

Staff Report

Subject: General obligation sales tax bond for SPLOST countywide projects, \$14,679,000

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Department: Finance Department

Meeting Date: 6/7/22

Item Description: Consideration to approve the bond resolution for \$14,679,000 principal for the countywide projects approved in the SPLOST referendum passed in November 2021

Summary Recommendation:

Staff is recommending approval of the resolution for a general obligation sales tax bond for countywide projects approved in the November 2021 SPLOST referendum, for the principal amount of \$14,679,000. The interest rate is 2.55% with the final payment due on June 1, 2028.

Executive Summary:

In November of 2021, the citizens of Effingham County approved the SPLOST referendum for the sales tax collection period beginning July 1, 2022. This referendum contained a list of countywide projects that could be funded via debt issuance, with aggregate debt service of up to \$16,000,000.

Further, the County entered into an intergovernmental agreement with the cities of Rincon, Springfield, and Guyton regarding the new SPLOST that also allowed for the countywide projects to be funded by aggregate debt service of up to \$16,000,000.

In accordance with the SPLOST referendum and cities IGA, and to expedite the completion of those countywide projects listed in the referendum, staff requested bond bid proposals through our financial advisors, First Tryon. Of the bid proposals received through First Tryon, Regions Capital Advantage Inc. (Regions Bank) offered the lowest fixed rate at 2.55%.

The November 2021 SPLOST referendum was structured specifically to allow for this debt service, and so the proposed FY 2023 County budget that staff is recommending for Board approval does contain these countywide projects and the related debt service.

Background:

1. The November 2021 SPLOST referendum was structured for a bond like this.
2. The SPLOST intergovernmental agreement with the cities was structured for a bond like this.
3. Of all bid proposals received, Regions Capital Advantage Inc. had the lowest fixed interest rate.

4. The proposed FY 2023 County budget was drafted with these bond projects and debt service built in.
5. If approved, the funds are expected to be available June 16th, 2022
6. Issuance costs are \$202,290 paid from the proceeds.

Alternatives for Commission to Consider:

1. Approve the general obligation sales tax bond resolution.
2. Do not approve the general obligation sales tax bond resolution.
3. Provide staff with direction.

Recommended Alternative:

Staff recommends Alternative number 1 – Approve the general obligation sales tax bond resolution.

Other Alternatives:

N/A

Department Review: *(list departments)*

County Manager, Finance

Funding Source:

SPLOST

Attachments:

1. General obligation sales tax bond resolution
2. Summary of bids received
3. Final numbers sheet for Regions bid