

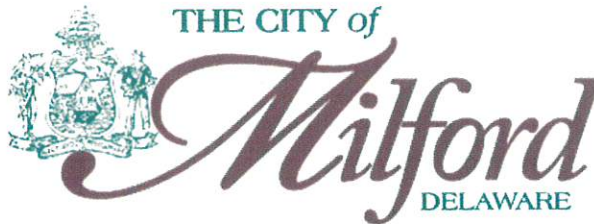
**CITY OF MILFORD, DE.  
PRELIMINARY FINANCING SCHEDULE**

October 2020							November 2020							December 2020										
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S				
				1	2	3	1	2	3	4	5	6	7	6	7	8	9	10	11	12				
4	5	6	7	8	9	10	8	9	10	11	12	13	14	13	14	15	16	17	18	19				
11	12	13	14	15	16	17	15	16	17	18	19	20	21	20	21	22	23	24	25	26				
18	19	20	21	22	23	24	22	23	24	25	26	27	28	27	28	29	30	31						
25	26	27	28	29	30	31	29	30																

January 2021							February 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2	1	2	3	4	5	6	
3	4	5	6	7	8	9	7	8	9	10	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25	26	27
24	25	26	27	28	29	30	28						
31													

Date:	Objective:
Late September/Early October	- City Meeting to Discuss Project
October 12th	- Approval of First Resolution
End of November/Early December	- Request for Information for Preliminary Official Statement
December 1st	- First Legal Notice
December 7th	- Second Legal Notice
December 14th	- Public Hearing and approval of Second Resolution
Mid December	- Start Preliminary Official Statement
December 28th	- Voter Registration Deadline
January 25th	- City Meeting
January 26th	- Election/Certification
Late January/Early February	- Rating Call
Mid-February	- Rating Received
End of February	- Post POS/Invitation to Bid to Auction Website
Early March	- Price Bonds
Mid-March	-Settlement



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To: Mayor and Council  
From: Mark Whitfield, City Manager  
Subject: Schedule for Bond Issuance for Police Station  
Date: September 28, 2020

Council may consider establishing a schedule for the construction of a new police station. Based on the preliminary design, the architect estimates 10 months for design and 14 months for construction. Additionally, three months are needed for the bond resolution and a vote on the referendum. For this reason, staff recommends Council approve the tentative schedule, so that work may begin on the bond alternatives and the bond referendum.

### **Police Station Project Cost**

The total estimated cost for the police station project is \$18.9 million. Staff recommends \$19.4 million be used as the required amount needed by the City to fund the project, which will require a bond issuance of \$20 million after the cost of the bond issuance is subtracted.

### **Bond Issuance**

Given the historically low interest rate environment, staff recommends Council authorize the issuance of up to \$20 million par value general obligation bonds with maturities not to exceed 30 years from the date of issuance to support the construction of the Police Station.

In order to take advantage of the current interest rate environment, minimize borrowing costs and minimize total interest costs while balancing annual budgetary constraints, the bond sale strategy must be flexible. The bonds may be sold directly to commercial banks over the course of two calendar years as bank qualified ("BQ") bonds, which carry a maximum annual issuance of \$10 million. In that case, bond sales of less than \$10 million each would be proposed in September 2021 and September 2022. Alternatively, the bonds may be sold publicly in a negotiated or competitive sale at one time. Finally, a mixed approach involving the one-time sale of less than \$10 million short-term bond anticipation notes (BANs) directly to a commercial bank followed by a permanent, public bond issuance may be the ideal option.

The cost of the bond issuances could range between 1% and 2%. Bond issuance costs will also need to be evaluated for providing the most cost-effective means of bond sales.

Each approach has advantages and disadvantages related to interest rate risk, borrowing costs, and total carrying costs, and each will be evaluated internally and with the assistance of the City's independent public finance advisory firm.

### **Effect on Budget and Tax Increase**

A hypothetical borrowing of \$20 million having a term of 30 years with an average interest rate of 2.41% would result in debt service requirements to be satisfied with property tax revenue.

A \$0.01 property tax increase results in \$89,000 in revenue. Each \$0.01 tax increase equals \$20/year to a home owner with an assessed property value of \$200,000. \$20 million would require \$1,007,500/year in annual debt payments, resulting in a \$0.115 real estate tax increase, or a \$19.15/month increase to an average property owner (or \$230/year). These projected numbers will be updated as we get closer to the Referendum Vote date.

### **Referendum**

A Bond Referendum Vote is proposed for Saturday January 26, 2021. If Council is in favor of the Bond Referendum, the City Clerk needs two months for advertising and completing all the necessary preparation work for the Referendum. Therefore, a decision on the proposed schedule is needed at September 28, 2020 Council meeting.

### **Recommendation**

Staff recommends Council approve the proposed schedule below for the Police Station Design, Construction and Bonds.

<b><u>Date</u></b>	<b><u>Action</u></b>
10/12/2020	Council Resolution for Issuance of General Obligation Bonds
12/14/2020	Public Hearing and Vote on Resolution
1/26/2021	Public Vote on Bond Referendum
2/22/2021	Award Contract for Architect
3/05/2021	Price Bonds
3/19/2021	Settlement of Bonds
10/01/2021	Advertise for Building Construction
11/08/2021	Award Construction Contract
12/01/2021	Start Construction
9/01/2022	First Tax Increase for Bond based on borrowing to date
9/30/2022	First principal payment on Bond
3/01/2023	Construction Complete
9/01/2023	Second Tax Increase for Bond based on final project cost