

# Public Information Session 2023 Bond Referendum

Fripp Island Public Service District

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*October 10, 2023*

# Public Information Session

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- ▶ Welcome and Introductions - *Ed Wetzel, Fripp Island Public Service District Chair*
- ▶ Referenda and Bond Process - *Sara Weathers, Pope Flynn*
- ▶ Project Descriptions
  - Fripp Inlet Bridget- *Mike Murphy, Fripp Island Public Service District Commissioner*
  - Fire Department- *Josh Horton, Fripp Island Fire Department Chief*
  - Revetment- *John King, Fripp Island Public Service District Commissioner*
- ▶ Financing Strategy and Millage Impacts- *Amy Vitner, First Tryon Financial Advisors*
- ▶ Questions

## Referenda and Bond Process

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- ▶ The Fripp Island Public Service District is a special purpose district, or limited purpose government, created by the South Carolina legislature in 1962, when development of the island was just beginning, to provide certain essential services.
- ▶ Under State laws applicable to the Public Service District, it is empowered to provide fire, water, and sewer services, perform erosion control, and build and maintain public infrastructure, such as the Fripp Inlet Bridge.
- ▶ The District is governed by the Fripp Island Public Service District Commission, which is comprised of six elected residents of the Public Service District.

## Referenda and Bond Process

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- ▶ As a special purpose district, the Public Service District is limited by State law in how it may borrow money – revenue bonds or general obligation bonds.
- ▶ For non-revenue producing projects, the Public Service District must issue general obligation bonds.
- ▶ General obligation debt is debt secured by the full faith, credit, and taxing power of the Public Service District, and is paid from *ad valorem* property taxes.
- ▶ For borrowings that exceed 8% of the assessed value (not appraised) of the Public Service District, those borrowings are subject to a favorable referendum of the qualified electors of the Public Service District (those registered to vote in the Public Service District).
- ▶ All general obligation borrowings are subject to County Council approval.
- ▶ As previously discussed, the Public Service District Commission has identified \$5,250,000 of financing needs of the Public Service District, which is in excess of the District's \$4.5 million 8% debt limit.

## Referenda and Bond Process

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- ▶ The Public Service District sought approval from the County for a referendum for \$5,250,000 of general obligation bonds, and on August 14, 2023, County Council enacted an ordinance authorizing the issuance of general obligation bonds subject to a favorable referendum, and adopted a resolution calling for three referenda to be held on November 7, 2023.
  
- ▶ Notice of the referendum was published on September 5, 2023 and September 18, 2023 in the Beaufort Gazette. A referendum will be held on November 7, 2023, in connection with the debt issuance, setting forth three separate questions for consideration. The questions will be whether to issue bonds for the following purposes:
  - \$1,320,000 to defray the costs of acquiring, designing, constructing, renovating, and equipping fire service facilities, apparatus, equipment and vehicles,
  - \$870,000 to defray the costs of repairing, reconstructing and mitigating certain District revetments and related infrastructure, and
  - \$3,060,000 to defray the costs of repairing, reconstructing, and improving the Fripp Inlet Bridge and related infrastructure.

# Referenda and Bond Process

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The following steps remain:

- ▶ Following the referendum, Beaufort County Council must adopt a resolution confirming the results of the referendum. Currently targeting November 13, 2023.
- ▶ If the referendum is favorable as to any question, the Commission must adopt a bond resolution authorizing bonds for the favorable question setting forth certain terms of the bond including its sale, defeasance, execution, and other pertinent details. Currently targeting November 14, 2023.
- ▶ After these steps, the Commission is legally authorized to issue the bonds at any time within the next five years.



## Project Description-Fripp Inlet Bridge

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- ▶ The Commission and its engineers have determined it is necessary to undertake certain improvements to the Fripp Inlet Bridge including (1) improvements to the existing Fripp Inlet Bridge abutment revetment located at the connection of the Tarpon Boulevard Bridge from Hunting Island to Fripp Island; and (2) rehabilitation of certain existing Fripp Inlet Bridge components.
- ▶ The Public Service District has retained McSweeney Engineers in connection to the abutment revetment repairs and JMT Engineers for the bridge component rehabilitation.



## Project Description-Fripp Inlet Bridge Revetment Repairs



- ▶ The shoreline surrounding the existing abutment has eroded in recent years and the existing protection has begun deteriorating under increased ocean wave exposure.
- ▶ The existing protection includes a rock revetment with stones which are approximately 1 foot in diameter. This protection is undersized for the coastal environment.
- ▶ The improvements will include replacing the stones with large armor stone ranging in size from 2.5 to 3 feet in diameter.
- ▶ The larger armor stones will be placed in a double layer on the eastern side as it is more exposed than the western side.



# Project Description-Fripp Inlet Bridge Rehabilitation of Components



- ▶ Bents 12 and 13 require repairs.
- ▶ The original lower retrofit cap and piles were built in 1980.
- ▶ After significant deterioration to the lower retrofit cap, another upper retrofit cap and additional piles were added in 1996 and 1999.
- ▶ The retrofit piles have had 12 feet to 20 feet of additional scour since they were installed.
- ▶ A structural analysis was completed indicating that the retrofit piles are structurally sufficient to support the weight; however, the loss of soil from the scour has reduced the geotechnical capacity.
- ▶ New retrofit repairs are warranted to restore the geotechnical capacity above the factor of safety of 2.
- ▶ During the retrofit bent repairs, a contractor will also repair concrete deterioration with spall repairs and pile jackets.



## Project Description-Fripp Inlet Bridge Rehabilitation of Components



- ▶ The collars of bents 25 and 26 require repairs to address deterioration of concrete and exposed reinforcing steel.



## Project Description-Fire Facilities

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- ▶ The Fire Department is seeking funding to address three projects:
  1. The acquisition of an approximately \$1 million aerial apparatus (75' Ladder Truck) to occur in Fiscal Year 2024;
  2. Renovations to the Fire Station with an estimated cost of \$200,000 to occur in Fiscal Year 2025; and
  3. Replacement of quick response vehicle and squad with the acquisition of a new vehicle with an estimated cost of \$65,000 to occur in Fiscal Year 2024.



## Project Description-Fire Facilities

- ▶ The Fire Department's current fleet of apparatus includes a 2001 Pierce Contender pumper.
- ▶ Per National Fire Protection Association Standard 1901 Standard for Automotive Fire Apparatus (NFPA 1901), this vehicle is outside of the recommended 15-year front line life cycle.
- ▶ The Fire Department is seeking to acquire a new 75' ladder truck to replace the existing 2001 Pierce Contender pumper.





# Project Description-Fire Facilities



- ▶ The original fire station was completed in December of 1999.
- ▶ Current occupancy includes 3 firefighters and 1 paramedic per shift.
- ▶ The fire station is staffed 24/7.
- ▶ Regular use and growth of the fire department has created a need for improvements.



## Project Description-Fire Facilities

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- ▶ Proposed improvements include:
  - Refurbish showers in men's and women's bathroom;
  - Replace kitchen counters, stove, and hood system;
  - Replace flooring throughout the station;
  - Add additional camera and sound equipment to the meeting room for commission meetings and satellite trainings;
  - Explore solutions to protect walls in the engine bay; and
  - Paint and caulk the exterior of the building.



## Project Description-Fire Facilities

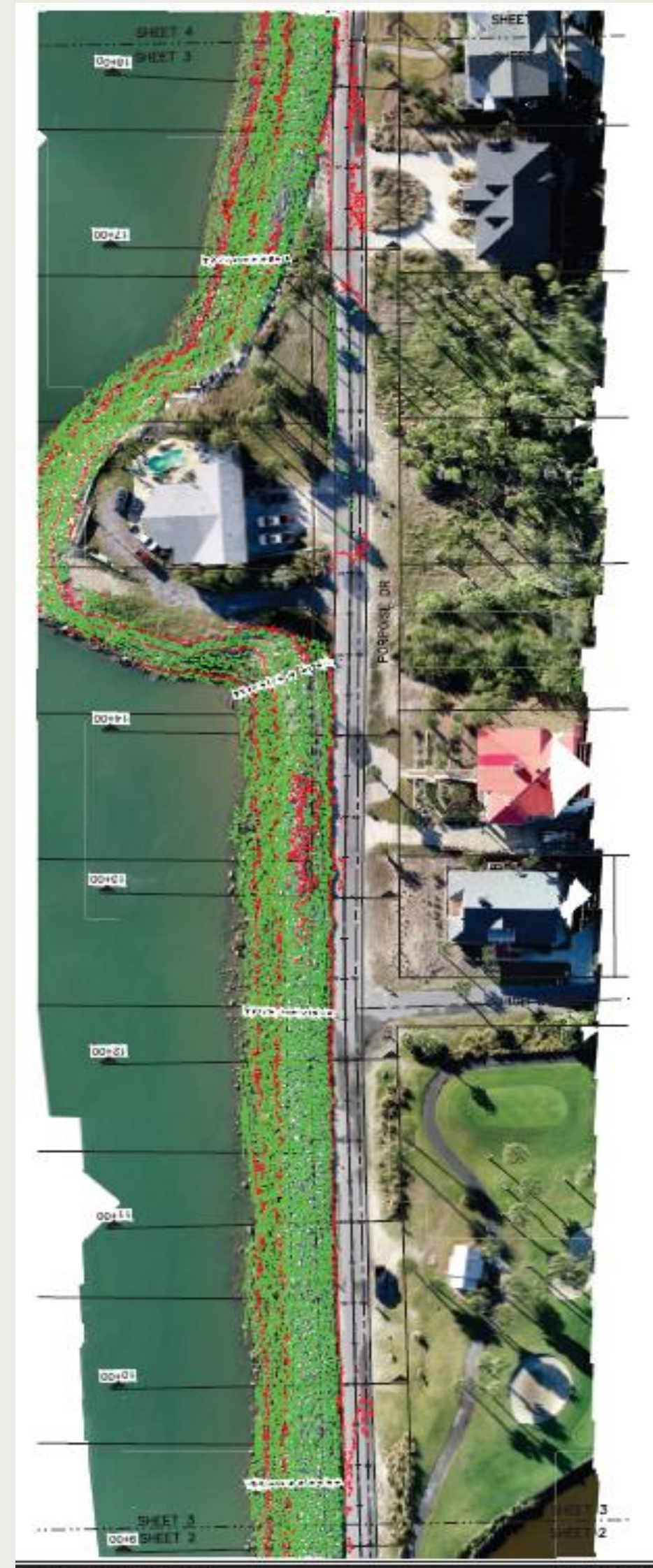
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- ▶ The Fire Department currently operates a 2011 Chevrolet Silverado as a quick response vehicle for medical calls and a 2003 Chevrolet 3500HD for a squad truck.
- ▶ The new vehicle will serve as both the quick response vehicle and the squad truck.





# Project Description-Revetment Repairs



- ▶ Recent survey of the Porpoise Drive revetment. Yearly surveys ensure that the designed rock elevations and profiles are maintained.
- ▶ Revetments were created to prevent coastal land erosion caused by direct action of waves and tide.
- ▶ Also protect PSD owned utilities that could be damaged by the coastal erosion.
- ▶ Repairs and additional rock are usually necessary every year or two as a result of the most recent survey compared with the previous one.



## Project Description-Revetment Repairs

- ▶ The large diameter rock, called Armorstone, was added in 2018 as the major design enhancement needed after damage caused by Hurricane Matthew in 2016.
- ▶ Bids for this project ranged from \$800,000 to \$1,800,000.
- ▶ Damage caused by a future storm is expected to cost less than the above, but could still be several hundred thousand dollars.



Porpoise Drive revetment from its south end,  
looking north



Tarpon Road south revetment





# First Tryon Advisors

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# Topics for Discussion

➤ Existing Debt and Millage Overview

➤ Bond Referendum and Financing Overview



# Existing Tax Supported Debt Service

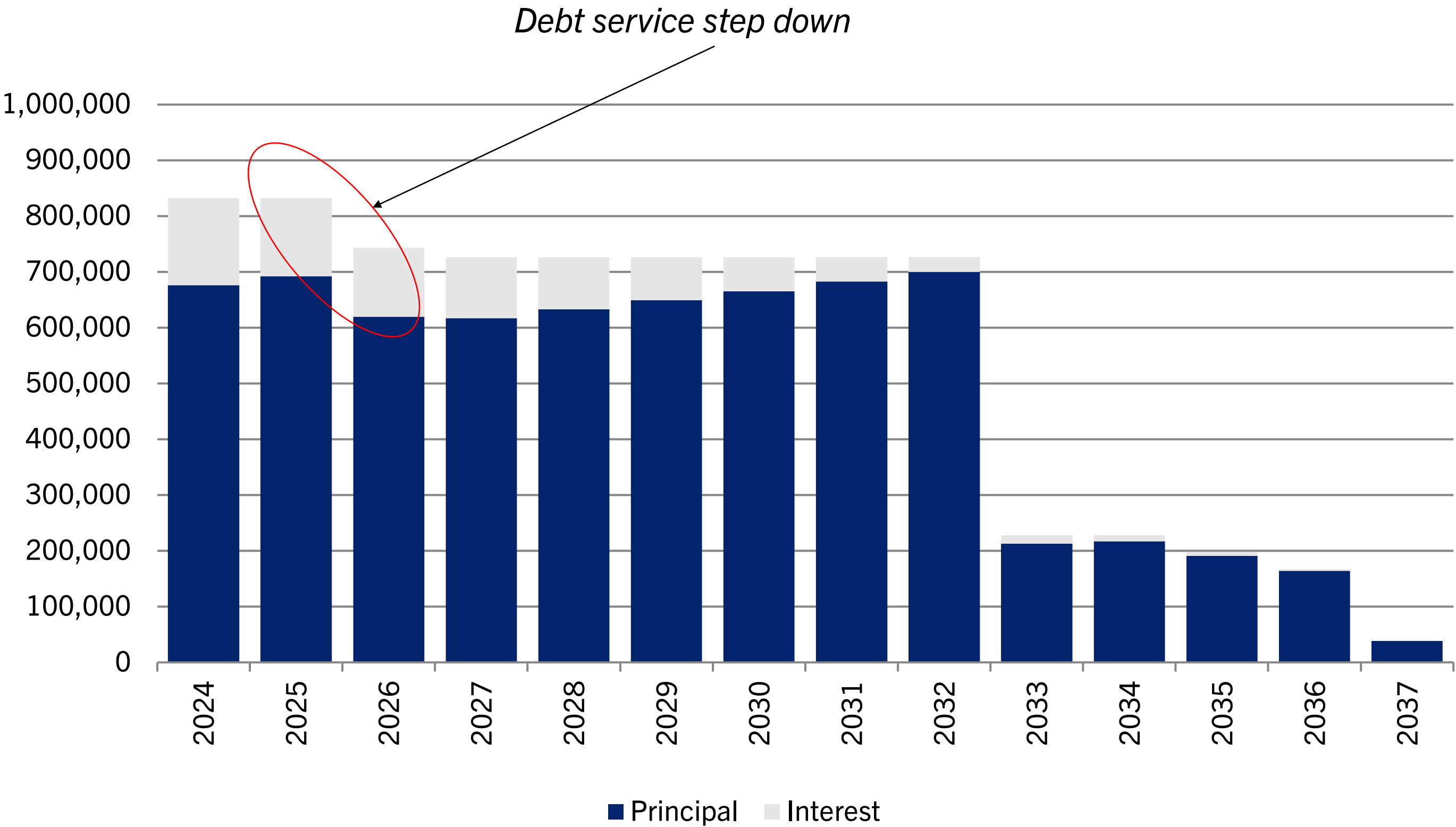
Calendar Year	2006 SRF Loan (Wastewater Treatment Plant)	2014 GO Bond (Wastewater Treatment Plant)	2017 GO Bond (Revetment)	2018 SRF Loan (HWY 21 Water Line Replacement)	2019 GO Bond (Fripp Inlet Bridge)	Total Existing Debt Service
2024	382,156	60,776	15,556	167,462	206,239	832,190
2025	382,156	60,776	15,556	167,462	206,499	832,450
2026	191,078	60,776	15,556	167,462	308,244	743,117
2027	-	60,776	108,836	167,462	389,313	726,388
2028	-	60,776	107,870	167,462	390,031	726,140
2029	-	60,776	108,724	167,462	389,490	726,452
2030	-	60,776	108,384	167,462	389,689	726,311
2031	-	60,776	108,850	167,462	389,616	726,704
2032	-	60,776	108,123	167,462	390,255	726,617
2033	-	60,776	-	167,462	-	228,238
2034	-	60,776	-	167,462	-	228,238
2035	-	30,388	-	167,462	-	197,850
2036	-	-	-	167,462	-	167,462
2037	-	-	-	38,919	-	38,919
<b>Total</b>	<b>955,389</b>	<b>698,924</b>	<b>697,456</b>	<b>2,215,929</b>	<b>3,059,377</b>	<b>7,627,075</b>





# Existing Tax-Supported Debt Service Structure

- After 2025, the District’s existing tax-supported debt service payments will step down by approximately \$100,000 annually, creating some capacity to layer in additional debt service without a significant budgetary impact.



# Existing Tax-Supported Debt Service Millage

- Per the District’s FY 2024 budget, 13.9 mills will be levied to support tax-supported debt service.
- The millage calculation assumes the value of one mill is equal to \$59,884, as highlighted below.
- As debt service steps down after time, capacity is created to layer in additional debt service within the current millage level.

Calendar Year	Value of a Mill	Existing Debt Service	Current Millage Levied	Cost of Existing Debt	Additional Capacity
2024	59,884	832,190	13.90	13.90	-
2025	59,884	832,450	13.90	13.90	-
2026	59,884	743,117	13.90	12.41	1.49
2027	59,884	726,388	13.90	12.13	1.77
2028	59,884	726,140	13.90	12.13	1.77
2029	59,884	726,452	13.90	12.13	1.77
2030	59,884	726,311	13.90	12.13	1.77
2031	59,884	726,704	13.90	12.14	1.76
2032	59,884	726,617	13.90	12.13	1.76
2033	59,884	228,238	13.90	3.81	10.09
2034	59,884	228,238	13.90	3.81	10.09
2035	59,884	197,850	13.90	3.30	10.59
2036	59,884	167,462	13.90	2.80	11.10
2037	59,884	38,919	13.90	0.65	13.25
Total		7,627,075			
<u>Assumptions</u> Assumes 0.00% growth in the Value of a Mill					



# Topics for Discussion

➤ Existing Debt and Millage Overview

➤ **Bond Referendum and Financing Overview**





# Bond Referendum and Financing Overview

- On November 7, 2023, the District will hold a bond referendum in connection with proposed General Obligation Bonds to fund the following items in three separate questions:
  - \$1,320,000 to defray the costs of acquiring, designing, constructing, renovating, and equipping fire service facilities, apparatus, equipment, and vehicles (the “Fire Service Project”).
  - \$870,000 to defray the costs of repairing, reconstructing, and mitigating certain District revetments and related infrastructure (the “Revetment Project”).
  - \$3,060,000 to defray the costs of repairing, reconstructing, and improving the Fripp Inlet Bridge and related infrastructure (the “Bridge Project”).
- Should voters approve the referendums, the District may issue the full \$5,250,000 at one time or may issue in multiple tranches as the need for funds arises.
  - Our analysis assumes the debt is issued in two tranches:
    - \$4,380,000 in February 2024 for the Fire Service Project and Bridge Project
    - \$870,000 in February 2026 for the Revetment Project
  - The proposed General Obligation Bonds are wrapped around existing debt service in order to minimize the budgetary impact to the District.
    - Both issuances assume a 15-year amortization.
  - The key data points in the results are the millage impact and overall debt service cost.



# Projected Debt Service and Millage Impact

- Maximum Annual Debt Service: \$505,000
- Total Debt Service: \$7,422,188
- Additional Millage Impact: 1.53 mills in 2024 increasing to 8.45 mills in 2029
  - Equates to additional annual property taxes of approximately:
    - \$31 in 2024 increasing to \$169 in 2029 for a \$500,000 resident home (4% assessment ratio)
    - \$46 in 2024 increasing to \$254 in 2029 for a \$500,000 non-resident home (6% assessment ratio)
- Total Millage: 15.42 mills in 2024 increasing to 20.58 mills in 2029

Calendar Year	Value of a Mill	Existing Debt Service	Proposed General Obligation Bonds			Total Debt Service	Cost of Existing Debt	Additional Mills Required	Total Mills Required
			Principal	Interest	Total Debt Service				
2024	59,884	832,190	-	91,433	91,433	923,622	13.90	1.53	15.42
2025	59,884	832,450	-	197,100	197,100	1,029,550	13.90	3.29	17.19
2026	59,884	743,117	230,000	211,500	441,500	1,184,617	12.41	7.37	19.78
2027	59,884	726,388	240,000	220,500	460,500	1,186,888	12.13	7.69	19.82
2028	59,884	726,140	297,000	208,418	505,418	1,231,558	12.13	8.44	20.57
2029	59,884	726,452	311,000	194,738	505,738	1,232,190	12.13	8.45	20.58
2030	59,884	726,311	325,000	180,428	505,428	1,231,739	12.13	8.44	20.57
2031	59,884	726,704	340,000	165,465	505,465	1,232,169	12.14	8.44	20.58
2032	59,884	726,617	356,000	149,805	505,805	1,232,422	12.13	8.45	20.58
2033	59,884	228,238	372,000	133,425	505,425	733,663	3.81	8.44	12.25
2034	59,884	228,238	389,000	116,303	505,303	733,541	3.81	8.44	12.25
2035	59,884	197,850	408,000	98,370	506,370	704,220	3.30	8.46	11.76
2036	59,884	167,462	425,000	79,628	504,628	672,090	2.80	8.43	11.22
2037	59,884	38,919	445,000	60,053	505,053	543,971	0.65	8.43	9.08
2038	59,884	-	465,000	39,578	504,578	504,578	-	8.43	8.43
2039	59,884	-	487,000	18,158	505,158	505,158	-	8.44	8.44
2040	59,884	-	78,000	5,445	83,445	83,445	-	1.39	1.39
2041	59,884	-	82,000	1,845	83,845	83,845	-	1.40	1.40
Total		7,627,075	5,250,000	2,172,188	7,422,188	15,049,263			

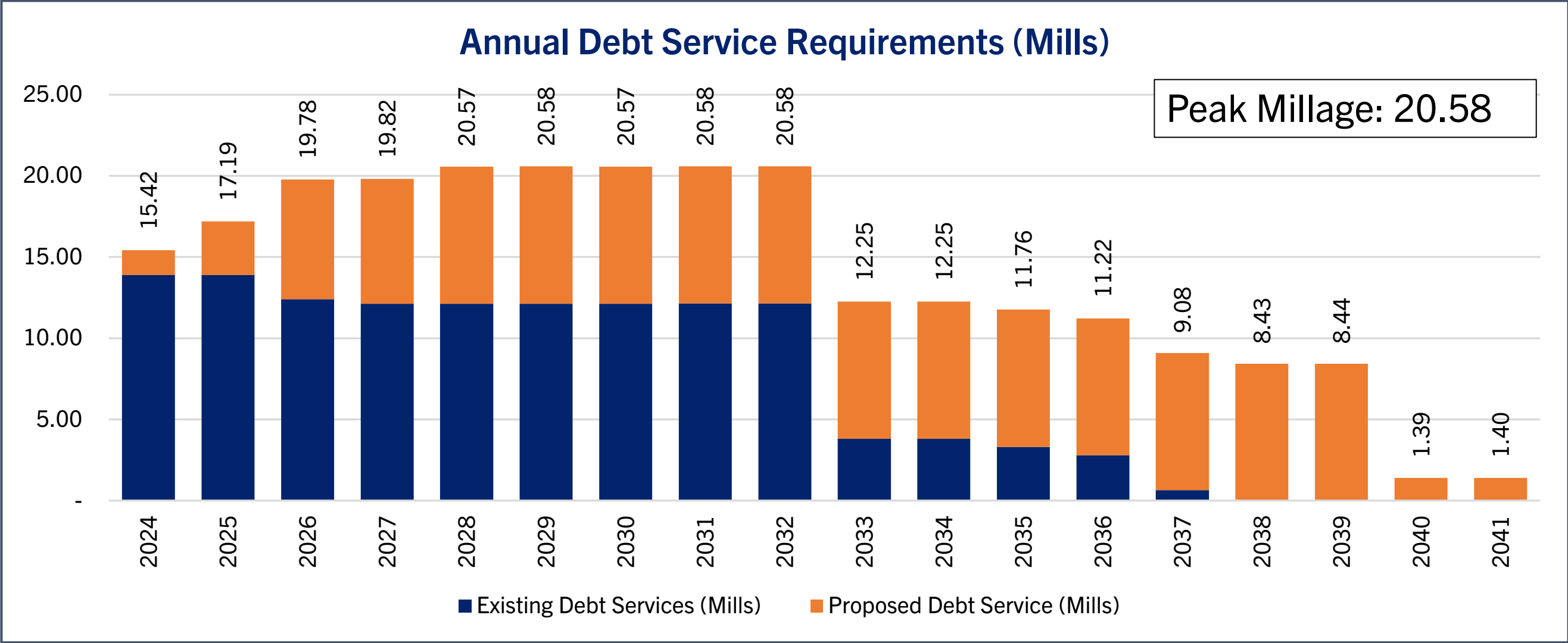
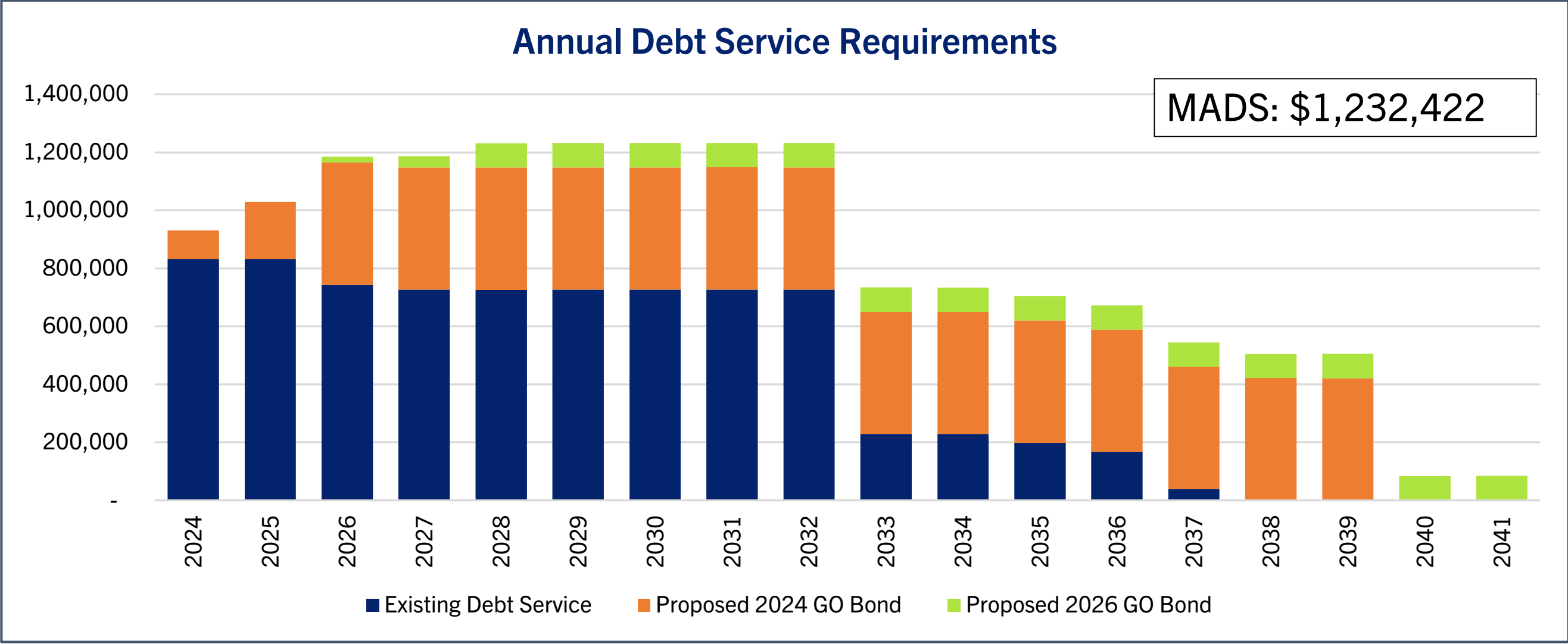
Assumptions

Assumes interest rate of 4.50%  
Assumes 0.00% growth in the Value of a Mill  
Preliminary; Subject to Change





# Projected Debt Service and Millage Impact





# Preliminary Financing Calendar

Date	Task
October 10	PSD Commission Meeting to Discuss GO Referendum
November 8	General Obligation Bond Referendum
November 13	Beaufort County Council Meeting – Adopt Resolution Confirming Referendum Results
[November 14]	PSD Commission Meeting to Adopt Bond Resolution
January 3	Circulate Bank RFP to Banks
January 4	Summary Notice of Sale Published
January 25	Bank Proposals Due / Review Call
Early February	Construction Bids Received on Bridge Project
February 13	Pre-Closing
February 14	Closing





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# QUESTIONS?

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