

INTERNAL MEMORANDUM

Date: October 5, 2021
To: SBURA Board
From: Jim Tevlin
SBURA Consultant
Subject: Bond Issuance for Unimproved Roads

The following is a brief discussion regarding the possibility of issuing approximately \$5,000,000 in bonds to pay for the improvements to gravel roads as detailed in SBURA's proposed FY23-27 Capital Improvement Plan.

SBURA's Proposed FY23-27 Capital Improvement Plan:

SOUTH TAX INCREMENT FUND						
Project Name	FY2023	FY2024	FY2025	FY2026	FY2027	Total
SBURA Unimproved Street Improvements	-	550,000	550,000	550,000	-	1,650,000
Riverfront - Sugar Ave Trail					1,800,000	1,800,000
South Billings Aquatic/Recreation Center	5,500,000	55,000,000				60,500,000
Total South Tax Increment Fund	5,500,000	55,550,000	550,000	550,000	1,800,000	63,950,000

Calculation of Needed Funds for Street Improvements:

Unimproved Streets FY22 CIP	\$3,930,948
Less: Estimated Cash To Be Paid in FY22	<u>655,158</u>
Subtotal	3,275,790
Add: FY24-27 CIP	<u>1,650,000</u>
Estimated Funds Needed for Improvements	\$4,925,790

Note the Following:

1. Without the issuance of bonds the District will sunset in 2041.
2. SBURA's bond capacity, given a maximum maturity date of 2041, is limited to less than \$30 million.
3. If SBURA were to issue 25 year bonds in FY22 the District could borrow up to almost \$40 million.
4. Given points 1-3 above, SBURA seeks to issue \$5,000,000 of bonds for unimproved roads.

Key Points

1. Issuing bonds for unimproved roads would enable SBURA to contribute \$30 million toward recreation center construction (projected for FY24).
2. Issuing bonds for unimproved roads would accelerate the completion of the unimproved roads.
3. Issuing bonds will free up funds for anticipated development projects.