

February 18, 2020

A Special Meeting of Town Council was held on the above date at approximately 6:00 p.m., all requirements of the Freedom of Information Act having been satisfied.

Present were: Patrick M. O’Neil, Mayor
Chauncey Clark, Mayor Pro-Tem
Sarah Church, Councilmember
Tim Reese, Councilmember
Bachman Smith, IV, Councilmember
Kaye Smith, Councilmember

Mayor O’Neil called the meeting to order at 6:00 p.m. and stated the press and public had been notified in accordance with State Law. There were twenty (20) members of the public present and two (2) members of the media present. The purpose of the meeting was to discuss the Installment Purchase Revenue Bonds Series 2020.

David Cheatwood, Managing Director at First Tryon Advisors, presented. The Town is preparing to issue its Installment Purchase Revenue Bonds Series 2020 (the “Series 2020 IPRBs”) to finance approximately \$20 million of improvements to various Town owned facilities and infrastructure. The Town plans to repay the Series 2020 IPRBs over a 25-year approximately level debt service basis. Based on estimated current market rates, the annual debt service would be approximately \$1.16 million/year and the all-in true interest cost is approximately 2.98%. As part of the financing process, the Series 2020 IPRBs were rated “Aa2” from Moody’s and “AA” from Standard & Poor’s, which are the second highest ratings possible. The rating agencies noted the following strengths of the Town: strong financial position including balanced financial operations and very healthy liquidity, above average wealth indicators, growing tax base and strong management.

The structure of the Series 2020 IPRBs will be the exact same as the structure of the Town’s Installment Purchase Revenue Bonds, Series 2018 (the “Series 2018 IPRBs”). The Series 2018 IPRBs and Series 2020 IPRBs have a number of general characteristics. They both are a single-purpose, not-for-profit corporation (Town of Sullivan’s Island Public Facilities Corporation) issues the bonds and provides the proceeds to the underlying borrower (Town) to construct the projects. The Corporation pledges an asset or assets as collateral for both series bonds (Town Hall and Fire Station). Both assets are leased to the Corporation so that they can be pledged to the bondholders. The Town then makes semi-annual payments to the Corporation via a Facilities Agreement in an amount equal to the debt services on the bonds and the Town acquires (or reacquires) a percentage of the Town Hall and Fire Station with each payment. Upon final payment/final maturity of the bonds, the Town will own the Town Hall and Fire Station. If the

Town fails to make a payment under the Facilities Agreement, it loses access to the unacquired portion of the two facilities. Payments by the Town under the Facilities Agreement can be made from any legally available revenues via annual appropriation by Town Council including the proceeds of an annual General Obligation Bond issued under the Town's 8% debt capacity (thereby allowing debt service millage to be levied).

The Town can repay the IPRBs with the proceeds of an annual General Obligation Bond issued under the Town's constitutional debt limit (8% of assessed value). The issuance of the annual General Obligation Bond enables the Town to levy debt service millage each year. The annual General Obligation Bond will have a maturity (i.e. be repaid) within 1 year thereby freeing up the Town's 8% capacity for the ensuing year's General Obligation Bond. In FY2020, the Town levied 15.6 debt service mills to pay debt service on its General Obligation Bonds, Series 2014 and the Series 2018 IPRBs. Following the issuance of the Series 2020 IPRBs, the Town's debt service millage is estimated to increase by 11.2 mills to 26.8 mills.

Motion: Action: Adjourn Meeting at 6:18 p.m.

Moved by Mayor Pro-Tem Clark, Seconded by Councilmember Tim Reese.

Motion passed unanimously.

Respectfully submitted,


Courtney Liles