STAFF REPORT

Council Meeting Date: May 10, 2022

Subject: Public Hearing on the issuance of 2022 Interim Limited Obligation Bonds (LOBs).

Staff Resource(s): Tony McDowell, Finance Director

Action Requested: To hold a public hearing on the issuance of 2022 Interim Limited Obligation Bonds (LOBS)

Background:

- The City has been utilizing a multi-year Capital Improvement Program (CIP) and Debt Model since fiscal year 2013-14.
- As a part of that multi-year financial model, the City routinely enters into short-term draw programs with financial institutions through the issuance of interim Limited Obligation Bonds (LOBs).
- The short term draw programs provide cash to reimburse the City for capital expenses prior to the issuance of long term fixed rate financing.
- The projects covered under this debt issuance include a wide range of strategic capital goals the City wishes to meet in public safety, multi-modal transportation, economic development, quality of life, and facility maintenance.
- Specific projects of note include the Broadway Public Safety Station, a portion of the Dr. Wesley Grant/Southside Center project, City Hall elevator modernization, and the Nasty Branch and French Broad West greenways.
- Council approved the initial resolution authorizing the installment financing and related issuance of 2022 Interim Limited Obligation Bonds (LOBs) in an amount not to exceed $42,000,000 at the April 26 formal meeting and approval of the final resolution is scheduled for Council's May 24, 2022 meeting
- A public hearing is required prior to Council's approval of the final resolution.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Allows the City to move forward with the Capital Improvement Program (CIP) and Draw Program financing.

Con(s):

- None

Fiscal Impact:

- The interim LOBs draw program includes an amount not to exceed $42,000,000.
- Approximately $13,300,000 will likely have already been expended and will be taken on the first draw at closing as a reimbursement to the City.
- The City then expects to spend the remaining monies over a twenty-four-month period.
- The City will then look to convert the program into a long-term fixed rate financing at or around July 2024.

- The debt service payments for this financing are already included in the multi-year CIP/Debt Financial Model.

Suggested Motion:

- None - Action is to hold a public hearing for the 2022 Interim Limited Obligation Bond (LOBs).

Attachment(s)

- 2022 Interim Limited Obligation Bond (LOBs) Activity Calendar

2022 Interim Limited Obligation Bonds (LOBs) - Activity Calendar

May 10, 2022: Council holds Public Hearing on 2022 Interim Limited Obligation Bonds (LOBs)

May 24, 2022: Council adopts Approving Resolution for 2022 Interim Limited Obligation Bonds (LOBs)

June 7, 2022: Local Government Commission (LGC) approval

Jun 15, 2022: Closing of 2022 Interim Limited Obligation Bonds (LOBs)