



Municipal Complex Project Overview

- **Borough has approved the issuance of up to \$19.836M in bonds or notes to fund a new Municipal Complex**

Project Amount	
Ordinance #1519 Adopted 5/30/17	\$15,075,000
Ordinance #1556 Adopted 2/5/19	\$ 76,000
Ordinance #1558 Adopted 2/19/19	\$ 4,685,500
Total	\$19,836,500

- **Borough staff and consultants have been analyzing various financing structures and have narrowed down the choice to two basic options:**
 - **Option #1 – Issuance of \$19.836 million in Bonds in 2019**
 - **Option #2 – Issuance of \$10 million in Bonds and \$9.836 in Notes in 2019 and Issuance of \$9.836 in Bonds in 2020 to take-out the 2019 BANs**
- **All figures are preliminary and subject to changes in market conditions, the plan of finance and the construction schedule**

Borough Municipal Complex

Option #1 – Issuance of \$19.836M in Long-Term Bonds in 2019



Fiscal Year	Outstanding Debt	Proposed New Money Issuance		Total Existing and Proposed	Tax Impact	Yr Over Yr	Tax Impact
	Annual Aggregate Debt Service	Principal	Debt Service	Annual Aggregate Debt Service	\$1,689,580,640 Annual Agg. Per \$100	Tax Impact Incr./ (Decr.)	On a Home Assessed at \$307,000
2019	2,064,920			\$2,064,920	\$0.122		
2020	2,039,798	530,000	1,188,625	3,228,423	0.191	0.07	211.56
2021	1,965,275	530,000	1,175,375	3,140,650	0.186		
2022	1,987,070	530,000	1,162,125	3,149,195	0.186		
2023	1,978,070	530,000	1,148,875	3,126,945	0.185		
2024	1,996,429	530,000	1,135,625	3,132,054	0.185		
2025	1,974,983	530,000	1,122,375	3,097,358	0.183		
2026	872,152	666,000	1,245,125	2,117,277	0.125		
2027	870,945	680,000	1,242,475	2,113,420	0.125		
2028	667,877	700,000	1,243,775	1,911,652	0.113		
2029	658,479	720,000	1,242,775	1,901,254	0.113		
2030	437,350	745,000	1,246,175	1,683,525	0.100		
2031	436,100	765,000	1,243,825	1,679,925	0.099		
2032	439,475	790,000	1,245,875	1,685,350	0.100		
2033	442,400	815,000	1,245,200	1,687,600	0.100		
2034	449,800	840,000	1,243,713	1,693,513	0.100		
2035	451,675	870,000	1,246,413	1,698,088	0.101		
2036		900,000	1,245,963	1,245,963	0.074		
2037		930,000	1,244,463	1,244,463	0.074		
2038		960,000	1,241,913	1,241,913	0.074		
2039		1,000,000	1,245,913	1,245,913	0.074		
2040		1,035,000	1,243,413	1,243,413	0.074		
2041		1,060,000	1,229,600	1,229,600	0.073		
2042		1,060,000	1,187,200	1,187,200	0.070		
2043		1,060,000	1,144,800	1,144,800	0.068		
2044		1,060,000	1,102,400	1,102,400	0.065		
Total	19,732,796	19,836,000	30,264,013	49,996,809			211.56

Assumptions

- Borough issues tax-exempt Bonds \$19.836M (full amount of the project)
- Bonds are issued in November 2019 and mature November 2044 (amortized over 25 years)
- 2019 Bonds borrowing cost is approximately 3.56% (as of 2/25/2019)
- Principal structured around existing debt to anticipate debt service drop in FY 2026 (while conforming with Local Bond Law)
- Interest rate assumptions based on current market conditions and recent comparable transactions

****For Discussion Purposes****

****Preliminary, Subject to Change****

Borough Municipal Complex

Option #2 – Issuance of \$10M Bonds and \$9.836M Note in 2019
 – Permanent Financing of \$9.836M Note in 2020



FY	Outstanding Debt		2019				2020		Total Existing and Proposed Annual Aggregate Debt Service	Tax Impact Annual Agg. Per \$100	Yr. Over Yr. Tax Impact	Tax Impact On a Home Assessed at \$307,000
	Annual	\$9.836M Note	\$10M Bonds		\$9.836M Note		Annual					
	Aggregate Debt Service	Debt Service	Principal	Debt Service	Principal	Debt Service	Aggregate Debt Service					
2019	\$2,064,920							\$2,064,920	\$0.122			
2020	2,039,798	245,900	260,000	591,963				2,877,660	0.170	0:05	147.78	
2021	1,965,275		260,000	585,463	275,000	650,680		3,201,418	0.189	0:02	58.87	
2022	1,987,070		260,000	578,963	275,000	642,430		3,208,462	0.190			
2023	1,978,070		260,000	572,463	275,000	634,180		3,184,712	0.188			
2024	1,996,429		260,000	565,963	275,000	625,930		3,188,322	0.189			
2025	1,974,983		260,000	559,463	275,000	617,680		3,152,125	0.187			
2026	872,152		340,000	632,963	296,000	635,430		2,140,545	0.127			
2027	870,945		345,000	634,463	305,000	635,400		2,140,807	0.127			
2028	667,877		355,000	634,838	315,000	636,100		1,938,814	0.115			
2029	658,479		370,000	634,038	325,000	636,500		1,929,016	0.114			
2030	437,350		380,000	632,938	335,000	635,775		1,706,063	0.101			
2031	436,100		390,000	636,538	350,000	639,725		1,712,363	0.101			
2032	439,475		400,000	634,688	360,000	638,188		1,712,350	0.101			
2033	442,400		415,000	631,525	375,000	636,325		1,710,250	0.101			
2034	449,800		430,000	633,038	390,000	637,263		1,720,100	0.102			
2035	451,675		445,000	634,063	405,000	637,638		1,723,375	0.102			
2036			465,000	633,488	420,000	637,450		1,270,938	0.075			
2037			485,000	632,388	440,000	635,650		1,268,038	0.075			
2038			500,000	635,763	455,000	638,250		1,274,013	0.075			
2039			520,000	642,200	475,000	635,050		1,277,250	0.076			
2040			520,000	622,700	500,000	635,075		1,257,775	0.074			
2041			520,000	603,200	520,000	639,250		1,242,450	0.074			
2042			520,000	582,400	545,000	636,075		1,218,475	0.072			
2043			520,000	561,600	550,000	627,000		1,188,600	0.070			
2044			520,000	540,800	550,000	602,250		1,143,050	0.068			
2045					550,000	576,125		576,125	0.034			
Total	19,732,796	245,900	10,000,000	15,247,900	9,836,000	15,801,418		51,028,014			206.65	

Assumptions

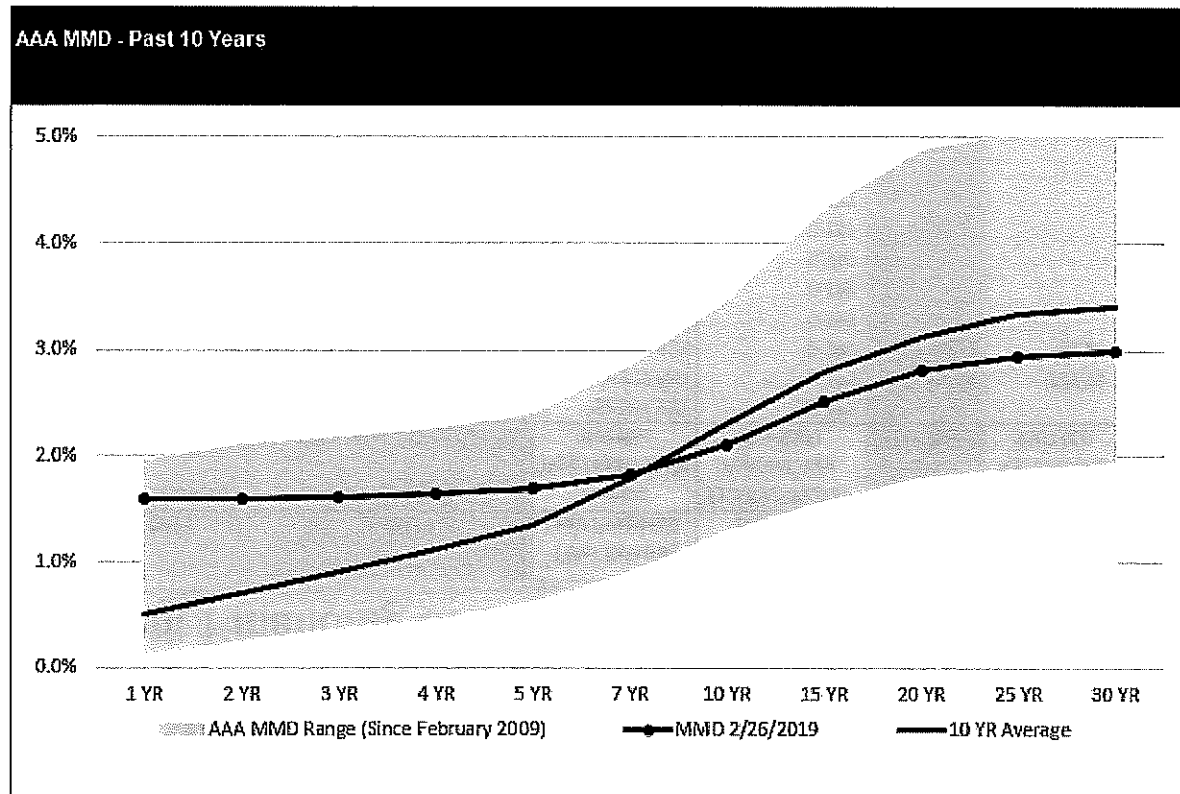
- Issue tax-exempt Bonds \$10M and \$9.836M Note in November 2019
- Issue tax-exempt Bonds in November 2020 to permanently finance \$9.836M Notes
- 2019 Bonds borrowing cost approximately 3.56% (as of 2/25/2019)
- 2019 Notes borrowing cost approximately 2.50% (as of 2/25/2019)
- 2020 Bonds borrowing cost approximately 4.11% (current market rates plus 50bps)
- Principal structured around existing debt to anticipate debt service drop in FY 2026 (while conforming with Local Bond Law)
- Interest rate assumptions based on current market conditions and recent comparable transactions

****For Discussion Purposes****
****Preliminary, Subject to Change****

Municipal Market Overview



- Total volume of municipal issuance declined by approximately 24% in 2018 due primarily to the passage of the Tax Reform Act in December 2017
- Overall demand for municipal bonds continues to be strong and long-term municipal interest rates remain below the 10 year average.
- The chart below illustrates the recent rise in short term interest rates and the overall flatness of the current yield curve.



Source: Thomson Reuters