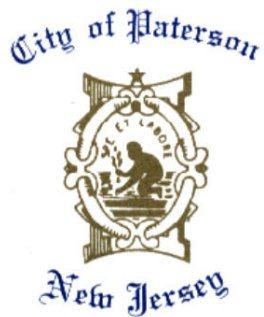


# City of Paterson

## City-Wide Road Reconstruction Project

### Update as of June 19, 2015



GB Associates LLC



# Project Highlights

- Goal: To restore portions of 170 street segments throughout the City
  - Reduce mounting citizen concerns
  - Reduce maintenance expenses and tort claims attributable to street conditions
  - Aid in revitalization of City
- Work will include:
  - Resurfacing
  - Reconstruction of catch basins
  - ADA Ramps
  - Milling
  - Replacing Old Castings
- Total Project Cost - \$36,750,000
- Amount Funded with Debt - \$35,000,000
- Sources of Down Payment:
  - \$1,525,000 Capital Surplus
  - \$225,000 Capital Improvement Fund

# Financing Plan

- Project funded (and completed) over three fiscal years (2015 – 2017) with Bond Anticipation Notes (“BANs”)
- Qualified Bonds issued to take out BANs
- Each bond issue has final maturity of 20 years
- City may issue bonds rather than BANs based on market conditions
  - All bond issues will be presented to Council for required approval prior to issuance

# Debt Service

- FY 2016 – approx. \$173,000 (est.)
- FY 2017, 2018 - \$575,000 - \$730,000 (est.)
- Total projected debt service of approximately \$55.3 million over 26 years (fy 2016-2040)
  - In August 2014, total debt service was projected to be \$54.4 million (approx. 1.5% lower)
  - Annual debt service on long-term bonds ranges from \$1.4 - \$3.0 million (unchanged from August 2014 estimates)

# Debt Service (cont'd)

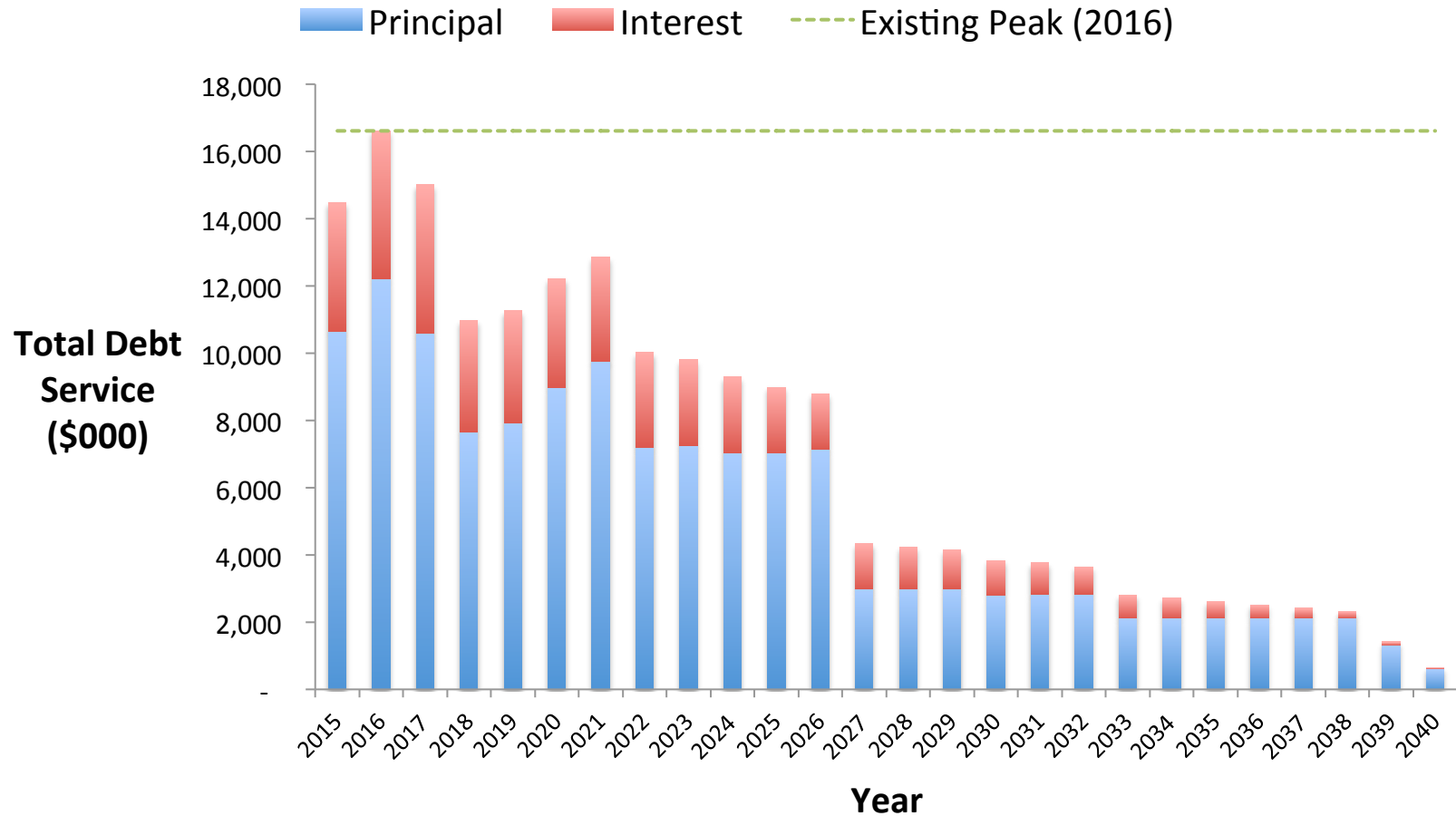
- **HOWEVER:**
  - Principal amortization begins in fy 2019
  - Debt service on EXISTING debt is approx. \$6.3 million LOWER in fy 2019 than in fy 2016 (\$4.5 million lower than in fy 2015) and drops significantly again in 2023 and thereafter
    - This will leave considerable room in future budgets for the funding of additional capital projects and/or other budget priorities

**ROAD RECONSTRUCTION PROJECT  
UPDATED PROJECTIONS OF ANNUAL DEBT SERVICE**

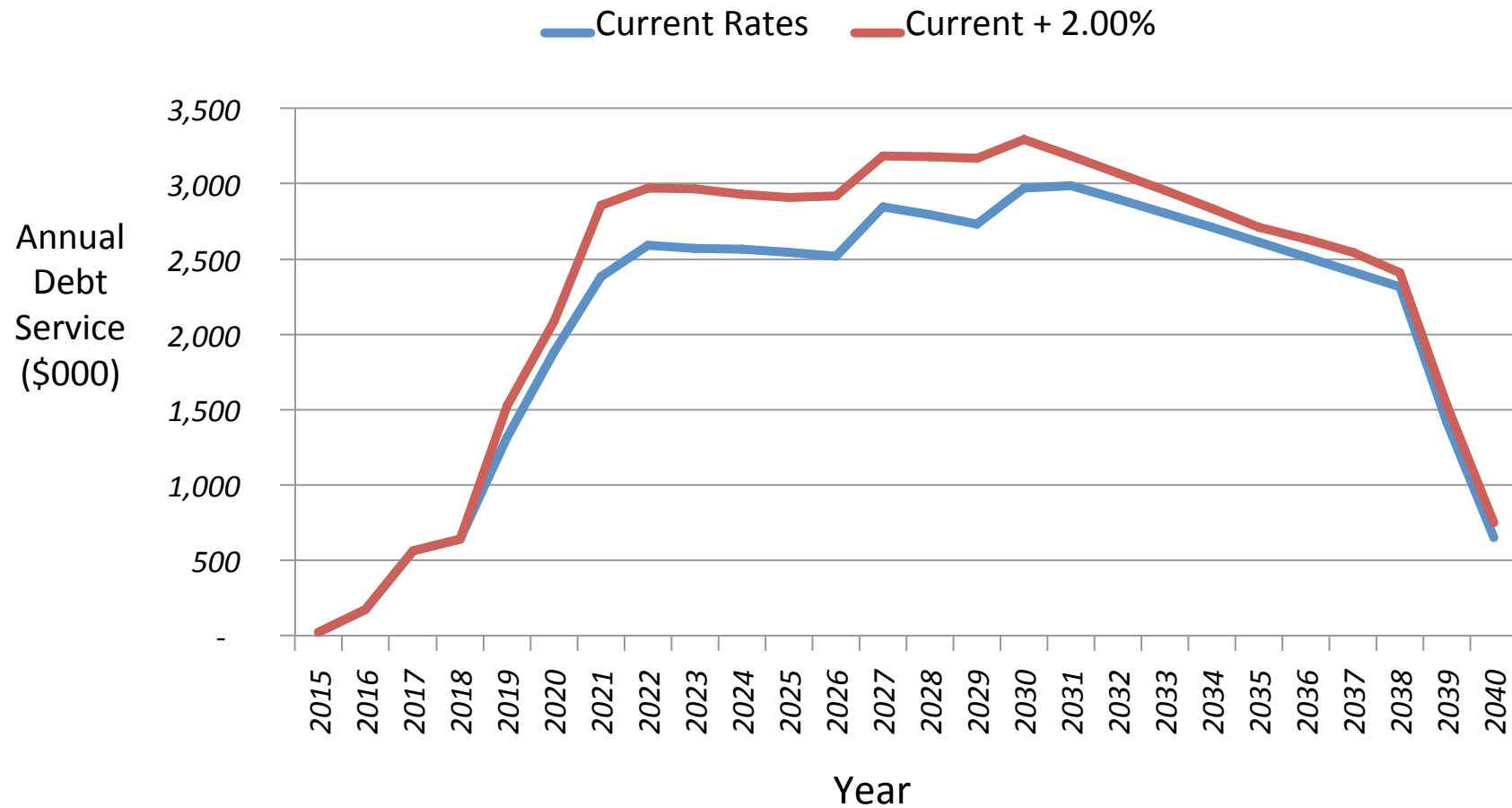
Year	June 2015	-----	August	2014	Projections	-----
	Projection	Base	+ 0.50%	+ 1.00%	+ 1.50%	+2.00%
2015	-	23	23	23	23	23
2016	311	173	173	173	173	173
2017	546	564	564	564	564	564
2018	729	639	639	639	639	639
2019	1,307	1,320	1,371	1,422	1,473	1,524
2020	1,882	1,883	1,933	1,984	2,034	2,085
2021	2,443	2,384	2,502	2,619	2,737	2,854
2022	2,574	2,591	2,686	2,781	2,876	2,971
2023	2,584	2,571	2,670	2,769	2,867	2,966
2024	2,583	2,567	2,658	2,748	2,839	2,930
2025	2,583	2,543	2,634	2,726	2,818	2,909
2026	2,607	2,519	2,618	2,718	2,818	2,918
2027	2,891	2,845	2,930	3,015	3,100	3,185
2028	2,894	2,796	2,892	2,988	3,084	3,179
2029	2,886	2,732	2,841	2,949	3,058	3,166
2030	3,038	2,971	3,052	3,133	3,214	3,295
2031	2,952	2,984	3,035	3,085	3,135	3,185
2032	2,864	2,896	2,939	2,983	3,027	3,071
2033	2,772	2,804	2,841	2,879	2,916	2,954
2034	2,678	2,710	2,741	2,772	2,803	2,834
2035	2,582	2,613	2,638	2,663	2,688	2,713
2036	2,529	2,516	2,545	2,575	2,605	2,635
2037	2,463	2,416	2,448	2,480	2,511	2,543
2038	2,359	2,316	2,340	2,364	2,388	2,412
2039	1,504	1,414	1,443	1,472	1,501	1,530
2040	735	650	675	699	723	748
TOTAL	55,295	54,440	55,831	57,223	58,614	60,006

Current projections are slightly higher than a year ago, but still lower even the lowest “higher rate scenario” discussed last year

## TOTAL City Projected Debt Service INCLUDING Road Construction Project



# Projected Annual Debt Service on Road Reconstruction Project Debt Under Current and Higher Interest Rates



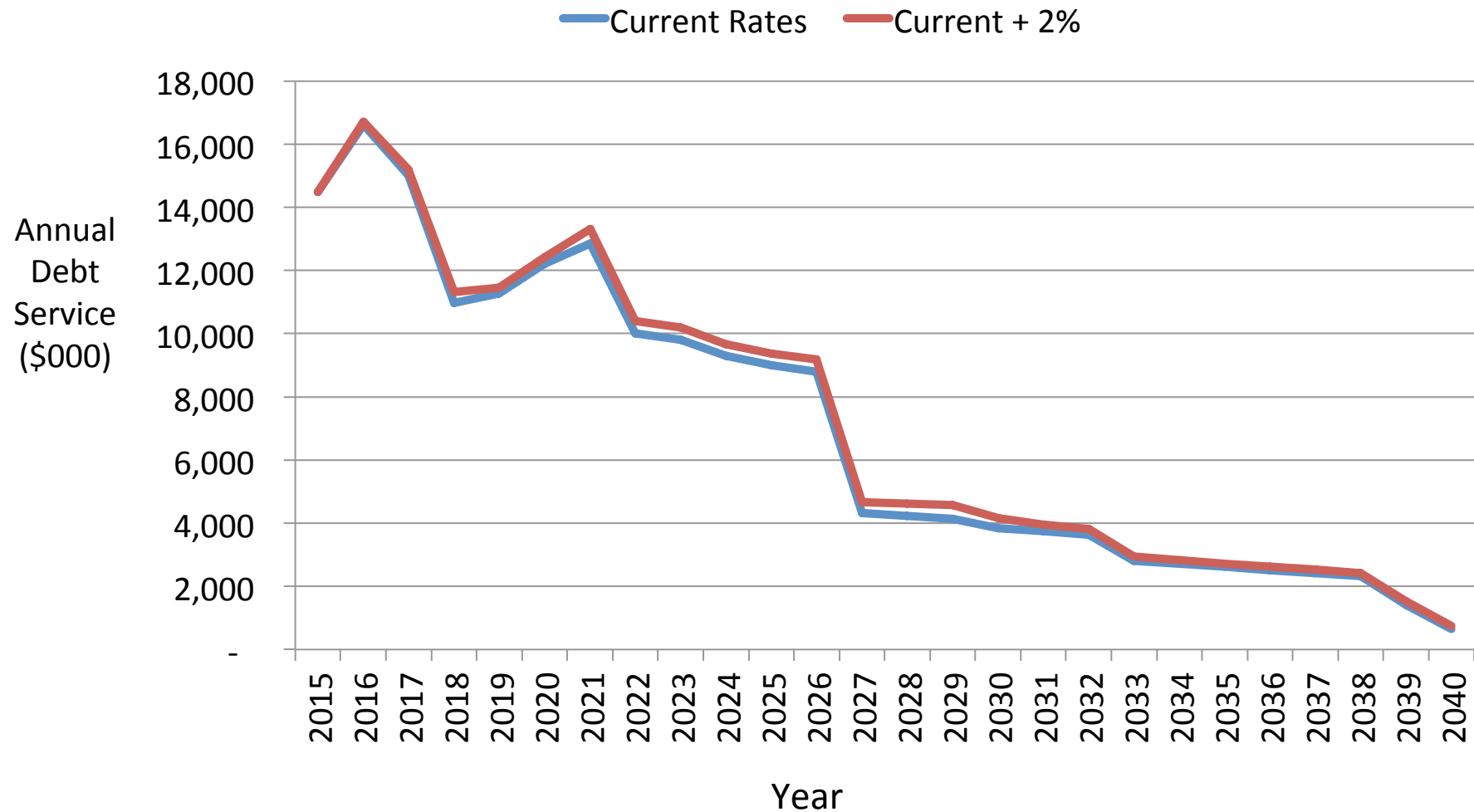


## Bond Buyer 20-Bond GO Index



NOTE: Overall interest rates remain at relatively low levels; market rates are actually slightly lower than a year ago, but City's rates are slightly higher due to downgrades to State and City ratings

# Projected Total City Annual Debt Service Under Current and Higher Interest Rates



# City's Legal Borrowing Capacity

- Maximum Borrowing Capacity – \$251,708,943
  - Currently-Outstanding Net Debt (6/30/14) - \$99,516,549
  - Proposed Debt - \$35,000,000
  - Remaining Borrowing Capacity –\$117,192,394
  - Net Debt would = 1.87% (vs. max. allowable of 3.50%)
  - City will still have more than \$500,000 for future down payments
  - City's projected Qualified Bond coverage will be more than 3.0x in all years
- 
- NOTE – The City will be paying down \$8-\$10 million of principal each year, which will increase borrowing capacity; City could authorize funding of this amount (for other projects) each year without impacting borrowing capacity (on a net basis)