

Joint Capital/Facilities Committee Meeting

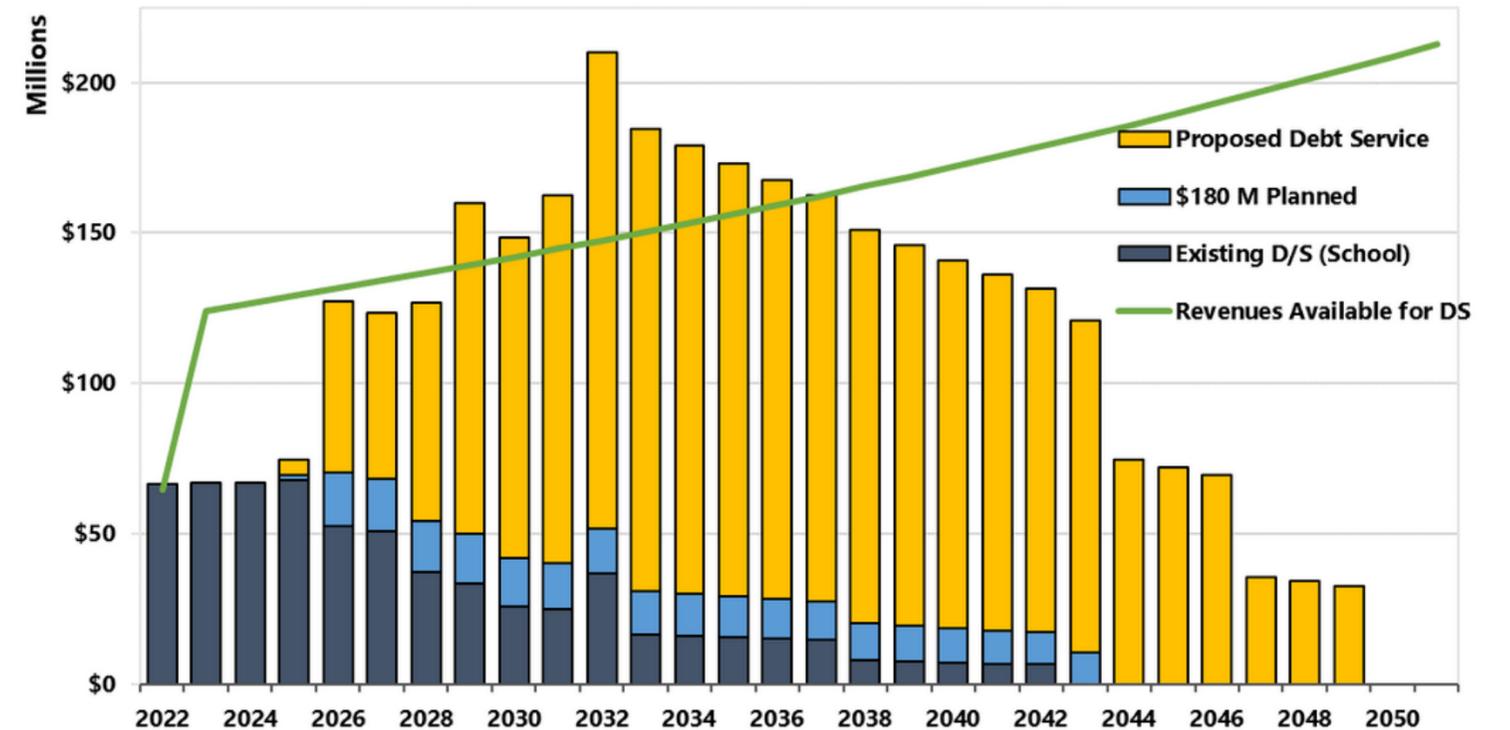
April 25, 2023



Funding Plan

Estimated cash flows impact when we need to sell debt. FY23 Adopted plan anticipated:

- \$180 million in 2023
- \$1.7 billion over three tranches in 2024, 2027, and 2029



Funding Plan

- **12.86¢** of dedicated property tax to Guilford County Public School
 - Board of Commissioners allocated **7.3 cents** in FY2023 to honor school capital funding priority = \$50 million + annual growth
 - Prior allocation of **5.56 cents** = \$38 million + annual growth
 - Restricted sales tax of **\$27.7 million** + annual growth
 - Lottery Proceeds = \$4.75 million
 - Other revenues, including bond premium and federal subsidies = \$6.0 million



Appropriated Funds

Project	Original Project Budget	Revised Project Budget
Land Acquisition	10,660,500	10,660,500
Claxton Elementary	31,333,459	50,377,090
Kiser Middle	55,478,632	81,667,391
Peck K-8 Expeditionary	41,323,632	78,737,396
Brooks Global Studies	22,174,130	42,639,190
Foust Elementary	31,333,469	59,101,641
Hampton Peeler NVPA	33,505,256	33,505,256
Erwin Montessori @ Archer	8,372,058	8,372,058
Katherine Johnson Math & Science	56,792,945	56,792,945
Sternberer Elementary	3,818,849	3,818,849
Allen Jay Elementary	5,207,070	5,207,070
Sumner Elementary	4,500,000	4,500,000
Swann Center 6-12	5,000,000	5,000,000
Lindley Elementary	7,500,000	7,500,000
Northwood Elementary	4,500,000	4,500,000
Shadybrook Elementary	1,500,000	1,500,000
Northwest Middle School Replacement	7,500,000	7,500,000
Joyner Elementary	4,500,000	4,500,000
Vandalia Elementary	4,500,000	4,500,000
Bessemer Elementary	4,500,000	4,500,000
Deferred Maintenance	20,000,000	20,000,000
Safety and Security Enhancements	20,000,000	20,000,000
Technology Upgrades	8,000,000	8,000,000
	392,000,000	522,879,386

- Allocated **\$430.8 million** for Phase 1 projects
 - \$300 million from \$300 million authorization
 - \$130.8 million from \$1.7 billion authorization
- Allocated **\$92 million** for Phase 2 projects
 - \$92 million from \$1.7 billion authorization

Spent **\$28.1 million** through April 2023



Funding Model

- Revised interest rate assumptions 4% -4.5%
- Current funding plan is currently negative in FY2035-FY2040
- Factors that can resolve current shortage:
 - Interest Rates
 - Timing of bond issuances
 - Sizing of bond issuances
 - Revenues exceeding estimates – i.e. Restricted sales tax

Fiscal Year	Total Debt Service	Total Revenues Available for DS	Surplus (Deficit)	Cumulative Surplus (Deficit)
2023	73,884,234	126,541,412	52,657,179	52,657,179
2024	81,190,148	138,126,462	56,936,315	109,593,494
2025	105,338,046	163,772,363	58,434,317	168,027,811
2026	100,407,628	144,937,866	44,530,238	212,558,049
2027	129,786,079	132,658,440	2,872,361	215,430,410
2028	140,398,280	161,245,687	20,847,407	236,277,817
2029	136,829,913	138,115,568	1,285,654	237,563,471
2030	184,667,055	166,346,064	(18,320,991)	219,242,481
2031	182,213,600	143,318,590	(38,895,010)	180,347,471
2032	221,897,411	145,570,198	(76,327,213)	104,020,258
2033	194,954,156	147,037,868	(47,916,288)	56,103,970
2034	189,053,583	149,883,626	(39,169,957)	16,934,013
2035	183,368,915	152,786,298	(30,582,617)	(13,648,604)
2036	177,747,207	155,747,024	(22,000,182)	(35,648,786)
2037	172,130,636	158,766,965	(13,363,671)	(49,012,457)
2038	160,000,538	161,847,304	1,846,767	(47,165,691)
2039	154,579,075	164,989,250	10,410,175	(36,755,515)
2040	148,602,613	168,194,035	19,591,423	(17,164,093)
2041	143,289,863	171,462,916	28,173,053	11,008,961
2042	138,135,438	174,797,174	36,661,737	47,670,697
2043	126,618,513	178,198,118	51,579,605	99,250,303
2044	111,597,506	181,667,080	70,069,574	169,319,876
2045	75,329,250	185,205,422	109,876,172	279,196,048
2046	72,185,500	188,814,530	116,629,030	395,825,078
2047	69,047,000	192,495,821	123,448,821	519,273,899
2048	34,523,500	196,250,737	161,727,237	681,001,136
2049	32,954,250	200,080,752	167,126,502	848,127,638
2050	-	203,987,367	203,987,367	1,052,115,004



Modeled Spending – Cash Flow

Project	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Land Acquisition	-	-	-	2,500,000	-	-	-	-	-	-	-	2,500,000
Claxton Elementary	262,311	262,311	622,017	1,658,713	2,819,812	3,815,040	4,478,526	4,810,268	4,810,268	4,478,526	3,980,912	3,317,426
Kiser Middle	298,728	298,728	1,017,488	2,713,302	4,612,613	6,240,594	7,325,914	7,868,575	7,868,575	7,325,914	6,511,924	5,426,603
Peck K-8 Expeditionary	269,227	269,227	743,034	2,026,457	3,444,977	4,863,497	5,944,274	6,619,760	6,957,503	6,889,954	6,484,663	5,809,177
Brooks Global Studies	124,767	124,767	124,767	124,767	124,767	426,529	1,208,499	2,097,101	2,879,070	3,447,776	3,803,217	3,909,849
Foust Elementary	189,113	189,113	189,113	189,113	189,113	605,238	1,714,840	2,975,752	4,085,355	4,892,338	5,396,703	5,548,013
Hampton Peeler NVPA	136,742	136,742	136,742	136,742	1,556,083	4,232,545	6,722,277	8,465,090	9,087,523	8,776,306	7,718,170	6,224,331
Erwin Montessori @ Archer	-	-	-	400,760	400,760	400,760	100,871	282,440	504,357	746,448	988,539	1,170,107
Katherine Johnson Math & Science	-	-	-	347,200	347,200	347,200	347,200	347,200	347,200	347,200	347,200	347,200
Sternberer Elementary	-	212,158	212,158	212,158	212,158	212,158	212,158	212,158	212,158	212,158	212,158	212,158
Allen Jay Elementary	-	371,934	371,934	371,934	371,934	371,934	371,934	371,934	371,934	371,934	371,934	371,934
Sumner Elementary	-	-	-	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429
Swann Center 6-12	-	-	-	277,778	277,778	277,778	277,778	277,778	277,778	277,778	277,778	277,778
Lindley Elementary	-	-	-	535,714	535,714	535,714	535,714	535,714	535,714	535,714	535,714	535,714
Northwood Elementary	-	-	-	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429
Shadybrook Elementary	-	-	-	107,143	107,143	107,143	107,143	107,143	107,143	107,143	107,143	107,143
Northwest Middle School Replacement	-	-	-	535,714	535,714	535,714	535,714	535,714	535,714	535,714	535,714	535,714
Joyner Elementary	-	-	-	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429
Vandalia Elementary	-	-	-	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429
Bessemer Elementary	-	-	-	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429	321,429
Deferred Maintenance	-	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571
Safety and Security Enhancements	-	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571	1,428,571
Technology Upgrades	-	571,429	571,429	571,429	571,429	571,429	571,429	571,429	571,429	571,429	571,429	571,429
Projected Spend	\$1,280,888	\$5,293,551	\$6,845,825	\$17,173,209	\$20,571,480	\$28,007,558	\$34,918,557	\$40,542,340	\$43,616,005	\$43,980,617	\$42,307,482	\$41,328,861
Actual Spend	\$3,800,690	\$1,609,352	\$1,520,044	\$7,276,452	\$0							



Actual spending is lagging modeled spending

Factors include:

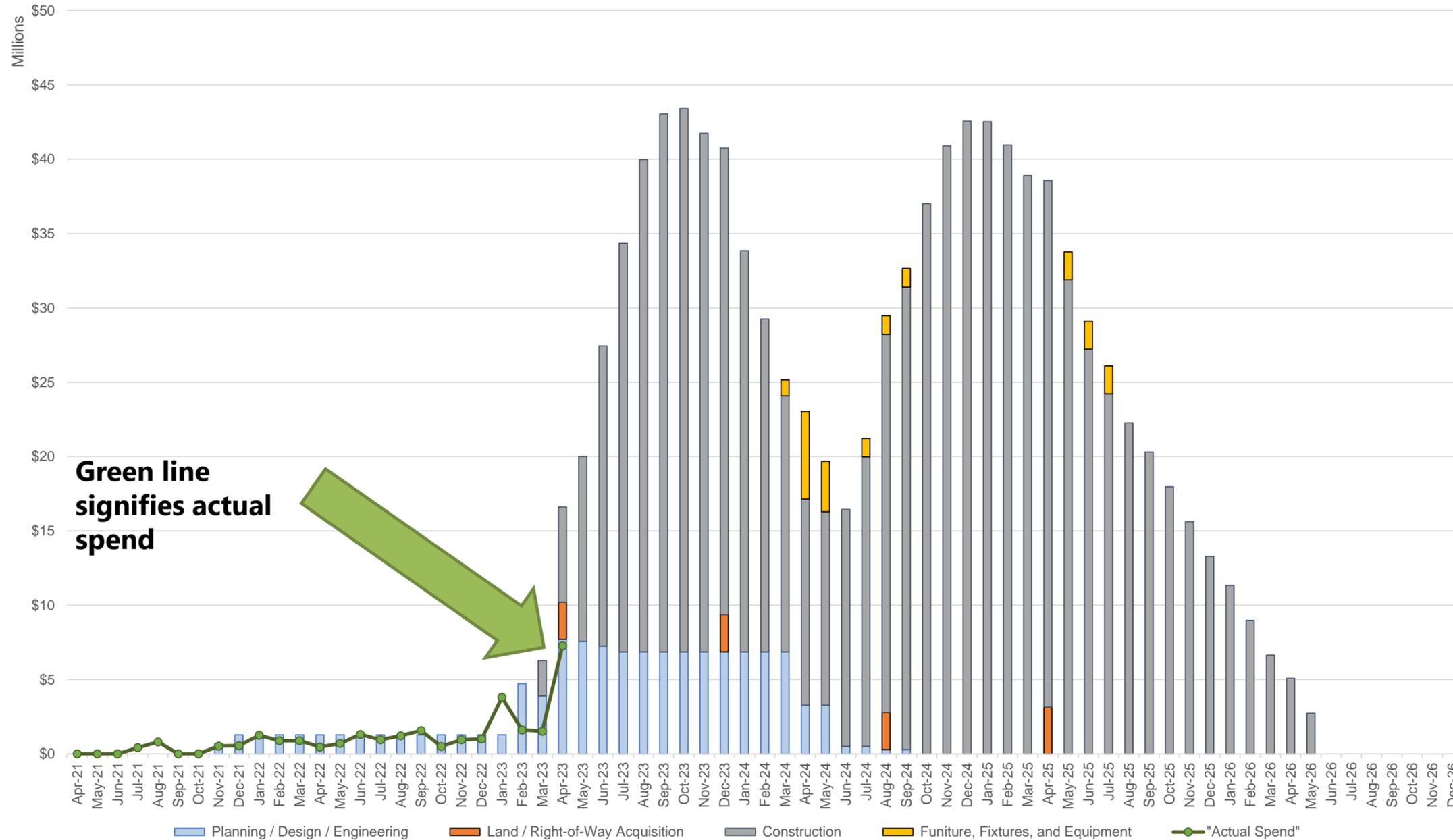
- Start dates for Design, Construction, and Facility opening
- Estimated expense by category

On average in model:

- Design: 15 months
- Construction: 15 months



Modeled Spending – Cash Flow



Actual spending is lagging modeled spending

Factors include:

- Start dates for Design, Construction, and Facility opening
- Estimated expense by category

On average in model:

- Design: 15 months
- Construction: 15 months



Modeled Spending

Cash flow vs. budget

	Planned Issuance	Budgeted Funds	Budgeted Avg. Monthly Spend	Budgeted Cumulative Projected Spend	Actual Average Spend by Month	Cumulative Actual Spend
FY 2021	-	300,000,000	-	-	-	-
FY 2022	120,000,000	-	6,000,000	72,000,000	645,943	7,751,315
FY 2023	180,000,000	222,879,386	9,000,000	108,000,000	1,698,530	20,382,364
FY 2024	570,000,000	-	15,277,778	183,333,333	-	-
FY 2025	-	-	15,833,333	190,000,000	-	-
FY 2026	-	-	15,833,333	190,000,000	-	-
FY 2027	565,000,000	-	19,972,222	239,666,667	-	-
FY 2028	-	-	28,250,000	339,000,000	-	-
FY 2029	565,000,000	-	28,250,000	339,000,000	-	-
FY 2030	-	-	28,250,000	339,000,000	-	-
	2,000,000,000	522,879,386		2,000,000,000		28,133,679



Funding Strategy Options

General Obligation Bonds

- Guilford County has \$1.88 billion in authorized but unissued GO Debt for school construction
- Interest begins when bond is sold
- Ideally you do not want to sell a bond and pay interest if you are not able to spend proceeds within a few years.

Bond Anticipation Note

- Financing strategy for when you do not wish to borrow the full sum at one time for authorized GO Bond
- Assist in cash flow and liquidity
- Similar to a line of credit
- Short-term notes, usually maturing in 1-3 year's time, that are primarily secured by the proceeds of the eventual bond issue itself
- Under a drawdown structure, the County would pay additional fees but no interest until funding is utilized
- Must receive the approval of the LGC before the notes are issued, and the commission will sell the notes on the government's behalf



Funding Strategy Options

General Obligation Bond

- By August 2023:
 - Rating Calls
- By September 2023:
 - Receive Ratings
 - BOC - Adopt Sale and Issuance Resolution
 - Pricing
- By October 2023:
 - Closing

Bond Anticipation Note

- By July 2023:
 - Pre-application call with LGC
 - Distribute RFP to Banks
- By August 2023:
 - Review proposals and prepare documents
- By September 2023:
 - BOC - Preliminary Resolution for Adoption
 - Review and distribute Note Purchase, Advance Agreement, and Closing Documents
- By October 2023:
 - LGC meeting to request approval
 - BOC - Adopt Sale and Issuance Resolution
- By November 2023:
 - Closing



Funding Strategy Options

Considerations:

Based on updates to cash flows from Guilford County Schools and projected spending:

1. Continue to refine estimates and monitor cash flow vs actuals – currently actuals are behind estimated cash flows
2. Continue as planned to sell \$180 million of GO bonds in Fall of 2023
3. Evaluate when to issue planned 2024 issuance of \$570 million



Other County Capital Responsibilities

Planning underway to address current needs for:

Guilford Technical Community College

Facilities for State Operations (two courthouses, juvenile justice, adult probation & parole, etc.)

County Facilities (GSO and HP facilities for public health, social services, adult detention plus other county operations)

