City of Fairburn Work Session
Agenda

May 13, 2024
6:00 PM

The Honorable Mayor Mario Avery

The Honorable Mayor Pro-Tem James Whitmore	The Honorable Linda J. Davis
The Honorable Alex Heath	The Honorable Samantha Hudson
The Honorable Hattie Portis-Jones	The Honorable Ulysses J. Smallwood
Mr. Tony Phillips	City Administrator
Mr. Rory Starkey	City Attorney
Ms. Brenda B. James	City Clerk

I. Meeting Called to Order: The Honorable Mayor Avery

II. Roll Call: City Clerk

III. Agenda Items:

1. City of Fairburn Financing Presentation for Infrastructure and Public Safety Complex **(Finance)**

IV. Adjournment:

When an Executive Session is required, one will be called for for the following Issues:
(1) Personnel (2) Real Estate or **(3) Litigation**

CITY OF FAIRBURN
WORK SESSION AGENDA ITEM

SUBJECT:	City of Fairburn Financing Presentation for Infrastructure and Public Safety Complex
ITEM TYPE:	Presentation
SUBMITTED:	05/06/2024 **WORK SESSION:** 05/13/2024 **COUNCIL MEETING:** N/A
DEPARTMENT:	Finance
BUDGET IMPACT:	N/A
PUBLIC HEARING:	No

PURPOSE:
The purpose of this presentation is to provide the Mayor and Council with financing alternatives for water infrastructure projects and construction of a new public safety complex.

HISTORY:
The City of Fairburn has a 10-year combined public utility bond taken out in 2013 that is paid from water revenue. The final payment is October 1, 2024. The city is reviewing financing options for water infrastructure projects, and a new public safety complex.

FACTS AND ISSUES:
The City of Fairburn has a 10-year combined public utility bond taken out in 2013 that is paid from water revenue. The final payment on the previous combined public utility bond is October 1, 2024.

FUNDING SOURCE:
N/A

RECOMMENDED ACTION:
N/A

ATTACHMENTS:
1. Fairburn GA Presentation 5.6.24 Bill Johnson

Stephens PUBLIC FINANCE

A PRESENTATION FROM STEPHENS PUBLIC FINANCE

Prepared for:

City of Fairburn, Georgia

Fairburn
Situated to Succeed

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May 6, 2024

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Public Safety Complex

Currently, the financing method available to finance the Public Safety Project is a Certificate of Participation ("COP") structure. What is a Certificate of Participation?

- COPs are a form of lease-purchase obligation.
- COPs structured financings have been utilized in Georgia for 40+ years.
- 100% of the project must be financed.
- Total amount of outstanding COP's are limited at 25 million.
- Used to finance "essential purpose" projects.
- The project cost amount in the following analysis is $23.4 million.
- Amortization terms are 20, 25, and 30 years.

Public Safety Complex – Bond Sizing

Certificates of Participation (Public Safety Complex),
Series 2024, Rating "Aa3"/"AA-"

Total Issue Sources And Uses

Dated 10/01/2024 | Delivered 10/01/24

	30 Year Amortization	25 Year Amortization	20 Year Amortization
Sources Of Funds			
Par Amount of Bonds	$23,525,000.00	$23,175,000.00	$22,650,000.00
Reoffering Premium	348,083.90	689,111.85	1,203,949.70
Total Sources	$23,873,083.90	$23,864,111.85	$23,853,949.70
Uses Of Funds			
Estimated Costs of Issuance	470,500.00	463,500.00	453,000.00
Deposit to Project Construction Fund	23,400,000.00	23,400,000.00	23,400,000.00
Rounding Amount	2,583.90	611.85	949.70
Total Uses	$23,873,083.90	$23,864,111.85	$23,853,949.70

Public Safety Complex – Debt Service

Debt Service

DATE	30 Year Amortization	25 Year Amortization	20 Year Amortization
10/01/2025	1,441,263	1,554,956	1,744,900
10/01/2026	1,437,763	1,555,206	1,745,400
10/01/2027	1,438,513	1,559,206	1,744,150
10/01/2028	1,438,263	1,556,706	1,746,150
10/01/2029	1,442,013	1,557,956	1,746,150
10/01/2030	1,439,513	1,557,706	1,744,150
10/01/2031	1,441,013	1,555,956	1,745,150
10/01/2032	1,441,263	1,557,706	1,743,900
10/01/2033	1,440,263	1,557,706	1,745,400
10/01/2034	1,438,013	1,555,956	1,744,400
10/01/2035	1,439,513	1,557,456	1,745,900
10/01/2036	1,439,513	1,556,956	1,744,650
10/01/2037	1,443,013	1,559,456	1,745,650
10/01/2038	1,439,763	1,554,706	1,743,650
10/01/2039	1,440,013	1,557,956	1,743,650
10/01/2040	1,438,513	1,558,706	1,745,400
10/01/2041	1,442,913	1,557,306	1,743,000
10/01/2042	1,440,913	1,554,306	1,743,400
10/01/2043	1,442,713	1,554,706	1,741,400
10/01/2044	1,438,113	1,558,306	1,742,000
10/01/2045	1,442,313	1,554,906	-
10/01/2046	1,441,406	1,555,000	-
10/01/2047	1,438,750	1,557,688	-
10/01/2048	1,439,344	1,557,750	-
10/01/2049	1,437,969	1,555,188	-
10/01/2050	1,439,625	-	-
10/01/2051	1,442,650	-	-
10/01/2052	1,438,200	-	-
10/01/2053	1,441,500	-	-
10/01/2054	1,442,100	-	-
Total	$43,206,706	$38,919,456	$34,888,450

Public Safety Complex – Yield Statistics

Bond Yields

Yield Statistics	30 Year Amortization	25 Year Amortization	20 Year Amortization
Average Life	18.751 Years	15.314 Years	12.045 Years
Average Coupon	4.4618590%	4.4363078%	4.4858242%
Net Interest Cost (NIC)	4.3829481%	4.2421371%	4.0445342%
True Interest Cost (TIC)	4.3525210%	4.1823706%	3.9359107%
IRS Form 8038			
Net Interest Cost	4.4079421%	4.2089741%	3.9071753%
Weighted Average Maturity	18.373 Years	14.989 Years	11.839 Years

Water Supply Project

The City has utilized a Combined Public Utility Revenue Bond structure for utility projects since 1998.

- Combined public utility bonds in Georgia may use as security for the bonds the net revenues of the water, wastewater, electric, gas and solid waste systems.

- The estimated project amount for the water supply project is $10 million.

- The amortization term in the following analysis is 20 years.

Water Supply Project-Bond Sizing

Combined Public Utility Revenue Bonds (Water Project),
Series 2024, Ratings "Aa3"/"AA-"

Project Summary

Dated 10/01/2024 | Delivered 10/01/2024

Sources Of Funds	
Par Amount of Bonds	$9,640,000.00
Reoffering Premium	555,383.20
Total Sources	$10,195,383.20

Uses Of Funds	
Estimated Costs of Issuance	192,800.00
Deposit to Project Construction Fund	10,000,000.00
Rounding Amount	2,583.20
Total Uses	$10,195,383.20

Flow of Funds Detail	
State and Local Government Series (SLGS) rates for	
Date of OMP Candidates	
Project Construction Fund Solution Method	Net Funded
Total Cost of Investments	$10,000,000.00
Total Draws	$10,000,000.00

Bond Statistics	
Average Life	12.045 Years
Average Coupon	4.4854018%
Net Interest Cost (NIC)	4.0070767%
Bond Yield for Arbitrage Purposes	3.8216642%
True Interest Cost (TIC)	3.8881967%

Water Supply Project-Debt Service

Debt Service Schedule

Date	Principal	Coupon	Yield	Interest	Total P+I
10/01/2024	-	-	-	-	-
10/01/2025	295,000	5.000%	3.56%	448,950	743,950
10/01/2026	310,000	5.000%	3.46%	434,200	744,200
10/01/2027	325,000	5.000%	3.30%	418,700	743,700
10/01/2028	340,000	5.000%	3.20%	402,450	742,450
10/01/2029	355,000	5.000%	3.18%	385,450	740,450
10/01/2030	375,000	5.000%	3.17%	367,700	742,700
10/01/2031	395,000	5.000%	3.16%	348,950	743,950
10/01/2032	410,000	5.000%	3.20%	329,200	739,200
10/01/2033	435,000	5.000%	3.24%	308,700	743,700
10/01/2034	455,000	5.000%	3.28%	286,950	741,950
10/01/2035	480,000	5.000%	3.36%	264,200	744,200
10/01/2036	500,000	5.000%	3.43%	240,200	740,200
10/01/2037	525,000	5.000%	3.57%	215,200	740,200
10/01/2038	555,000	5.000%	3.63%	188,950	743,950
10/01/2039	580,000	5.000%	3.71%	161,200	741,200
10/01/2040	610,000	4.000%	4.24%	132,200	742,200
10/01/2041	635,000	4.000%	4.24%	107,800	742,800
10/01/2042	660,000	4.000%	4.24%	82,400	742,400
10/01/2043	685,000	4.000%	4.24%	56,000	741,000
10/01/2044	715,000	4.000%	4.24%	28,600	743,600
Total	$9,640,000	-		$5,208,000	$14,848,000

Remaining Series 2013 CPU Revenue Bonds – Balance $1,110,000

- Combined Public Utility Revenue Bonds, Series 2013
- September 12, 2013
- Project: The Series 2013 CPU Bonds were issued to refund the City's Series 2006 CPU Revenue Bonds.
- Principal Amount: $9,310,000
- Final Maturity: 10/1/24
- Purpose: Refunding.
- Tax-Status: Taxable.
- Security and Source of Payments: Pledged revenues of the City's Combined Public Utility System.
- Maturity Date: October 1, for the following dates and amounts:

Remaining Balance Series 2013 CPU Revenue Bonds

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2024	$1,110,000	4.854%	$53,879.40	$1,163,879.40
Total	$1,110,000	-	$53,879.40	$1,163,879.40

Yield Statistics	
Bond Year Dollars	$63,399.31
Average Life	6.810 Years
Average Coupon	4.0171774%
Net Interest Cost (NIC)	4.1374910%
True Interest Cost (TIC)	4.1158751%
Bond Yield for Arbitrage Purposes	4.0486298%

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MUNICIPAL BOND MARKET UPDATE

as of April 26, 2024

TAX-EXEMPT (MUNICIPAL MARKET DATA "MMD")

	Current	1-Week Ago		1-Year Ago	
MMD	4/26/2024	4/19/2024	Weekly Change	4/26/2023	Year Change
2YR	3.22	3.15	+7	2.61	+61
5YR	2.85	2.78	+7	2.36	+49
10YR	2.81	2.74	+7	2.33	+48
30YR	3.96	3.90	+6	3.37	+59

Ratios (%)	4/26/2024	4/19/2024	4/26/2023
2YR (MMD/UST)	64.92	63.38	66.92
5YR (MMD/UST)	60.90	59.66	68.21

Source: Thomson Reuters, U.S. Department of the Treasury

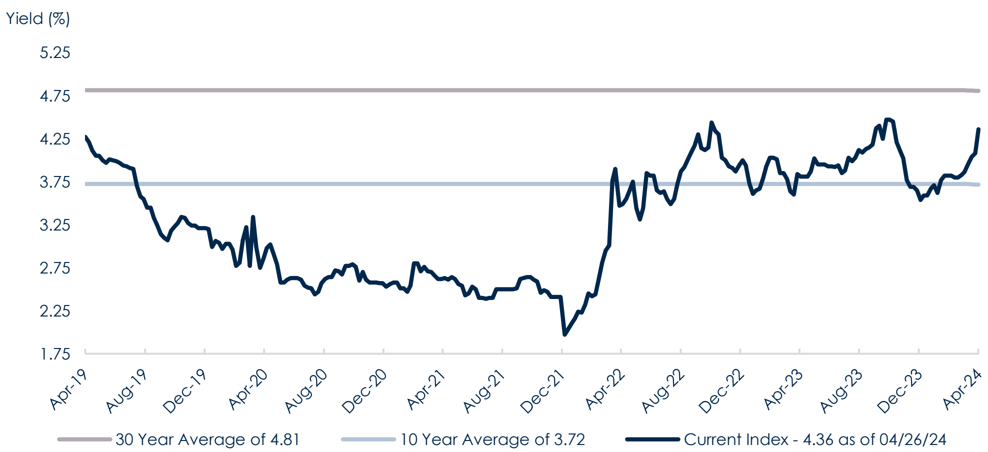
TAXABLE (U.S. TREASURY)

	Current	1-Week Ago		1-Year Ago	
UST	4/26/2024	4/19/2024	Weekly Change	4/26/2023	Year Change
2YR	4.96	4.97	-1	3.90	+106
5YR	4.68	4.66	+2	3.46	+122
10YR	4.67	4.62	+5	3.43	+124
30YR	4.78	4.72	+6	3.70	+108

Ratios (%)	4/26/2024	4/19/2024	4/26/2023
10YR (MMD/UST)	60.17	59.31	67.93
30YR (MMD/UST)	82.85	82.63	91.08

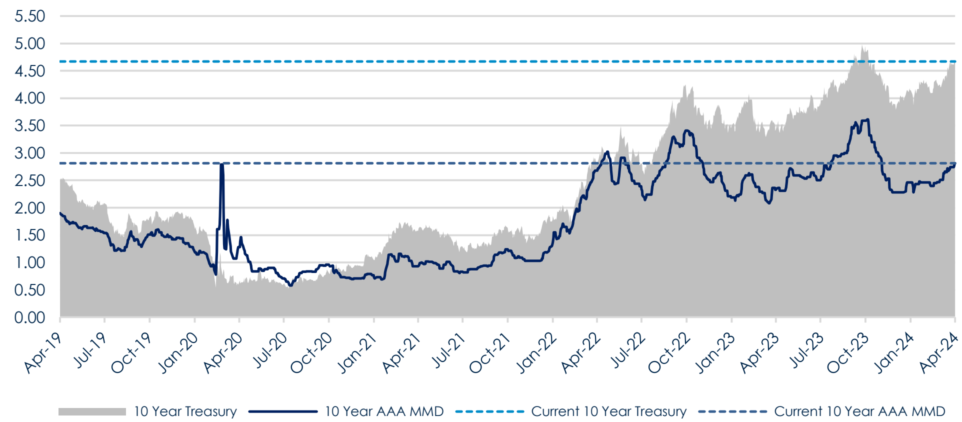
Source: Thomson Reuters, U.S. Department of the Treasury

Revenue Bond Index (Past 5 Years)



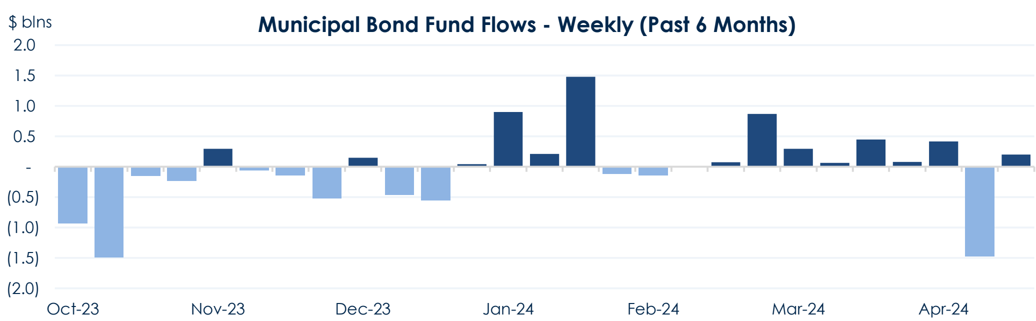
Source: Bloomberg Finance L.P.

10 Year Treasury vs 10 Year AAA MMD (Past 5 Years)



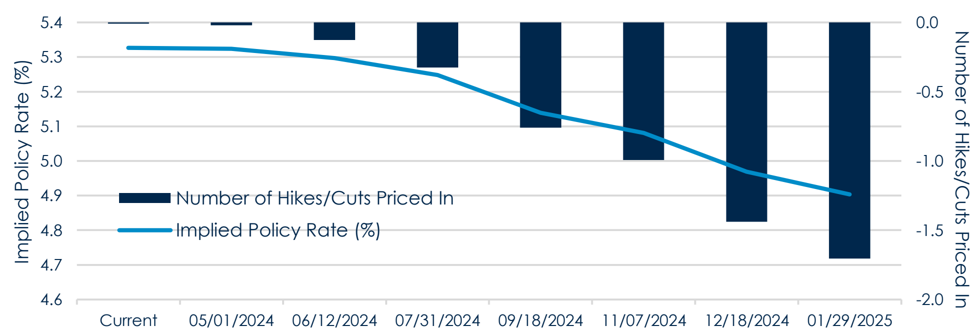
Source: Thomson Reuters

Municipal Bond Fund Flows - Weekly (Past 6 Months)



Source: Lipper, A Thomson Reuters Company

Projected U.S. Federal Reserve Rate Hike Probabilities



Source: Bloomberg Finance L.P.

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