



FINANCE

Fiscal Year 2025 Operating Budget Request

WALTER PERSON, INTERIM CHIEF FINANCIAL OFFICER

ANDRE' WALKER, DEPUTY CHIEF FINANCIAL OFFICER

FUND: DEBT SERVICE FUND

DATE: 5/9/2024

City of
MEMPHIS

DEBT SERVICE FUND OVERVIEW

Most of the City's debt is administered in the Debt Service Fund

- Excludes debt related to Enterprise Funds
 - (i.e. Sanitary Sewerage System and Storm Water System)

Two primary sources of revenue

- \$0.847485 of the property tax rate
- 7% of local option sales tax revenue
 - (Excludes the incremental 0.5% from the Sales Tax Referendum)

Other revenue sources include

- Specific revenue pledged to pay Special Revenue Debt
- Federal subsidy payments
- Transfers from other funds to pay certain debt obligations

THREE TYPES OF DEBT

General Obligation Debt

- Secured by the City's taxing authority and repaid primarily with property tax revenue
- Includes General Obligation Bonds ("G.O. Bonds"), Commercial Paper, New Memphis Arena Public Building Authority bonds issued for Accelerate Memphis and a Tennessee Municipal Bond Fund loan for Solid Waste

Appropriation Obligation Debt

- Secured by the City's pledge to appropriate funds to pay principal and interest on debt
- Includes capital leases, QECBs, EDGE's Revenue Refunding Bond (Electrolux Project) and EDGE's Economic Development Bonds issued for Accelerate Memphis

Special Revenue Debt

- Secured by and repaid with specific pledged revenue
- Issued through a conduit issuer on behalf of the City to fund economic development projects
- Includes TDZ Revenue Bonds issued by EDGE and Sports Facility Revenue Bonds issued by MCCRFC for AutoZone Park

GENERAL OBLIGATION DEBT

FY2025
Debt Service
\$159.5 MM

| <u>General Obligation Bond Series Name</u> | <u>Amount Outstanding</u> | <u>Final Maturity</u> |
|---|-------------------------------|---------------------------|
| <i>Proposed General Improvement Bonds, Series 2024A</i> | \$ 150,000,000 | 4/1/2044 |
| General Improvement Bonds, Series 2022A | 138,010,000 | 10/1/2047 |
| General Improvement Refunding Bonds, Series 2022 (Federally Taxable Convertible to Tax-Exempt) | 167,555,000 | 4/1/2040 |
| General Improvement Refunding Bonds, Series 2021 | 163,772,126 | 5/1/2046 |
| Local Government Public Improvement Bonds (City of Memphis Project), Series 2021 (Social Bonds) | 159,625,000 | 4/1/2046 |
| General Improvement Bonds, Series 2020A | 18,365,000 | 12/1/2030 |
| General Improvement Refunding Bonds, Series 2020 | 122,205,000 | 5/1/2045 |
| General Improvement Bonds, Series 2018 | 273,420,000 | 6/1/2048 |
| General Improvement Bonds, Series 2016 | 53,925,000 | 5/1/2041 |
| General Improvement Bonds, Series 2015C | 22,755,000 | 4/1/2045 |
| General Improvement Refunding Bonds, Series 2015B (Federally Taxable) | 31,655,000 | 4/1/2025 |
| General Improvement Refunding Bonds, Series 2015A | 76,820,000 | 4/1/2026 |
| General Improvement Refunding Bonds, Series 2014B | 52,045,000 | 4/1/2044 |
| General Improvement Refunding Bonds, Series 2014A | 14,275,000 | 11/1/2025 |
| General Improvement and Refunding Bonds, Series 2012A | 10,175,000 | 4/1/2042 |
| General Improvement Bonds, Series 2010F (Recovery Zone Economic Development Bonds) | 11,160,000 | 7/1/2034 |
| General Improvement Bonds, Series 2010C (Direct Payment Build America Bonds) | 43,535,000 | 7/1/2032 |
| General Improvement Bonds, Series 2010B (Direct Payment Build America Bonds) | 28,340,000 | 5/1/2030 |
| | \$ 1,537,637,126 | |
| <u>Other General Obligation Indebtedness</u> | | |
| Commercial Paper | \$ 150,000,000 | |
| Clarksville Public Building Authority (TMBF Loan Solid Waste) 2023 | 6,158,000 | 6/1/2032 |
| | \$ 156,158,000 | |
| Total General Obligation Debt | \$ 1,693,795,126 | |



APPROPRIATION OBLIGATION DEBT

EDGE Revenue Refunding Bond (Electrolux Project)

- City's outstanding share is \$12.7 million with a final maturity in FY2036
- **FY2025 debt service is \$1.3 million**

Solid Waste Lease

- \$839k lease with a final maturity in FY2025
- **FY2025 debt service is \$849k**

Qualified Energy Conservation Bonds

- \$832k outstanding with a final maturity in FY2025
- **FY2025 debt service is \$862k**

EDGE Economic Development Bonds issued for Accelerate Memphis

- Approx. \$23.3 million outstanding with a final maturity in FY2046
- **FY2025 debt service is \$1.9 million**

SPECIAL REVENUE BONDS

TDZ Revenue Refunding Bonds

- \$92.0 million outstanding with final maturity in FY2031
- Secured by TDZ Revenue generated in Downtown TDZ
- **FY2025 debt service is \$15.6 million**

Liberty Park TDZ Revenue Bonds

- \$69.1 million outstanding with final maturity in FY2052
- Secured by TDZ Revenue generated in the Liberty Park TDZ
- **FY2025 debt service is \$3.5 million**

Sports Facility Revenue Bonds

- \$10.6 million outstanding with final maturity in FY2030
- Primarily secured by baseball related sales tax rebates and lease payments
- **FY2025 debt service is \$2.3 million**

TOTAL DEBT SERVICE

(Amounts in \$Millions)

| <u>Type of Debt</u> | <u>Principal</u> | <u>Interest</u> | <u>Total P&I</u> |
|-------------------------------|------------------|-----------------|----------------------|
| General Obligation Debt | \$ 96.2 | \$ 63.3 | \$ 159.5 |
| Appropriation Obligation Debt | 3.6 | 1.3 | 4.8 |
| Special Revenue Debt | 14.7 | 6.6 | 21.3 |
| Total | \$ 114.5 | \$ 71.1 | \$ 185.6 |

EXPENDITURES

| Expenditures | FY 2023 | FY 2024 | FY 2024 | FY 2025 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Actual | Funding Budget | Forecast | Requested Budget |
| 505 Miscellaneous Expense | \$ 45,295 | \$ 23,333 | \$ 20,000 | \$ 20,000 |
| 505 Materials and Supplies - Professional Services | 441,104 | 550,000 | 654,007 | 625,000 |
| 505 Materials and Supplies - Bank Fees | 775,818 | 700,000 | 600,000 | 600,000 |
| 526 Investment Fees | 1,550 | 4,000 | 4,000 | 4,000 |
| 535 Bond Issue Costs | 1,182,217 | 65,327 | 90,189 | 800,000 |
| 540 Redemption of Serial Bonds and Notes | 106,868,773 | 113,908,652 | 116,043,651 | 114,486,562 |
| 545 Interest | 65,670,434 | 70,458,562 | 70,011,941 | 71,129,928 |
| 550 Service Charges | 28,475 | 77,800 | 77,925 | 74,925 |
| 555 Transfers Out - General Fund | - | - | - | - |
| 555 Transfers Out - Capital Project Fund | - | - | - | - |
| 555 Transfers Out - Sewer Treatment & Collection Fund | - | - | - | - |
| 567 Retirement of Refunded Debt | 316,968,689 | - | - | 150,000,000 |
| 598 Misc Expense - Prior Year Expense | (1,097,088) | - | - | - |
| 089996 Contribution to Restricted Fund Balance | - | - | - | 52,083 |
| Total Expenditures | \$ 490,885,267 | \$ 185,787,674 | \$ 187,501,713 | \$ 337,792,498 |

REVENUES

| Revenues | FY 2023 | FY 2024 | FY 2024 | FY 2025 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Actual | Funding Budget | Forecast | Requested Budget |
| 040110 Ad Valorem Tax - Current | \$ 124,356,372 | \$ 122,600,000 | \$ 122,000,000 | \$ 122,600,000 |
| 040112 Ad Valorem Tax - Current Sales of Receivables | - | 1,800,000 | - | - |
| 040120 Ad Valorem Tax Prior | 3,312,488 | 3,100,000 | 3,100,000 | 3,100,000 |
| 040130 PILOT's | 1,991,732 | 2,201,839 | 2,201,839 | 2,201,839 |
| 040210 Local Sales Tax | 12,003,801 | 11,750,000 | 12,000,000 | 12,000,000 |
| 040211 Tourism Development Zone Local Sales | 1,951,660 | 2,221,622 | 2,869,063 | 3,000,000 |
| 041201 Tourism Development Zone State Sales | 15,326,383 | 16,680,878 | 16,157,503 | 17,300,000 |
| FSC455 455 Use of Money and Property | 5,047,482 | 3,041,002 | 4,891,477 | 4,420,100 |
| FSC460 460 Federal Grants | 1,931,925 | 1,758,988 | 1,733,115 | 1,639,248 |
| FSC475 475 Other Revenues | 1,625,304 | 2,057,832 | 2,057,832 | 1,967,832 |
| 070111 Oper Tfr In - General Fund | - | - | - | - |
| 070201 Oper Tfr In - State Street Aid | 1,768,300 | 1,768,300 | 1,768,300 | 1,768,300 |
| 070204 Oper Tfr In - Solid Waste Fund | 2,644,299 | 2,644,299 | 2,644,299 | 1,762,903 |
| 070205 Oper Tfr In - Misc Grants Fund | 192,271 | 192,246 | 192,246 | 192,071 |
| 070223 Oper Tfr In - Hotel/Motel Fund | 6,633,050 | 6,633,050 | 6,633,050 | 6,633,050 |
| FSC486 486 Proceeds from Refunding Debt | 167,555,000 | - | - | - |
| FSC490 Dividend and Interest on Investment | 814 | - | - | - |
| 049600 Bond Sales Proceeds | 150,577,021 | - | - | 150,800,000 |
| 049996 Contribution from Restricted Fund Balance | - | 1,809,228 | 1,809,228 | 1,780,144 |
| 049997 Contribution from Committed Fund Balance | - | - | 3,682,090 | 6,627,012 |
| 049999 Contribution from Unassigned Fund Balance | - | - | - | - |
| Total Revenues | \$ 496,917,900 | \$ 180,259,284 | \$ 183,740,041 | \$ 337,792,498 |





City of
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