

Update on School Capital Funding Plan & Bond Sale

Joint Capital Facilities Committee Meeting
July 24, 2024

Don Warn
Chief Financial Officer



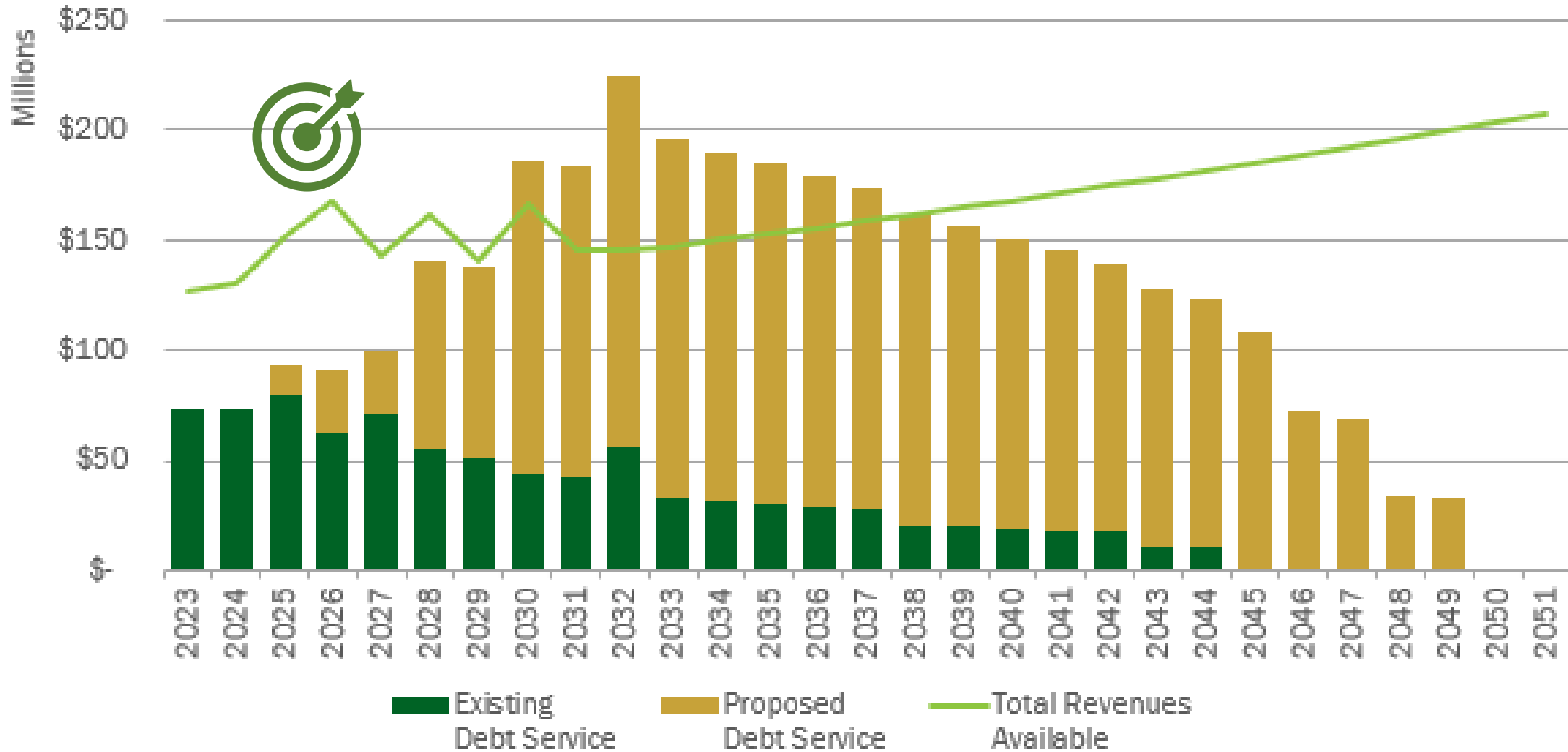
Guiding Principles

2

1. Address County **current and future capital needs and deferred major maintenance** in a timely manner to provide adequate public facilities and services.
2. Protect County's ability to **provide and enhance other services** for our residents.
3. Design a **stable funding model that fits existing revenue sources** as much as possible.
4. **Reduce overall cost of infrastructure** for our residents by incorporating a more **fiscally conservative "Pay-as-You-Go" model** for construction, renovation, and maintenance.
5. **Limit change in property tax rate** to provide **predictability and stability** for our residents and businesses.



Working the Plan - \$2.0 billion



Revenue inputs include:

- Dedicated property tax (7.6 cents) as approved by Board of Commissioners (2% annual growth) **\$52 million**
- Prior dedicated property tax (5.56 cents) to fund existing debt service (2% annual growth) **\$35 million**
- Restricted sales tax committed to school capital **\$31 million**
- Lottery proceeds and Federal Subsidy **\$6.0 million**
- Bond Premium **Varies based on issuance**



When we plan to issue debt

- Completed the \$180 million issuance in February 2024
- Total debt issued to date:
 - \$300 million
- Total spent through June 30, 2024:
 - \$218.8 million
- Remaining bond funds as of June 30, 2024:
 - \$81.2 million
- Based on GCS projections, a possible debt issue will be needed this fall for an amount somewhere between \$300 million to \$500 million based on actual cash flow



Plan as of April 2024

- \$120 million in FY2022
- \$180 million in FY2024
- \$570 million in FY2025
- \$565 million in FY2027
- \$565 million in FY2029

- 2024 True Interest Cost (TIC) was 3.27% (previous issue TIC 2.61%)

When we plan to issue debt

6

- Through June 30, 2024 - Average monthly spending was \$15 million
- GCS projections indicate that spending will increase significantly as construction for Brooks Global, Claxton, Foust, Kaiser and Peck are completed over the next five months and more projects ordinances are created:
 - July through September 2024 – Projected monthly average \$20 million
 - October through December 2024 – Projected monthly average \$67 million
 - January through March 2025 – Projected monthly average \$40 million
 - April through June 2025 – Projected monthly average \$41 million
 - Total projected spend for FY 2025 is \$504 million



When we plan to issue debt

7

Preparations for a potential fall debt issue:

- Scheduled a sale date with the LGC for October 22, 2024
- Rating calls are scheduled for September 12, 2024
- Staff is working to update financial documents

If spending doesn't warrant issuing debt in October, it will be pushed out to a later date



Debt Burden Considerations

The Local Government Commission states that the Unit should have a reasonable debt burden given the Unit’s specific circumstances. A heavy debt burden may be evidenced by a ratio of General Fund debt service to General Fund expenditures exceeding 15%, or debt per capita or debt to appraised property value exceeding that of similar Units.

Ratios of Total Outstanding GO Debt, Authorized, Unissued GO Debt and Installment Purchases (excluding enterprise debt)

Year	General Fund Expenditure	Debt Service	DS as a % of GF Exp
2023	731,461,796	101,055,763	13.8%
2022	667,887,578	93,954,559	14.1%
2021	605,298,271	90,170,985	14.9%
2020	599,873,221	93,071,066	15.5%
2019	600,309,698	95,052,510	15.8%



**Ratios of Total Outstanding GO Debt, Authorized,
Unissued GO Debt and Installment Purchases
(excluding enterprise debt)**

County Population 250,000 and above	Debt to Appraised Value	Debt Per Capita
Guilford County	3.57%	4,520
Buncombe County	0.84%	1,523
Cumberland County	0.22%	157
Durham County	2.23%	3,425
Forsyth County	1.71%	1,937
Mecklenburg County	0.89%	1,576
Union County	1.26%	1,928
Wake County	1.86%	3,169

Most recent LGC data as of 06/30/2023



Questions?