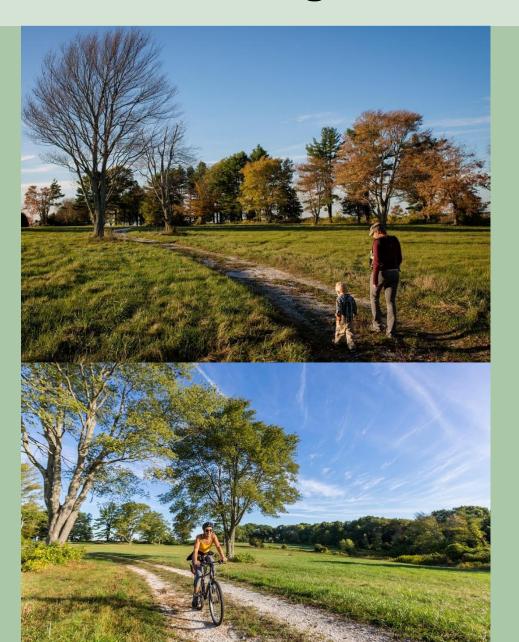


Borrowing Permitted Under CPA



- Very popular!
- 89 municipalities -226 CPA projects
- Over \$325 million in project costs paid for with bonds
- Most popular projects:
 Acquiring land, historic rehabilitation, creation of recreational assets

Borrowing Permitted Under CPA



- General obligation bonds of the city/town, but issued against your future CPA revenue stream
- Can only bond against <u>local</u> surcharge, not state match
- Two-thirds vote needed to pass bonded projects at Legislative Body

Determining Your Bonding Capacity

- Work with municipal officials to determine what amount you can afford to bond
- Consider a "CPA Bonding Capacity" spreadsheet to guide your future planning
- Update it every year



Bonding Capacity

Maximum Bonding Capacity of Community	1									
Preservation Fund for Open Space Purposes	•									
Treservation rand for open opace ranposes										
Fund Activity	2008		2009		2010		2011		2012	
Beginning Balance	\$	-	\$	1,644	\$	14,913	\$	39,682	\$	83,826
Plus: Annual Estimated Local CPA Revenue	\$	525,000	\$	538,000	\$	550,000	\$	565,000	\$	578,000
Less: 25% Annual Reserves(Admin, Hist Pres, Com Housing)	\$	131,250	\$	134,500	\$	137,500	\$	141,250	\$	144,500
· · · · · · · · · · · · · · · · · · ·										
Available Cash	\$	393,750	\$	405,144	\$	427,413	\$	463,432	\$	517,326
Less payment on exisiting CPA bonds	\$	256,556	\$	252,156	\$	356, 247	\$	242,156	\$	236,396
Funds available for annual payment on new CPA bond	\$	135,550	\$	138,075	\$	140,375	\$	137,450	\$	139,525
Ending Balance	\$	1,644	\$	14,913	\$	39,682	\$	83,826	\$	141,405
Details on a potential bond the Town could issue under CPA										
Borrow 6/1/07, begin repayment on 6/1/08										
\$1,790,000 for 20 years @ 4.5%										
Principal Payment	\$	55,000	\$	60,000	\$	65,000	\$	65,000	\$	70,000
Interest	_\$_	80,550	\$	78,075	\$	75,375	\$	72,450	\$	69,525
Maximum annual debt repayment that could be supported under CPA:	\$	135,550	\$	138,075	\$	140,375	\$	137,450	\$	139,525

Bond Term (in years)

- Length of bond term follows state guidelines on bonding (up to 30 years in some cases)
- CPC recommendation should include bond term



Town Warrant Article/City Council Order



- Should mention "under authority of Ch. 44b"
- Include misc. costs
- Include bond term
- Can fund with multiple funding sources (existing funds + bond for the balance)
- No subsequent ballot election required

After Bond is Authorized...

- CPA and non-CPA projects can be combined in one bond issue
- CPC recommends annual debt service payment each year (include in your CPA budget)
- Legislative body can decide to fund an annual payment from another source other than CPA
- It DOES NOT work in reverse!
 You cannot use CPA funds to pay a bond authorized under another funding source



Annual Debt Service

If payment on a project bond is more than 10% of your annual CPA revenue, bond payment counts as your 10% requirement for that category



Sample CPA Budget – Including a Bond

\$100,000 total CPA revenue

Historic Reserve: \$10,000

Housing Reserve: \$10,000

X Parcel O.S. Debt Service: \$15,000*

Administrative Acct: \$ 5,000

Budgeted Reserve: \$60,000

\$100,000

^{*} Counts as your 10% Open Space Requirement

What Happens if CPA is revoked?

- 1) All existing funds encumbered to pay off debt. If that's not enough...
- 2) Keep CPA surcharge on tax bills at full 3%, put everything toward bond.
- Reduce CPA surcharge to whatever percentage will fund annual debt service (with DOR approval)

Note: Above has never happened

