

Discussion Materials: Dam Restoration General Obligation Bond Referendum

City of Boiling Spring Lakes, North Carolina

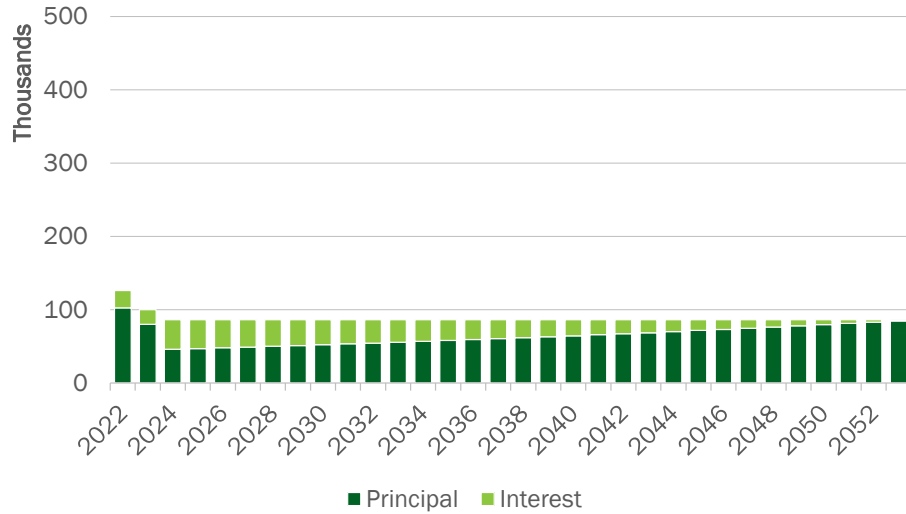


July 5, 2022

Existing Tax Supported Debt



Tax Supported Debt Service



Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	2,542,480	785,261	3,327,741	
2022	102,480	23,547	126,027	40.8%
2023	80,000	19,834	99,834	40.6%
2024	125,925	57,081	183,006	40.9%
2025	126,901	52,907	179,808	40.1%
2026	127,897	48,780	176,678	39.3%
2027	128,915	44,610	173,526	38.3%
2028	129,955	40,424	170,380	37.3%
2029	111,016	36,269	147,285	36.1%
2030	52,100	34,200	86,300	35.7%
2031	53,207	33,092	86,300	37.6%
2032	54,338	31,962	86,300	39.8%
2033	55,493	30,807	86,300	42.2%
2034	56,672	29,628	86,300	44.8%
2035	57,876	28,424	86,300	47.7%
2036	59,106	27,194	86,300	50.9%
2037	60,362	25,938	86,300	54.5%
2038	61,645	24,655	86,300	58.5%
2039	62,955	23,345	86,300	63.1%
2040	64,293	22,007	86,300	68.4%
2041	65,659	20,641	86,300	74.4%
2042	67,054	19,246	86,300	81.5%
2043	68,479	17,821	86,300	89.9%
2044	69,934	16,366	86,300	100.0%
2045	71,420	14,880	86,300	100.0%
2046	72,938	13,362	86,300	100.0%
2047	74,488	11,812	86,300	100.0%
2048	76,071	10,229	86,300	100.0%
2049	77,687	8,613	86,300	100.0%
2050	79,338	6,962	86,300	100.0%
2051	81,024	5,276	86,300	100.0%
2052	82,746	3,554	86,300	100.0%
2053	84,504	1,796	86,300	100.0%

Par Outstanding – Estimated as of 6/30/2021

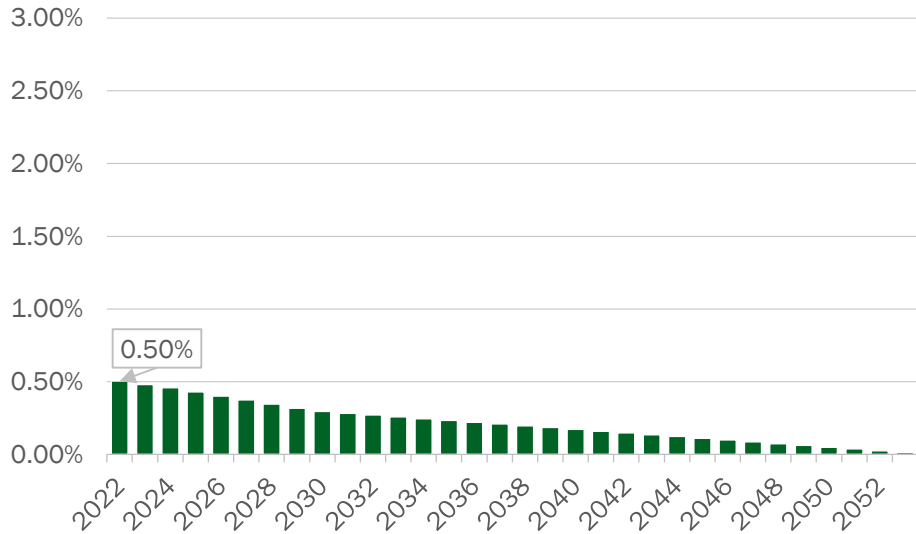
Type	Par Amount
General Obligation Bonds	\$0
City Hall Loan	\$620,000
Truck and Equipment Loan	\$22,480
Police Station USDA Loan	\$1,900,000
Total	\$2,542,480

Note: Existing debt service includes 2022 USDA Police Station Interim/Long-Term Loan. City Hall Debt Service assumed to be paid off in FY 2024.

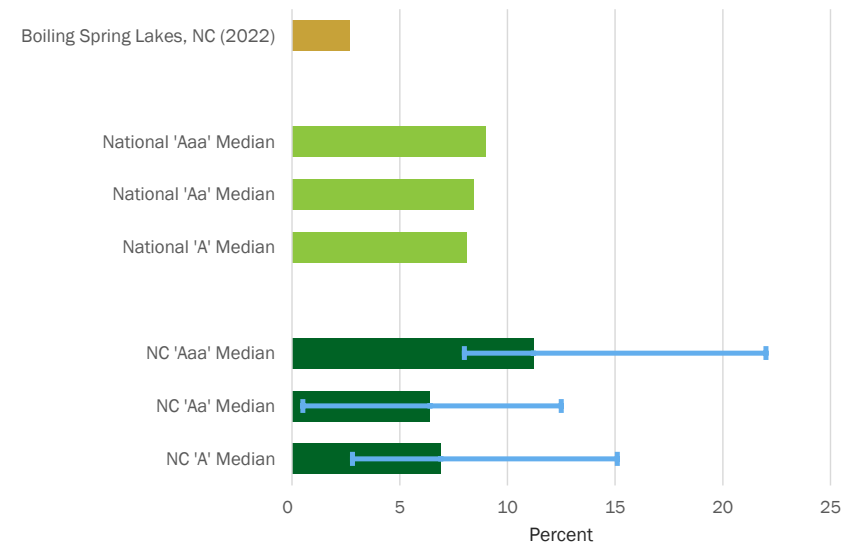
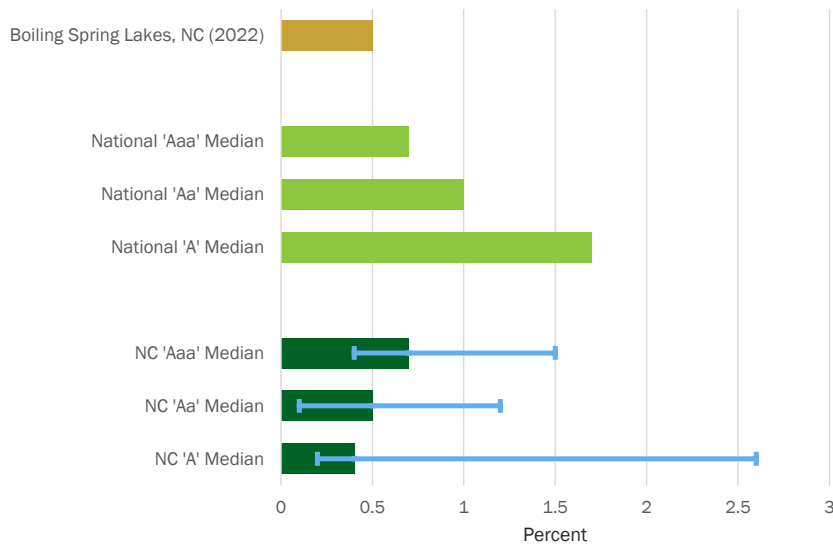
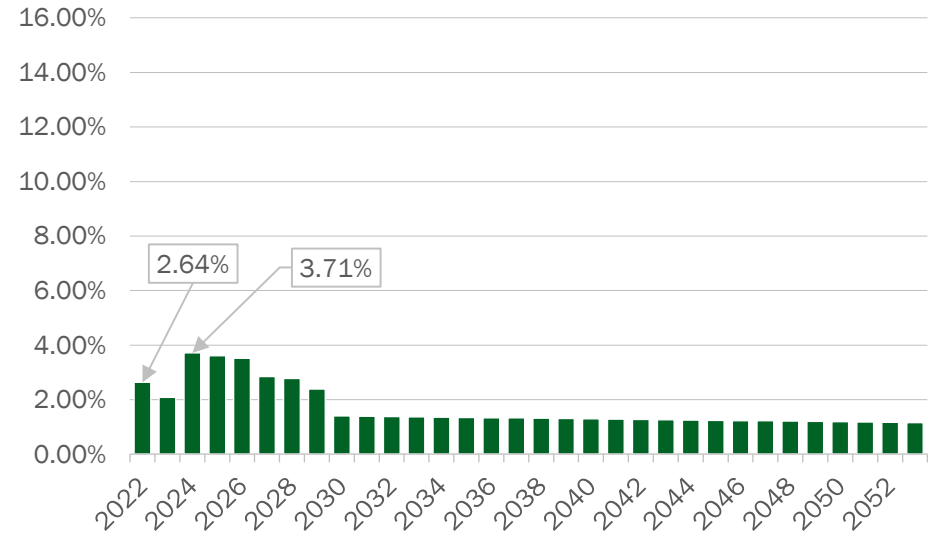
Existing Tax Supported Debt Ratios



Debt to Assessed Value



Debt Service to Expenditures



Gold –City of Boiling Spring Lakes Light Green–National (Aaa, Aa, A) Median Values Dark Green –NC (Aaa, Aa, A) Median Values Blue Line –Min/Max Values

Dam Restoration Overview



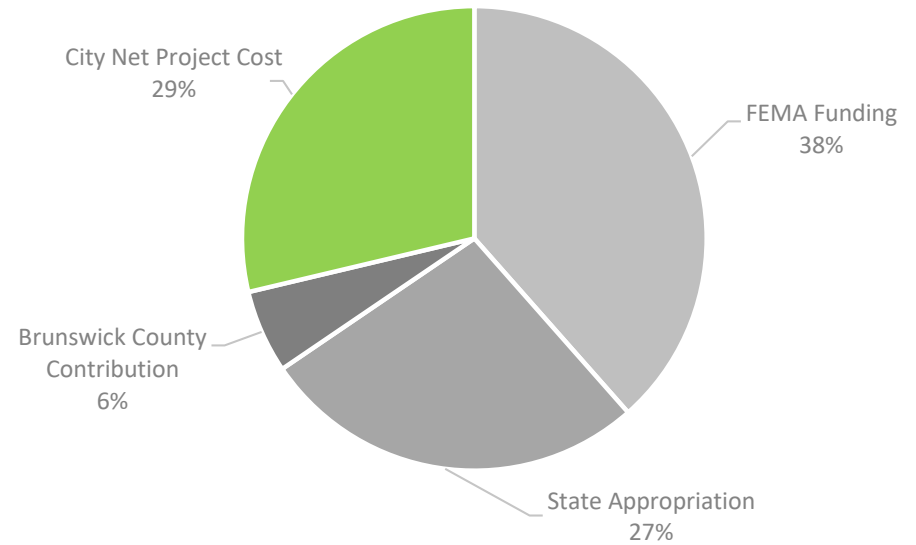
- In September 2018, impacts from Hurricane Florence caused the failure of the Sanford Dam, Upper Dam, Pine Lake Dam and North Lake Dam.

- The City filed a request with the Federal Emergency Management Agency (“FEMA”) for funding to repair/replace the failed Dams. FEMA authorized funding of up to \$19,945,181 in order to re-build the dams to their “current codes/standards”.
 - Due to a reclassification of the dams since the original construction, North Carolina Dam Safety will require dams to be re-built at a higher standard than the FEMA funding to “current codes/standards” will support.
 - The City has explored additional grant funding options and has received \$14.0 million of State Funding and expects to receive \$3.0 million from Brunswick County.

- The Dam projects have been designed and await final reviews/approvals prior to releasing the project for construction bids in late Calendar Year 2022 or early Calendar Year 2023.
 - The project is currently estimated to cost \$51,824,268. After accounting for the State, Federal and local contributions, a funding gap of \$14,879,087 will require City funding.

- The City has taken initial steps to hold a GO Bond Referendum for Dam restoration projects on November 8, 2022 for up to \$20,000,000.

Estimated Dam Restoration Project Cost / Funding Sources



Source	Amount
FEMA Funding	\$ 19,945,181
State Appropriation	14,000,000
Brunswick County Contribution	3,000,000
Boiling Spring Lakes Net Project Cost	14,879,087
Dams Estimated Total Project Cost	\$ 51,824,268

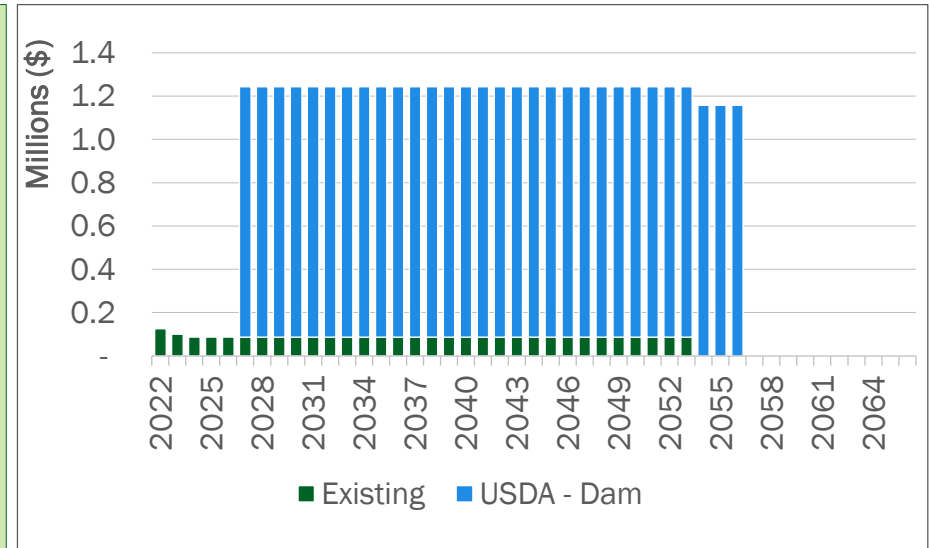
Financing Overview

GO Bond for Dam Restoration



- The City has submitted an application to the United States Department of Agriculture (“USDA”) to request funding under the Community Facilities Program for a GO Bond to fund Dam Projects (subject to approval of a GO Bond Referendum).

<u>30-Year USDA Loan</u>	
Payment:	\$1.16 MM
<u>30-yr Total Payback</u>	
Principal:	\$20.0 MM
Interest:	\$14.7 MM
Total :	\$34.7 MM

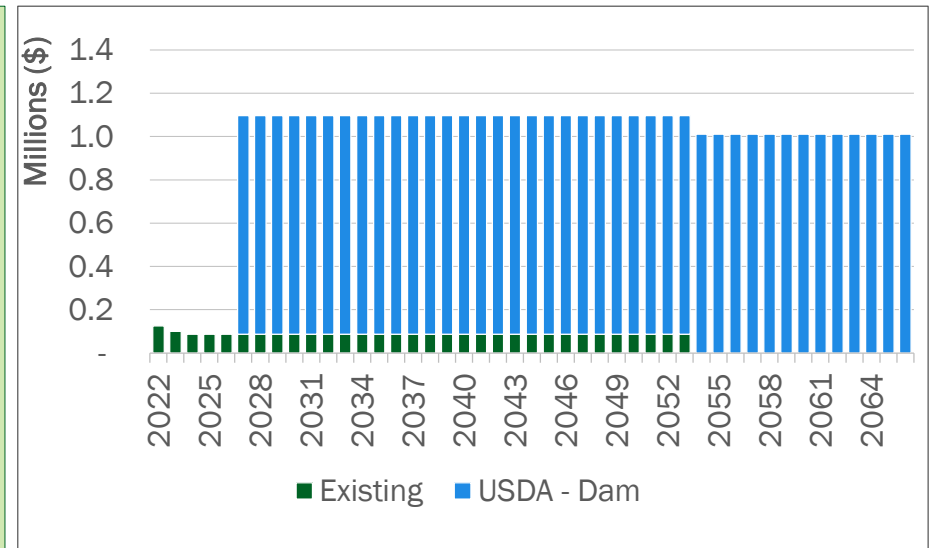


- USDA will fund the loan upon substantial completion of the project. During construction an interim construction loan will be required (interest will be funded through the long-term loan).

- USDA may require certain reserves to be maintained during the life of the loan.

- For purposes of this analysis, the following assumptions have been utilized:

<u>40-Year USDA Loan</u>	
Payment:	\$1.01 MM
<u>40-yr Total Payback</u>	
Principal:	\$20.0 MM
Interest:	\$20.4 MM
Total :	\$40.4 MM



- Amount: \$20,000,000
- Substantial Completion: Dec. 2025
- First USDA Payment: FY 2027
- Interest Rate: 4.00%¹
- Term: 30-40 years

¹ Current USDA interest rate is 3.25%. The actual USDA interest rate will be dependent upon the time the USDA funding commitments occurs.

Note: Existing debt service includes 2022 USDA Police Station Loan. City Hall Debt Service assumed to be paid off in FY 2024.

Summary of Results

GO Bond for Dam Restoration



A	B	C	D
Term		30-Year Term (FY 2027 - 2056)	40-Year Term (FY 2027 - 2066)
1			
2	Key Assumptions		
3	Annual Estimated Debt Service ¹	\$1,156,602	\$1,010,470
4	FY 2023 Value of 1¢	\$51,059	\$51,059
5	Natural Tax Base Growth FY 25 +	1%	1%
6			
7	Resulting Debt Ratios (Worst Shown)		
8	10-Year Payout	19.72%	12.63%
9	Debt to Assessed Value	4.15%	4.15%
10	Debt Service to Expenditures	20.26%	18.31%
11			
12	Tax Equivalent Impact When Required (FY 2027)		
13		1%	21.8¢
14	FY 2024 Revaluation Growth %	10%	20.0¢
15		20%	18.3¢
16			
17	Tax Equivalent Impact Upfront (FY 2024)		
18		1%	17.5¢
19	FY 2024 Revaluation Growth %	10%	16.1¢
20		20%	14.7¢

¹ Assumes a 4.0% interest rate. The current USDA interest rate is 3.25%. The actual USDA interest rate will be dependent upon the time the USDA funding commitment occurs.

Summary of Tax Bill Impact

GO Bond for Dam Restoration



The Estimated Tax Rate Impact for the full \$20,000,000 General Obligation Bond Issue through USDA ranges from 13¢ to 22¢.

Change in Property Tax Bill						
A	B		C		D	
Home Value	\$150,000		\$250,000		\$350,000	
Tax Rate Impact	Annual	Monthly	Annual	Monthly	Annual	Monthly
10.0¢	\$150.00	\$12.50	\$250.00	\$20.83	\$350.00	\$29.17
11.0¢	\$165.00	\$13.75	\$275.00	\$22.92	\$385.00	\$32.08
12.0¢	\$180.00	\$15.00	\$300.00	\$25.00	\$420.00	\$35.00
13.0¢	\$195.00	\$16.25	\$325.00	\$27.08	\$455.00	\$37.92
14.0¢	\$210.00	\$17.50	\$350.00	\$29.17	\$490.00	\$40.83
15.0¢	\$225.00	\$18.75	\$375.00	\$31.25	\$525.00	\$43.75
16.0¢	\$240.00	\$20.00	\$400.00	\$33.33	\$560.00	\$46.67
17.0¢	\$255.00	\$21.25	\$425.00	\$35.42	\$595.00	\$49.58
18.0¢	\$270.00	\$22.50	\$450.00	\$37.50	\$630.00	\$52.50
19.0¢	\$285.00	\$23.75	\$475.00	\$39.58	\$665.00	\$55.42
20.0¢	\$300.00	\$25.00	\$500.00	\$41.67	\$700.00	\$58.33
21.0¢	\$315.00	\$26.25	\$525.00	\$43.75	\$735.00	\$61.25
22.0¢	\$330.00	\$27.50	\$550.00	\$45.83	\$770.00	\$64.17
23.0¢	\$345.00	\$28.75	\$575.00	\$47.92	\$805.00	\$67.08
24.0¢	\$360.00	\$30.00	\$600.00	\$50.00	\$840.00	\$70.00
25.0¢	\$375.00	\$31.25	\$625.00	\$52.08	\$875.00	\$72.92

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