

Town of Oak Ridge Council Meeting 2/2/2023

Report from Finance Officer Samuel K. Anders, CPA, MSA

1. Financial Report (See attached)

2. Activity Update

A. We have received the wire transfer remitting property taxes of \$96,034.21 and Motor Vehicle Taxes of \$7,227.33 from the Guilford County Tax Department, total to be received \$103,261.54. This represents all collections in our account as of 1/31/23.

B. We received our monthly sales tax and property tax disbursement. We also received Interest, ABC Revenue Distribution, Veterans Honor Green Donations, and Other Park Revenues.

C. Investments at our banks are being monitored and we are looking for other approved options to increase our yield. Pursuant to this \$500,000 was moved to an account at Piedmont Federal Savings Bank.

D. We have supported the staff with grant compliance throughout the month and the bid process with bid opening. I received both financing bids and have provided you with a synopsis of the key factors and rate results with my recommendation. After this, I attended the NC State Treasurer's required pre-application Teams conference with Bill where our bid process for the loan was explained and they confirmed the rate offered was within the range they were seeing and considered it a good rate. Upon conclusion of tonight's meeting, I will formally notify the bidders of the financing decision and update the chosen bank with the timeline for the LGC application process as well as finalize a list of all requirements they need to proceed to closing before the rate lock lapses on 3/15/2023. We are continuing to support the ARPA and SCIF Grants as well as the CIP process and work on the potential water system.

Town of Oak Ridge
 Financing Bid Process Results
 Banks

Terms		Truist	Piedmont Federal Savings and Loan
Amount \$3,000,000		Yes	Yes
Term of 15 years		Yes	Yes
Interest Rate		3.94% Fixed for term	5.5% Fixed for term
Payments		Monthly	18 month Interest only. Monthly after completion
Security		First Lien on Town Hall and adjacent land	First Lien on Town Hall and adjacent land Second Lien on Whitaker Property
Prepayment Terms		Prepayment in whole within first 5 years with 1% penalty Prepayment in whole after first 5 years without penalty Partial Prepayments allowed once per year after 5 years on anniversary date with no penalty	Prepayments allowed with no restrictions
Fees		Doc Fee \$5,900	Appraisal - Paid By Lender Government Records Search environmental report Commitment Fee \$2,500 3rd Party Inspection Fees for draws - Waived
Meets all parameters?		Yes	Yes

Lowest responsible bid

**Town of Oak Ridge
Heritage Farm Park
Project Analysis**

Total Cost		Funding	
Description	Cost	Source	Amount
Bid Received	\$ 4,750,000.00	PARTF	\$ 490,000.00
Musco Lights	\$ 422,500.00	ARPA	\$ 1,656,102.00
	<u>\$ 5,172,500.00</u>	Truist Loan	\$ 3,000,000.00
Total Cost		Fund Balance	\$ 26,398.00
		Total Funding	<u>\$ 5,172,500.00</u>

Debt Service	Truist	Whitaker	Total Debt Service
2022-2023	\$ 132,036.13	\$ 244,800.00	\$ 376,836.13
2023-2024	\$ 311,305.04	\$ 234,000.00	\$ 545,305.04
2024-2025	\$ 303,425.04	\$ 223,200.00	\$ 526,625.04
2025-2026	\$ 295,545.04	\$ 212,400.00	\$ 507,945.04
2026-2027	\$ 287,665.04	\$ 201,600.00	\$ 489,265.04
2027-2028	\$ 279,785.03	\$ 190,800.00	\$ 470,585.03
2028-2029	\$ 448,950.02		\$ 448,950.02
2029-2030	\$ 433,978.03		\$ 433,978.03
2030-2031	\$ 419,006.03		\$ 419,006.03
2031-2032	\$ 404,034.02		\$ 404,034.02
2032-2033	\$ 387,967.59		\$ 387,967.59
2033-2034	\$ 17,828.05		\$ 17,828.05
Total Truist Payments	<u>\$ 3,721,525.06</u>		
Less Loan Amount	\$(3,000,000.00)		
Total Cost of Debt	<u>\$ 721,525.06</u>		

Town Debt Structure - Assumes \$180,000 Added Principal Applied to Truist upon payoff of Whitaker
The 01/31/2038 180th Final payment is moved to 07/31/2033 the 131st Payment and pays off 49 months early, thereby reducing interest due over the course of the loan by \$169,900.37.

**Fund Balance Analysis for FY 2022-2023
As of February 1, 2023**

We are projected to reduce fund balance by \$1,473,565 for the 22-23 adopted budget. Included in that number was expenditures of \$1.1 million for water and 70K for NCDOT Road improvements. Since we are not going to expend these amounts before the end of the budget year, the reduction in fund balance would be \$303,565.00.

Should the council approve the HFP at the higher adjusted bid amount, the amount from fund balance needed is \$26,398. Add that to the adjusted \$303,565 and you get \$329,963 fund balance reduction and we are still reducing fund balance by \$1,143,602 less than we planned to. The planned higher reduction for the current year left an agreeable fund balance that all felt was still sufficient to operate the Town. Moving forward with the HFP project will actually still allow an increase to the acceptable fund balance remaining instead of reducing it further.