

Observations on FY 2021 Proposed Budget and Updated Funding Strategy for the Meadows Project



Prepared by: Davenport & Company LLC

April 20, 2020

Proposed 2021 Budget — Incorporating COVID 19 Adjustments



KEY OBSERVATIONS

- The Town has developed a balanced budget that does not rely on Unassigned Fund Balances.
- Includes a one-time sale of property of \$600,000.
- Includes \$500,000 of cash funding of capital projects.
- Includes approximately \$1,500,000 in reduced revenue assumptions from a combination of Sales, Lodging and Meals taxes.
- Does not include/anticipate any funds from Federal and State stimulus programs.
- FY 2021 Budget includes the payment of debt service for both General Fund projects and the Meadows Project (approximately \$250,000).

KEY OBSERVATIONS

- Total Principal (excluding the Meadows Project) is approximately \$2.4 million and is all paid off within 10 Years (by FY 2028).
- Annual Debt Service in FY 2021 through 2024 is relatively flat at slightly over \$410,000 per year.
- Annual Debt Service in FY 2025/2026 and beyond decreases by roughly \$200,000 per year.
- The Town's debt level, absent the Meadows project, is considered very limited and rapidly retired.
- While interest rates on the Town's existing debt are under 3% (fixed rates), there still may be an opportunity to lower the interest rate(s) on some or all the outstanding debt.

The Meadows Project – An Update



KEY OBSERVATIONS

- The Development has continued to progress as anticipated per the development team.
- At completion, FY 2022, anticipated revenues are estimated to range from \$1.1 million to \$1.25 million annually.
- Total annual, maximum debt service (estimated) is approximately \$775,000. This contemplates the total borrowing increases by \$2.0 million.
- Existing debt service increase of roughly \$250,000 in FY 2021 is already incorporated in the amended, proposed FY 2021 Budget.
- Debt service for the Meadows Project is expected to increase another \$250,000 to \$500,000 in either FY 2022 or FY 2023. Debt service is expected to peak at \$775,000 in FY 2024.

The Meadows Project – An Update (Next Steps)



<u>Date</u>	<u>Activity</u>
Mid-May 2020	▪ Construction Bid Documents Ready.
On or About June 1, 2020	▪ Construction Bid Advertised.
On or About July 15, 2020	▪ Construction Bids Received & Award.
On or About August 2020	▪ Construction Begins (Six Months to Completion).
Late Winter/Early Spring	▪ Sports Complex Completed.

- Based on this schedule, Davenport Recommends funding be obtained by July 15, 2020.

The Meadows Project – An Update (Next Steps) Cont.



<u>Date</u>	<u>Activity</u>
April 20, 2020	<ul style="list-style-type: none">▪ Davenport Presents Recommendation and Timetable.
Balance of April/May 2020	<ul style="list-style-type: none">▪ Develop Key Documents, including Credit Rating Update/Meetings.▪ Consider a combined new money and refunding issue to take maximum advantage of economies of scale.
June 2020	<ul style="list-style-type: none">▪ Complete necessary Documents and Meetings, including Public Hearing for increase related to Sports Complex.
Late June/ Early July	<ul style="list-style-type: none">▪ Sale Date for Bonds.
On or About July 15, 2020	<ul style="list-style-type: none">▪ Close on the Financing.

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