Town assumes no liability whatsoever for the payment of the Bonds, and the Bonds will not affect the Town's debt ratios or legal debt limits. The approval resolution explicitly states that its adoption "shall in no event constitute an endorsement of the Bonds or the Project or the creditworthiness of the Borrower."

### 4. FYI or RECOMMENDED ACTION

N/A

### 5. NEXT STEPS

N/A