

Community Preservation Act BONDING PRIMER

BOS

February 25, 2013

CPA Bonding Primer

- Borrowing Allowed under State Law
- Borrowing must be approved at Town Meeting with 2/3 vote – no subsequent ballot election required
- Bonds are considered (GOB) General Obligation Bonds although issued against future CPA revenue(s)

CPA Bonding Primer

- Term (Length) of bond follows state guidelines (5, 10, 15, 20 up to 30 years)
- Can only bond against local surcharge, not state match - \$783,000 FY12 surcharge
- Town Meeting can approve an estimated amount for a bonded project - actual project costs can not exceed this amount

CPA Bonding Primer

- Community Preservation Coalition recommends annual debt service payment each year as part of CPA budget
- As a General Obligation Bond, Town Meeting must authorize an annual appropriation for debt service

CPA Bonding Primer

Bond Issuance Timeline

April 2013 - Town Meeting vote

June/July 2013 – Bond counsel signoff

Aug/Sept 2013 – Secure Bond rating

Nov 2013 – Sell Bonds

CPA Bonding Primer

**Budget Year Impact – assuming Nov 2013 issue,
\$2,248,000 Principal, 15 year term, 2% rate**

FY14 – Year 1

- Bond issuance costs - \$30,000 (est.)
- Interest payment yr 1 - \$23,000 (est.)

FY15 – Year 2

- Interest payment(s) yr 2 - \$ 42,000 (est.)
- Principal payment yr 2 - \$155,000 (est.)

CPA Bonding Primer

Annual Surcharge Available to Bond – FY2014

CPA Monies Available to bond \$783,000

FY14 Appropriations

Bond Issuance Costs (est.) \$ 30,000

Bond Yr 1 Interest Cost (est.) \$ 23,000

\$ 53,000

CPA Bonding Primer

Annual Surcharge Available to Bond – FY2015

CPA Monies Available to bond \$783,000

FY15 Appropriations (*)

Bond Yr 2 Interest Cost (est.)	\$ 42,000
Bond Yr 2 Principal Cost (est.)	<u>\$155,000</u>
	\$197,000

*Peak Debt Service Load

CPA Bonding Primer

THE END