

Update on Community Investment Fund and Recent Bond Sale



Presented to County Commission

April 22, 2025

INTRODUCTION

- Gaston County is experiencing remarkable growth in the economy and people who want to invest and live in the County
- Management and Commissioners working toward capital funding needs of this growth and investment – Community Investment Fund (CIF)
- County has strong credit rating (Aaa [Moody's) and AA+ [S&P]) – Review of recent management efforts and impacts on recently sold largest ever bond issue
- Current CIF affordability model can meet a portion of identified CIP needs
- Purpose of this presentation
 - Discuss recent bond sale and efforts of County staff to support the sale
 - Identify current capacity for new debt and paygo
 - Provide update to inform future decision process

UPDATE SINCE MARCH 2024 MEETING

G.O. Bonds Sold Competitively by the LGC on April 8 (close April 30)

- County sale went well despite market disruptions – 4.01%
- Disruptions due to several factors – fear of recession, ten-year treasury, others
- CIF affordability model had conservative assumption of 5%

Management staff efforts to sustain/upgrade ratings – To continue into future

- Visited in person with both Moody's and S&P – Very important
- Provided comprehensive rating handout and strong presentations on County initiatives and financial position and future economic growth - Moody's confirmed triple-A rating and S&P double-A+

UPDATE SINCE MARCH 2024 MEETING

S&P - more cautious view of upgrade to triple-A – need to observe more results from economic growth

- Housing values and median family income growth
- Growth in assessed value at next revaluation
- CIP and how to fund

DEC thoughts/comments on bond sale and rating actions

- In person meetings should and hopefully will continue
- Management staff presentation/overall efforts – TRIPLE-A scope and quality
- S&P triple-A to come – Time is the driver
- Split rating made little to no impact on sale/interest rate

UPDATE SINCE MARCH 2024 MEETING

Both the County Commission and management contributors to these ratings

- Commission has made sound decisions on financial planning – CIF as example
- More essential decisions points to come before you in next few years

Comprehensive review of the CIF and debt affordability

- Scenarios developed and reviewed with guidance of county staff
- Reviewed during numerous meetings with the County Commission
- Primary purpose for today is review of affordability capacity and future decisions on increasing the capacity

CURRENT DEBT CAPACITY

Affordability model operates within the CIF

Contains various revenues and debt service (and paygo)

- Revenues primarily contribution from GF and Sales Taxes (school purposes)
- Debt service is all former, April issuance and potential new debt

Approximate \$17 million annual contribution from the GF

- Funds general government debt service and contributes to schools
- Lowered in 2023 by \$7 million to remove F/B appropriation in GF
- Potential/need to restore in future years to restore lost capacity and determine if more \$s are needed to meet needs

CURRENT DEBT CAPACITY

Current capacity of approximately \$125 - \$150 million in next 5 years

- Timing greatest influence on capacity
- Interest rates also influence – model uses conservative assumption

Multiple capital needs identified for consideration

- Jail expansion \$150 million
- Public Safety Campus \$150 million
- Gaston County Schools \$250 million (G.O. referendum)
- Gaston College \$150 million (G.O. referendum)
- Others?

FUTURE STRATEGIC DECISIONS

Identify capital project needs within the CIP to be funded by CIF:

- Establish timing and estimated cost of future projects
- Prioritize by need and essentiality

Adopt financial plan to meet funding needs

- Specify project funding/capital needs
- Timing of bringing facilities online especially important
- Determine appropriate mix of funding for operations and capital needs
- Sources to fund additional revenues to the CIF

Implement financial plan by putting in place the needed resources

Questions and Comments