

Update on School Capital Funding Plan



Guiding Principles

1. Address County current and future capital needs and **deferred major maintenance** in a timely manner to provide **adequate public facilities and services**.
2. Protect County's ability to provide and enhance other services for our residents.
3. Design a **stable funding model** that fits existing revenue sources as much as possible.
4. Reduce overall cost of infrastructure or our residents by incorporating a more fiscally conservative "Pay-as-You-Go" model for construction, renovation, and maintenance.
5. Limit change in property tax rate to provide **predictability and stability** for our residents and businesses.



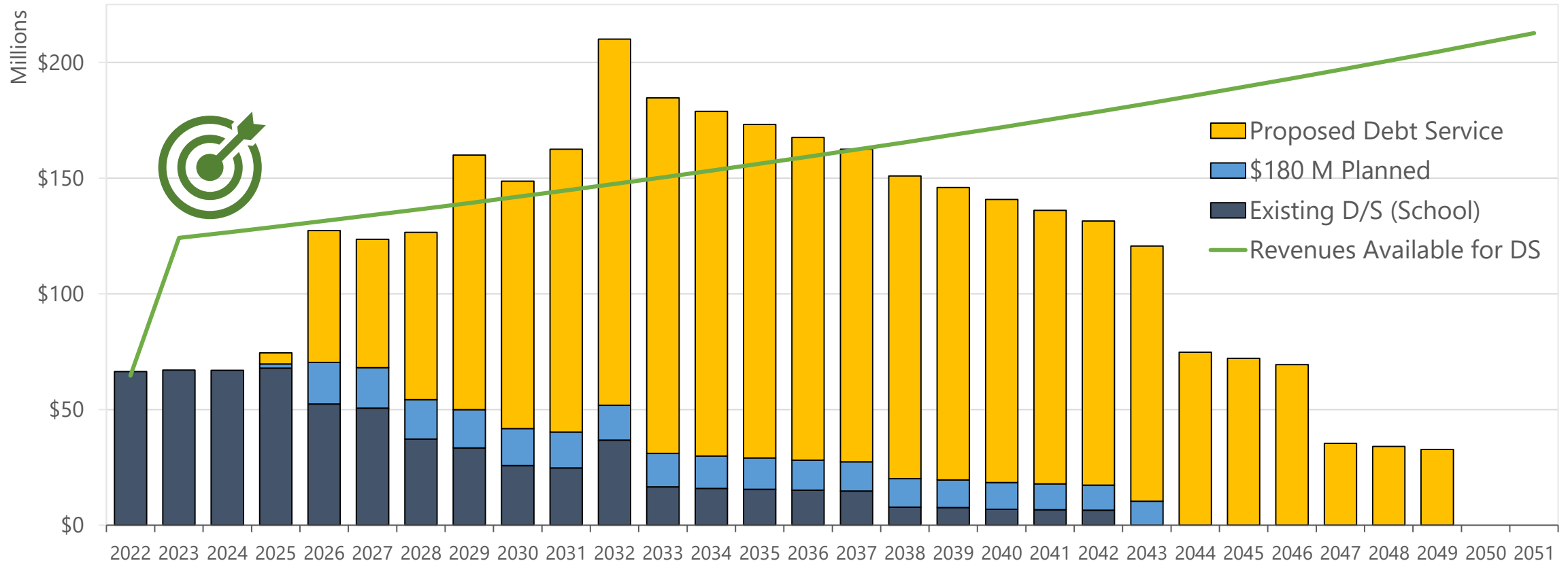
North Carolina County Responsibilities

- In North Carolina, counties are required to fund:
 - School capital needs
 - Community college capital needs
 - Court System (Guilford has two courthouses)
 - Mandated programs

All of these areas are factored into an overall debt model for planning and resource considerations



How we plan to pay for \$2.0 billion in Debt



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Revenue inputs include:

- Dedicated property tax (7.6 cents) as approved by Board of Commissioners (2% annual growth) **\$51 million**
- Prior dedicated property tax (5.56 cents) to fund existing debt service (2% annual growth) **\$39 million**
- Restricted sales tax committed to school capital **\$29 million**
- Lottery proceeds and Federal Subsidy **\$6.0 million**
- Bond Premium **Varies based on issuance**



When we plan to issue debt

- Proceed with \$180 million issuance in February 2024
- Evaluate a possible fall 2024/spring 2025 for some amount totaling up to \$570 million based on actual cash flow
- Based on current assumptions there is a model deficit of \$3.8 million in year 2037, and this will continue to fluctuate as more actuals are posted

Plan as of October 2023

- \$120 million in FY2022
- **\$180 million in FY2024**
- \$570 million in FY2025
- \$565 million in FY2027
- \$565 million in FY2029
- Interest rates between 4.0% - 4.5%
(previous rates 3.6% - 4.2%)

2023

2024

2025

2026

2027

2028

2029



Next Steps

- By October 2023:
 - Initial call with LGC on timing and updates
- By December 2023:
 - Receive Ratings
 - BOC - Adopt Sale and Issuance Resolution
 - Pricing
- By February 2024:
 - Sale of Bonds and Closing



Questions?

