



*The* **Town** *of*  
**Davidson**

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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:	<u>0.62</u>
Total Projected Increase:	<u><u>3.62 pennies</u></u>





# 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](http://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**

