



Infrastructure Financing Ordinance Discussion

First Reading – June 9, 2026

Second Reading & Possible Vote – July 14, 2026

The Town of Ocean View is considering passing an ordinance in relationship with borrowing via the issuance of General Obligation Bonds, for the completion of specifically identified long life infrastructure projects.



During our FY27 Budget Process, Direction to Move Forward with the effort to Borrow for Infrastructure Projects was Given!

- As such, Bond Counsel was engaged to develop the ordinance associated with facilitating the effort.
- The ordinance was introduced on April 14, 2026, and has been publicly advertised, & will have two public hearings. One on June 9th and the second on July 14th during regularly scheduled council meetings.
- The ordinance and this presentation are available on our website, and for review at our office.
 - The ordinance is pending a vote of Council, expected to take place on July 14, 2026.

Infrastructure Financing - for our future... *Introduction*

In association with a PFM Advisors **Financial Condition Assessment** and its Recommendations (Feb. 2025), we're proposing:

Debt financing through the issuance of Municipal Bonds for infrastructure projects.

The key points to this proposal are:

- We only borrow for **large capital improvement projects** that have a **long useful life** (e.g., infrastructure maintenance or improvements), while continuing to use pay-as-you-go funding for our projects with a shorter useful life (e.g., vehicle replacement, street paving etc.).
- Municipal Bonds are generally repaid over 20 to 30 years but have the option to refinance typically around year 7 - this will be our goal if doing so is advantageous for the Town.
- While borrowing has a higher cost due to interest, it can free up current resources and prevent the need for General Fund tax rate increases that would likely be necessary to maintain our infrastructure. Ocean View's strong financial status and current AA+ bond rating - which we expect to maintain supports attractive interest rates.
- **Good news!** It's been forecasted that Ocean View's **Street Repair and Replacement** and **Capital Replacement Trust Funds** will be available to fund the annual debt service!

Why Borrow Now ?

- Ocean View currently has no debt.
- The **identified projects will not reduce in cost as years pass**, and some may worsen over time.
- **We don't have the funds to move forward on all of them without borrowing**, unless we deplete other reserves, eliminate other funding requirements, or increase property taxes – all undesirable and as stated on the prior slide – unnecessary with this plan enacted.
- Our AA+ Bond Rating and financial condition provides the **opportunity to borrow at lower rates**.
- We've identified sources to fund the debt service and they're **the same funds that always fund our infrastructure projects** – our CRTF and SRRTF!
- Our current staff are well versed and ready to handle the work needed to manage the projects and budgets associated with the initial borrowing, and payment of debt from the trusts identified.

What are the projects we hope to fund?

PROJECTS		EST. COST	
Woodland Park Drainage Improvements		\$	590,011.00
Berzins Nature Park & Trail Amenities		\$	235,000.00
Betts Avenue Drainage Improvements		\$	315,600.00
West Avenue Sidewalks, North		\$	919,494.00
West Avenue Sidewalks, South		\$	742,495.00
Hunters Run Drainage Improvements		\$	1,200,000.00
Woodland Avenuen Widening Improvements		\$	2,310,000.00
John West Park Playground Improvements		\$	475,550.00
Est. Total		\$	6,788,150.00

Descriptions of the above projects follow and are included in the FY2027 Budget.

Project Descriptions:

Woodland Park Drainage Improvements: (\$590,011.00)

This is a phase II project that represents drainage improvements along Woods Circle and Holly Lane in the Woodland Park neighborhood. Funding from the SRRT was originally identified however funding restraints and higher priority needs saw it added to our borrowing at our engineer's estimate of \$590,011. This project will eliminate standing water along property frontage adjacent to the roadway and completes efforts that commenced in 2019.

Berzins Nature Park & Trail Amenities: (\$235,000)

This project includes the final amenity items associated with the development of the Town's new park. These funds are a planned match to general fund revenue identified for a total cost of \$470,000. These non-transportation alternative program grant funded amenities and their installation include a pavilion, picnic tables, rest rooms, walking trail amenities, educational signage, trash and recycling receptacles, pet clean up stations, outdoor white board and podium and all associated costs and install. The Berzins Nature Park project has already benefited from as much as \$1.4 million in grants including Transportation Alternative Program funding and DNREC Outdoor Recreation Parks & Trails. Our new park will also offer connectivity to bike paths along two major roadways, synergy with the future expansion of the Assawoman Trail and public access to the beauty of a coastal forest habitat.

Project Descriptions:

Betts Avenue Drainage Improvements; West Avenue Sidewalk Connectivity - North & South:

(\$315,600 Betts; \$919,494 North; \$742,495 South)

Phase IV of our sidewalk connectivity project will provide additional safe paths along West Ave., from Osprey Lane to the Assawoman Trail, and John West Park via Central Ave. Drainage improvements along Betts are part of the project improvements in the area. These projects will complete our connectivity efforts from State Route 26 to the Assawoman Canal Trail on Central Avenue.

Hunters Run Drainage Improvements: (\$1,200,000)

This project will remove and replace all existing and failing corrugated metal pipes and roadway “slot” drains in the community of Hunters Run. Once complete the roads will be milled and overlaid for a complete drainage and roadway improvement project.

Woodland Avenue Widening & Improvement Project: (\$2,310,000)

This project will design, construct and widen Woodland Ave. to accommodate improved pedestrian and bike safety between the pass-through corridor off of Central and West Ave’s. This project was identified in association with the new development of Shore Vista (making a section of the widening improvements) and concerns raised by Town residents for the safety of walking and biking this section of Woodland due to high traffic and speeds.

John West Park Playground Project: (\$475,550)

This project includes an overhaul of aging equipment and updates to improve accessibility at John West Park & playground, along with additional funding sources identified since 2021. Overall project cost is currently estimated at \$1.3 million.

Will Other Shorter Life Projects be Completed During These Years?

More Good News - YES!

- Our shorter life projects including street repairs and maintenance, the replacement of vehicles, facility maintenance, and smaller drainage projects will still be addressed.
- Those we're currently aware of are already included in the 5-year Capital program, with funding identified. *Note: street paving is an operating expense not a capital expense due to lifespan – although paid for with Municipal Street Aid and/or the Street Repair and Replacement Trust Fund.*
- Our forecast also includes the continuation of funding our equipment replacement/sinking fund by making our annual required contributions associated with our Reserve Study, updated at least every 5 years. Therefore, positioning the Town to continue to fund other projects and equipment & facility needs.
 - Borrowing at this level will not halt addressing other needs.

How “Exactly” Do We Plan to Fund the Debt Service?

Two of our **existing** Trust Funds will be used to satisfy the Debt Service! **Not property taxes.**

IMPORTANT REMINDER – THESE TRUST FUNDS (IN PLACE FOR MANY YEARS - WITH OVER 20 YEARS OF HISTORICAL REVENUE TRENDS) ARE NOT USED TO FUND OPERATIONS AND PROPERTY TAX REVENUE DOESN'T SUPPORT THEM. THEY ACCRUE FROM REVENUES RECEIVED IN ASSOCIATION WITH THE PAYMENT OF TRANSFER TAXES FROM THE SALE OF REAL PROPERTY!

Our conservative forecasting has determined that the existing **Capital Repair & Replacement Trust Fund** (CRRTF) and the **Street Replacement & Repair Trust Fund** (SRRTF) can be expected to fund our debt service as follows:

Forecast of Ocean View's Ability to Fund Debt Service from Established Trust Funds

	CRTF Reserve Study		SRRTF Budgeted		Debt Service	Remaining Funds in Trust Accounts
	CRTF Funding	Projects	SRRTF Funding	Projects	(90% SRRTF / 10% CRTF)	
	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	
FY25 Ending Balance	1,326,448		1,095,727			2,422,175
FY26	452,806	(298,960)	1,431,653	(699,680)		3,307,994
FY27	161,431	(217,500)	1,100,202	(1,290,640)		3,061,487
FY28	296,368	(523,240)	1,178,486	(859,480)	(315,782)	2,837,839
FY29	295,306	(93,735)	1,023,130	(601,820)	(424,750)	3,035,970
FY30	295,094	(71,685)	933,340	(592,300)	(561,375)	3,039,044
FY31	295,519	(465,970)	845,728	(714,100)	(559,375)	2,440,846
FY32	297,344	(262,286)	778,677	(275,000)	(561,750)	2,417,831
FY33	303,355	(38,568)	782,595	(275,000)	(558,500)	2,631,713
FY34	311,115	(68,873)	778,122	(275,000)	(559,625)	2,817,452
FY35	317,759	(160,860)	781,979	(275,000)	(560,000)	2,921,331
	4,352,545	(2,201,677)	10,729,640	(5,858,020)	(4,101,157)	2,921,331

NOTES:

(a) CRTF Funding includes the FY25 ending balance plus anticipated Transfer Tax (12.5%), interest and the GF annual contribution as determined by the Capital Reserve Study.

(b) CRTF Funded capital improvements as reflected in the January 2026 Capital Reserve Study and the FY27-FY31 CIP.

(c) SRRTF Funding includes the FY25 ending balance plus estimated MSA contributions, Transfer Tax (25% plus excess) and interest.

(d) SRRTF Funded Drainage, Street and Sidewalk projects as shown in the FY27 - FY31 CIP as well as sidewalk repairs and street paving (5-year pavement program).

(e) Debt service will be paid from SRRTF (90%) and CRTF (10%) based on the percentage of the projects being funded.

(f) Remaining funds in the Trust for future budgeted projects and / or debt service payments.

To Be Clear...

- * The columns (b) and (d) on the prior slide do not include the costs associated with the infrastructure projects we've identified and which are suitable for general obligation bond borrowing.**
- * Column (e), the debt service column identifies the funding needed for the first 8 years, following the issuance of debt.**
- * And column (f) forecasts that at the end of 8 years of projects and paying down our debt, we expect \$2.9 million to still be available in the two Trusts.**

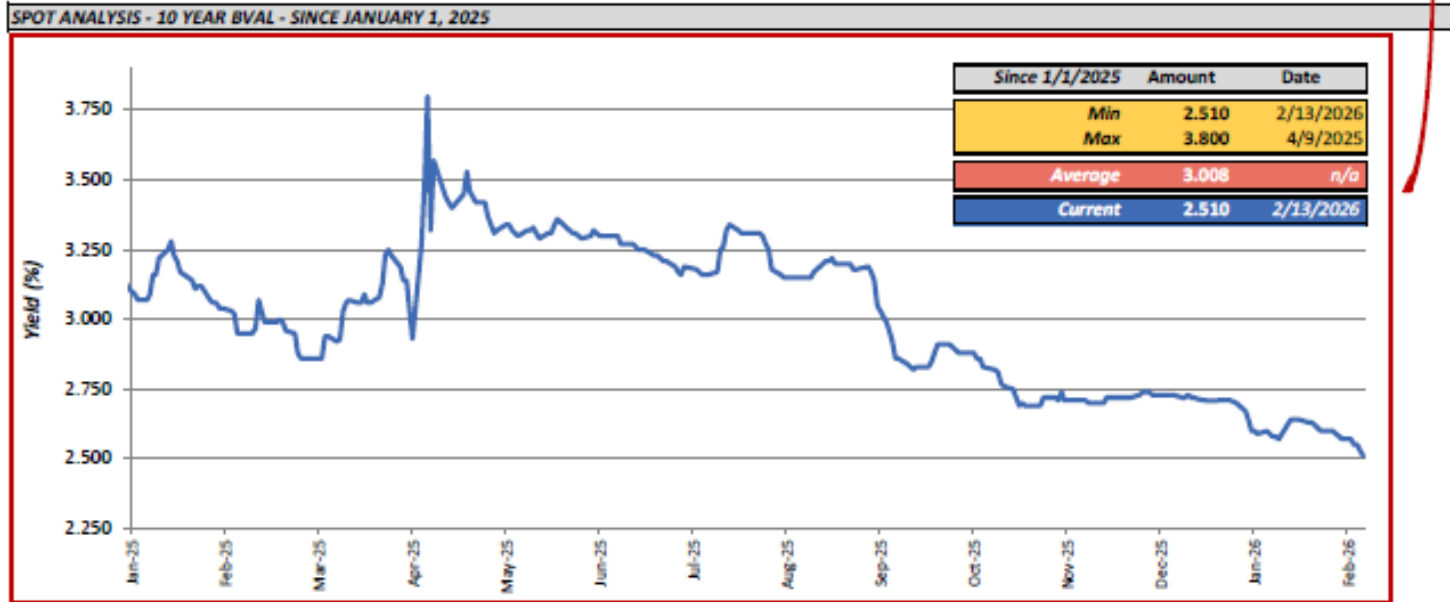
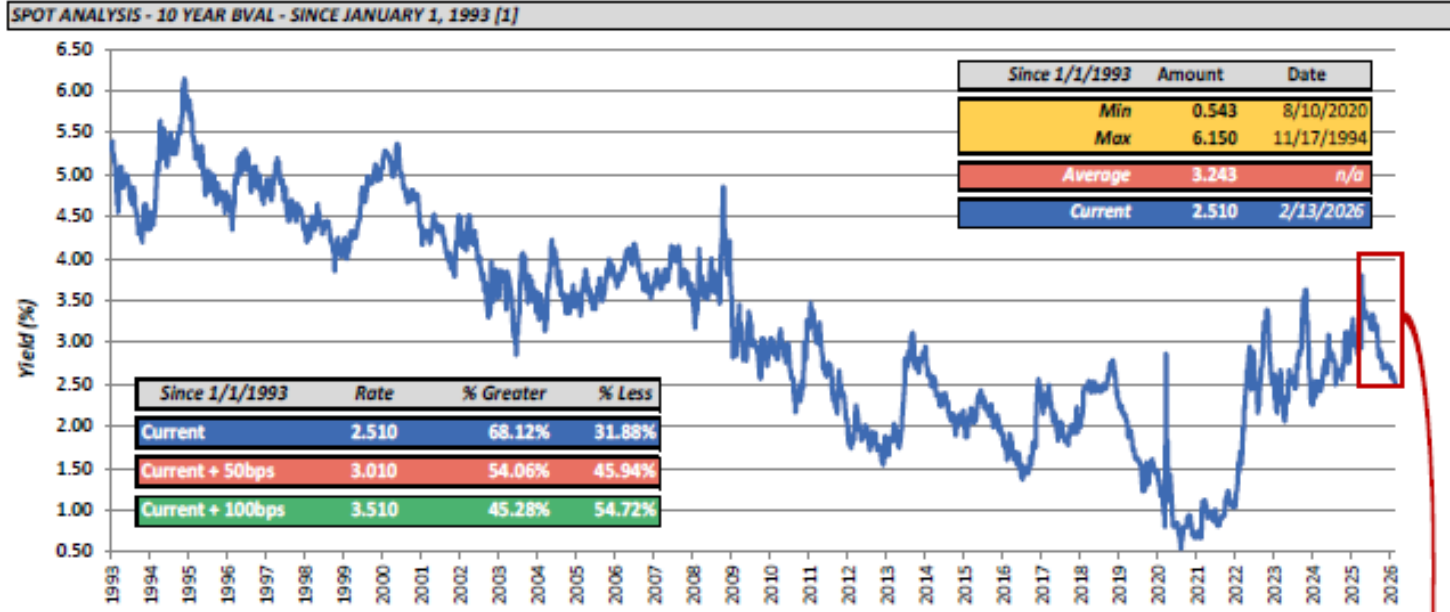


*How Does the Borrowing through the Issuance of
General Obligation Bonds Work?*

**Consultant Overview
PFM Financial Advisors**

Garrett Moore and Jamie Schlesinger

Market Update



Issuing Bonds

Federal Tax Laws Recap

- Federal tax laws permit an Issuer to borrow at a tax-exempt interest rate and invest the proceeds at an unlimited (taxable) yield subject to arbitrage requirements during the period of project construction, but only if the following three tests can be satisfied. The governing board must reasonably expect at the time of the borrowing:
 - **Expenditure Test:** Issuer will spend 85% of the proceeds within three years.
 - **Time Test:** Issuer will incur a substantial binding obligation (sign a design contract, award a construction bid) within six months, equal to at least 5% of the borrowing amount.
 - **Due Diligence Test:** Construction of the project will proceed, and the bonds funds will be spent, with due diligence to completion.

Bank Qualified Bonds Review

- Current IRS tax law states that a tax-exempt issuer can issue \$10 million of Bank Qualified (“BQ”) bonds per calendar year.
 - Holders of BQ bonds enjoy certain additional tax benefits, resulting in higher demand.
 - BQ bonds typically have lower interest rates and a shorter call feature than non-BQ bonds.

Sample Debt Service Schedule

- Based on the current project list provided by the Town, the Town is looking to finance approximately \$6.8 million.
- In order to mitigate the debt service impact in FY2027, the Town could consider utilizing capitalized interest to eliminate any impact in the upcoming budget.
- The bonds could also be structured to include a multi-year phase in.

	NEW MONEY	Fiscal Year Ending	Proposed Debt Service [1]
<i>Available for Projects</i>	\$6,788,150	4/30/2026	
<i>Capitalized Interest</i>	\$150,000	4/30/2027	
<i>Timing</i>	November, 2026	4/30/2028	312,782
<i>Term</i>	20 Years	4/30/2029	434,750
<i>Structure</i>	Level Debt Service	4/30/2030	561,375
		4/30/2031	559,375
		4/30/2032	561,750
		4/30/2033	558,500
		4/30/2034	559,625
		4/30/2035	560,000
		4/30/2036	559,625
		4/30/2037	558,500
		4/30/2038	561,500
		4/30/2039	558,625
		4/30/2040	559,875
		4/30/2041	560,125
		4/30/2042	559,375
		4/30/2043	557,625
		4/30/2044	559,750
		4/30/2045	560,625
		4/30/2046	560,250
		4/30/2047	558,625
		4/30/2048	
		4/30/2049	
		4/30/2050	
		TOTAL	10,822,657

[1] Estimated based on current market rates. Actual rates to be determined at time of pricing.

NOTE: The term of the financing cannot exceed the useful life of the project.

Preliminary Timeline

February						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Tentative Timeline

<u>Date</u>	<u>Objective</u>
Tuesday, February 24, 2026	<ul style="list-style-type: none"> * Regularly Scheduled Workshop Meeting * - Initial Discussion on Plan of Finance - Authorization to proceed
Tuesday, May 12, 2026	<ul style="list-style-type: none"> * Regularly Scheduled Council Meeting * - Introduction of Parameters Ordinance/Resolution
Tuesday, June 9, 2026	<ul style="list-style-type: none"> * Regularly Scheduled Council Meeting * - First Reading of Parameters Ordinance/Resolution
Tuesday, July 14, 2026	<ul style="list-style-type: none"> * Regularly Scheduled Council Meeting * - Second Reading of Parameters Ordinance/Resolution - Council consideration of Parameters Ordinance/Resolution
Early/Mid September	<ul style="list-style-type: none"> - PFM sends Draft POS to Rating Agency - Due Diligence call with financing team
Mid-October	<ul style="list-style-type: none"> - Credit Rating Call with Standard & Poors
Late October	<ul style="list-style-type: none"> - Credit Rating Due Back to Town - Print / Post the Final POS
Early November	<ul style="list-style-type: none"> - Bond Sale / Lock in Rates
Mid-November	<ul style="list-style-type: none"> - Settlement Date (Funds available for Town use)



Questions?