



Legislation Text

File #: 17-0297, **Version:** 1

DATE: April 4, 2017

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator/Chief Financial Officer

SUBJECT:

*Consideration of Resolution 2017- 24, a Resolution to Issue Capital Improvement Bonds in an Amount Not To Exceed \$28,500,000. (04/13/17 FINANCE 3-0)

Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the funding of previous approved capital projects with general obligation bonds.

Background

With the adoption of Phase I of the Capital Investment Program, the Board recognized the parameters of the debt capacity model prepared by Public Financial Management, our financial advisory firm. Included in the model was the expectation that approximately \$15 million in bonds would be required in the fiscal years ending June 2017. Moreover, the proposed 2017 Bonds reimburses the Capital Project Fund for \$6.5 million of prior expenditures for approved road projects as well as provides future funding for the Public Safety Communications Project (\$4.6 million), Sanitation Facility Improvements (\$1.5 million) and a replacement piece of Fire Apparatus (\$1.05 million).

Financial Impact

The financial impact of issuing these bonds is incorporated in the debt capacity model and Phase I of the Capital Investment Program, as amended. The precise numbers that would accrue to annual debt service will be determined by the prevailing interest rates at the time of issuance and the principal repayment structure. At current market rates, the estimated debt service is would be \$1.8 million per year.

Recommendation

Staff recommends approval of the bond resolution, as prepared by our bond counsel