

# BOARD OF ALDERMEN

ITEM NO. C(12)

## AGENDA ITEM ABSTRACT MEETING DATE: December 4, 2012

**TITLE: Resolution for the Issuance of \$4,600,000 General Obligation Bonds for Sidewalks and Greenways Construction**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: YES ___ NO <u>X</u></b>
<b>ATTACHMENTS:</b> A. Resolution for the Sale of \$4,600,000 General Obligation Bonds for Sidewalks and Greenways	<b>FOR INFORMATION CONTACT:</b> Arche L. McAdoo, Finance Director 918-7439 Bob Jessup, Bond Counsel

### PURPOSE

To request authorization from the Board to issue \$4,600,000 of general obligation bonds for the construction of sidewalks and greenways approved by voters in November 2003.

### INFORMATION

On November 4, 2003 Carrboro voters approved the issuance of up to \$4,600,000 General Obligation Bonds to design and construct sidewalks and greenway trails. The authority to issue General Obligation Bonds normally expires seven years after voter authorization, but may be extended by the Local Government Commission (LGC) to a maximum of ten years. In September 2010 at the request of the Town, the LGC approved an extension of this bond authority for the maximum ten year period with an expiration date of November 4, 2013.

To provide funding for the design and construction of sidewalks and greenways, the Town has issued a number of Bond Anticipation Notes (BANs) with the expectation of issuing General Obligation Bonds by November 4, 2013. The Town's current BAN in the amount of \$2,590,000 with interest of \$19,353 comes due on January 16, 2013. Rather than renew this BAN for another nine months and then issue General Obligation Bonds in the fall of 2013, current market conditions are favorable for issuance of the full amount of the \$4,600,000 general obligation bonds. Based on similar sized debt issues, staff anticipates issuing these bonds at a rate of 3%-3.5% for a 20 year period. The estimated annual debt service at 3.5% would be \$321,743, or the equivalent of 1.66 cents based on current tax rates and valuation. The actual interest rates on the bonds will not be set until the LGC receives sealed bids on December 18 with closing on January 15, 2013.

Attached is a formal resolution that authorizes the issuance of \$4,600,000 general obligation bonds. The resolution specifically does the following:

1. Formally authorizes the sale of \$4,600,000 in Sidewalk and Greenways Bonds to replace the existing bond anticipation notes and provides additional project funding;
2. Formally pledges the Town's taxing power to provide for payment on the bonds;
3. Approves the proposed form of the bonds themselves;
4. Approves the form of the draft official statement for use in offering bonds to investors;

5. States the Town's agreement to comply with the relevant provisions of federal tax law;
6. States the Town's agreement to comply with federal rules for continuing disclosure to the securities markets; and,
7. Authorizes Town staff to complete the process of issuing the bonds, and approves the steps to that end previously taken.

This resolution has been drafted by bond counsel and is in essentially the same form as similar resolutions used by other local governments in similar circumstances.

#### FISCAL IMPACT

Payment for the interest due on the BANs due on January 16, 2013 is currently included in the adopted FY 2012-13 operating budget. With sale of the GO Bonds on December 18 and closing on January 15, 2013, the first payment will come due in FY 2013-14 on August 1, 2013. The actual interest costs for the GO Bonds will not be known until the actual sale day, and principal and interest payments will be included in the FY 2013-14 operating budget.

#### ADMINISTRATION'S RECOMMENDATION

Staff recommends that the Board approve the attached resolution for the issuance of \$4,600,000 Sidewalk and Greenways Bonds to replace the existing bond anticipation notes and provides additional project funding.