



Information Session on St. Paul's School Financing

Village of Garden City

New York



March 8, 2025



Permissive/Mandatory Referendum

- Board Vote to Authorize Debt Issuance
 - 2/3 vote (in general)
 - 3/5 vote (mandatory referendum)
- Applicable Where Maximum Maturity of Debt to be Issued to Fund Project Exceeds 5 Years
- Permissive Referendum
 - Public vote is held if a petition is received within 30 days
 - Petition must contain signatures of at least 20% of the registered voters in the Village
 - Public vote to be held on the question of authorizing the bonds within 10 to 60 days (or at general Village election)
- Mandatory Referendum
 - Public vote is held on Board's motion (no petition)



Financing Scenarios: Adaptive Reuse, Partial Replacement, or Mothballing

- 1. Issue 15-year general obligation bonds.** The period of probable usefulness (“PPU”) for Class B reconstruction is limited to 15 years by NYS Local Finance Law. The Village would be required to repay all principal and interest on related debt within that timeframe.
- 2. Issue 30-year general obligation bonds by pursuing special legislative approval to extend the PPU for the debt issued to fund the project.** The Village would then be able to repay all principal and interest on debt issued to fund the project over 30 years.
- 3. Issue 30-year lease-revenue bonds.** Have the Village enter into a sale/lease-back agreement with a third-party, not-for-profit entity (such entity would be created and controlled by the Village). The bonds would be special obligations of the entity, issued through a conduit issuer, payable from lease payments appropriated by the Village to the entity. These bonds would require a “guarantee” by the Village to be marketable.

The financial analysis of these scenarios does not incorporate any fee revenue which may materialize from the use of the St. Paul’s facility following adaptive reuse or partial replacement, nor from the use of land following mothballing.

General Obligation Bonds issued by the Village for 15 years



- The issuance would benefit from the Village's "Aaa" rating which would attract the lowest available interest rates via a competitive sale.
*Rate assumption: 2026 Bonds 4.10%,
Prevailing "AAA" rate + 1.00% (as of 1/03/25)*
- Issued to finance **\$67.5MM adaptive reuse, \$82.5MM partial replacement or \$35MM mothballing**
- Total interest cost estimate:
 - Adaptive Reuse: **\$24,127,794**
 - Partial Replacement: **\$29,490,496**
 - Mothballing: **\$12,508,543**
- Final Bond maturity in 2041 (15-years)

Pros

- Low cost of capital, low costs of issuance and low interest expense over the life of the debt.
- No special legislation would be required.
- Village retains control over the timing and structure of the project funding.

Impact to Village Tax Bill

Home Market Value \$1.0MM-\$1.5MM

Tax Increase \$67.5MM	Tax Increase \$82.5MM	Tax Increase \$35MM
\$ 1,048.00	\$1,280.00	\$543.00

General Obligation Bonds issued by the Village for 30 years (Special Legislation Required)



- The issuance would benefit from the Village's "Aaa" rating which would attract the lowest available interest rates via a competitive sale.

Rates assumption: 2026 Bonds 4.66%

Prevailing "AAA" rate + 1.00% (as of 1/3/25)

- Issued to finance **\$67.5MM adaptive reuse, \$82.5MM partial replacement or \$35MM mothballing**
- Total interest cost estimate:
 - Adaptive Reuse: \$58,589,942
 - Partial Replacement: \$71,615,309
 - Mothballing: \$30,383,470
- Final Bond maturity in 2056 (30-years)

*Impact to Village Tax Bill
Home Market Value \$1.0MM-\$1.5MM*

Tax Increase \$67.5MM	Tax Increase \$82.5MM	Tax Increase \$35MM
\$ 721.00	\$ 881.00	\$ 374.00

Pros

- Reduced annual tax impact resulting from longer principal amortization.
- Low cost of capital, low costs of issuance and low interest expense over the life of the debt.
- Village retains control over the timing and structure of the project funding.

Cons

- The Village would require special state legislation authorizing the issuance of 30-year bonds. The ability to secure the special legislation is not guaranteed and would be time consuming.

30-year Sale/Lease Back issued via a Conduit Issuer



- The Village would sell St. Paul's to a not-for-profit entity (to be created) that would lease property back to Village.
- Bonds would be payable from lease payments **subject to appropriation**, by the Village. Due to appropriation pledge, issue would price below "Aaa" rates. The lease payments would be in amount equal to pay P&I on the bonds.
Rates assumption: 2026 Bonds: 4.89% (Prevailing "AA" rate + 1.00% as of 1/3/2025)
- **Issued to finance \$67.5MM adaptive reuse, \$82.5MM partial replacement or \$35MM mothballing**
- **Total interest cost estimate:**
 - Adaptive Reuse: \$63,919,300 Partial Replacement: \$78,302,450 Mothballing: \$33,408,600
 - The Village is assuming public/recreational use of the facility, structure might be impacted should the Village decide to use the building for private use.

Pros

- Reduced annual tax impact resulting from longer principal amortization.
- This structure would not be a direct obligation of the Village. Would not impact the constitutional debt limit.
- Not constrained by the NYS Local Finance Law and can be structured for an extended PPU.

Cons

- Additional costs including an annual administrative fee, conduit issuance fee additional legal and professional fees. The Village would also be required to fund a debt service reserve.
- **Structure would likely require the subject property in its current state to appraise at an amount equal to or greater than the final bonding amount.**
- The Village subject to additional administrative requirements and potential delays in receiving funds.
- This structure would require a Village "guarantee" to make the bonds marketable.

Cost Comparison of Financing Options

Mothballing \$35 million



	15-Year General Obligation Bonds issued by the Village	30-Year General Obligation Bonds issued by the Village	30-Year Lease Revenue Bonds issued by a Conduit
Construction Cost	\$35,000,000	\$35,000,000	\$37,905,000
Total Interest Expense	\$12,508,543 <i>Prevailing "AAA" rate + 1.00% (as of 1/3/25)</i>	\$30,383,470 <i>Prevailing "AAA" rate + 1.00% (as of 1/3/25)</i>	\$33,408,600 <i>Prevailing "AA" rate +1.00% (as of 1/3/25)</i>
Final Maturity	2041	2056	2056
Estimated Cost of Issuance	\$105,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and Miscellaneous fees</i>	\$105,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and Miscellaneous fees</i>	\$780,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and the following additional fees : Title Insurance, Appraisals/Surveys, Trustee, Trustee Counsel, Issuer Fee, Issuer Counsel, and annual administrative fee of \$1,000</i>
Increase to Annual Village Taxes – Home Market Value \$1.0MM-\$1.5MM	\$543	\$374	TBD
% Increase to Annual Village Tax Bill	6.00%	4.09%	TBD
% Increase to Annual Village Tax Bill (including Annual O&M Cost)	TBD	TBD	TBD

Cost Comparison of Financing Options

Adaptive Reuse \$67.5 million



	15-Year General Obligation Bonds issued by the Village	30-Year General Obligation Bonds issued by the Village	30-Year Lease Revenue Bonds issued by a Conduit
Par Amount Issued	\$67,500,000	\$67,500,000	\$72,550,000
Total Interest Expense	\$24,127,793 <i>Prevailing "AAA" rate + 1.00% (as of 1/3/25)</i>	\$58,589,942 <i>Prevailing "AAA" rate + 1.00% (as of 1/3/25)</i>	\$63,919,300 <i>Prevailing "AA" rate +1.00% (as of 1/3/25)</i>
Final Maturity	2041	2056	2056
Estimated Cost of Issuance	\$156,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and Miscellaneous fees</i>	\$156,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and Miscellaneous fees</i>	\$989,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and the following additional fees associated with conduit issuance: Title Insurance, Appraisals/Surveys, Trustee, Trustee Counsel, Issuer Fee, Issuer Counsel, and annual administrative fee of \$1,000</i>
Increase to Annual Village Taxes – Home Market Value \$1.0MM-\$1.5MM	\$1,048	\$721	TBD
% Increase to Annual Village Tax Bill	12.87%	8.91%	TBD
% Increase to Annual Village Tax Bill (including Annual O&M Cost)	TBD	TBD	TBD

Cost Comparison of Financing Options

Partial Replacement \$82.5million



	15-Year General Obligation Bonds issued by the Village	30-Year General Obligation Bonds issued by the Village	30-Year Lease Revenue Bonds issued by a Conduit
Par Amount Issued	\$82,500,000	\$82,500,000	\$88,880,000
Total Interest Expense	\$29,490,496 <i>Prevailing "AAA" rate + 1.00% (as of 1/3/25)</i>	\$71,615,309 <i>Prevailing "AAA" rate + 1.00% (as of 1/3/25)</i>	\$78,302,450 <i>Prevailing "AA" rate +1.00% (as of 1/3/25)</i>
Final Maturity	2041	2056	2056
Estimated Cost of Issuance	\$215,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and Miscellaneous fees</i>	\$215,000 <i>Includes Municipal Advisor, Bond Counsel, Rating Agency and Miscellaneous fees</i>	\$1,405,000 <i>Additional fees associated with conduit issuance: Title Insurance, Appraisals/Surveys, Trustee, Trustee Counsel, Issuer Fee, Issuer Counsel, and annual administrative fee of \$1,000 plus funding of debt service reserve fund</i>
Method of Sale	Competitive	Competitive	Likely Negotiated
Increase to Annual Village Taxes – Home Market Value \$1.0MM-\$1.5MM	\$1,280	\$881	TBD
% Increase to Annual Village Tax Bill	17.16%	11.87%	TBD
% Increase to Annual Village Tax Bill (including Annual O&M Cost)	TBD	TBD	TBD



Potential Tax Increase Calculation Methodology

Example - Option A: Adaptive Reuse, 30 Year Bond

INC. VILLAGE OF GARDEN CITY

FINANCE DEPARTMENT

Estimated Incremental Taxes from Bond Issuance

Principal issued	67,500,000	67,500,000	67,500,000	67,500,000	67,500,000	67,500,000
Period of Bond	30	30	30	30	30	30
Net Interest Cost (CMA estimate)	4.66%	4.66%	4.66%	4.66%	4.66%	4.66%
Added \$ To Avg. Home Tax Bill (30 years)	14,415	21,623	28,831	36,038	43,245	50,454
Avg. Home Asssessment Value [AV=(MK*ER)/100]	12,200	18,300	24,400	30,500	36,600	42,700
Home Market Value (MV)***	1,000,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000
Equalization Rate (ER)	1.22	1.22	1.22	1.22	1.22	1.22
Taxable Assessed Valuation	106,711,050					

Opening Balance	Annual Principal	Interest	Principal + Interest	Tax Rate Effect	Incremental Taxes						
					\$1.0M MV	\$1.5M MV	\$2.0M MV	\$2.5M MV	\$3.0M MV	\$3.5M MV	
Year 1	67,500,000	1,175,000	3,030,302	4,205,302	3.9408	480	721	962	1,201	1,441	1,682