BIBB COUNTY SCHOOL DISTRICT

Dr. Dan A. Sims, Superintendent

ACTION MEMORANDUM

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TO: Board of Public Education for Bibb County (“Board”)

FROM: Eric Bush, Chief Financial Officer

SUBJECT: Award of the 2026 Tax Anticipation Notes and final TAN Resolution

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Summary:

On July 16, 2026, the Board authorized the Bibb County School District (the “District”) to borrow up to $35,000,000 for calendar year 2026 through a Tax Anticipation Note (“TAN”) at an interest rate no higher than 7%. The District, with PFM Financial Advisors LLC (“PFM”) and Parker Poe Adams & Bernstein LLP (“Bond Counsel”), solicited competitive proposals from financial institutions. Truist submitted the strongest proposal on both series. Staff respectfully asks the Board to award the sale to Truist and adopt the final TAN Resolution, in the form attached. Staff and the District’s advisors will attend the meeting and welcome the Board’s questions.

Background:

The District pays salaries, benefits, and operating costs throughout the year, but it receives most of its property tax revenue late in the year. A TAN bridges that gap. State law requires the District to repay the TAN in full from 2026 tax collections on or before December 31, 2026.

The District will borrow $35,000,000 through two notes. Both close on September 1, 2026, both are fully funded at closing, and both come due December 31, 2026. The Series 2026A Note is $22,400,000, is tax-exempt, and carries a fixed interest rate of 3.42%. The Series 2026B (Taxable) Note is $12,600,000 and carries a fixed interest rate of 4.33%.

Both rates are fixed, so the District will know its full interest cost on the day it closes. That cost is approximately $440,000, consisting of approximately $255,000 on the Series 2026A Note and approximately $185,000 on the Series 2026B Note. The District will invest the proceeds until it needs them, which recovers part of that cost.

Truist offered the taxable note two ways: Option 1, a fixed rate of 4.33%, and Option 2, a floating rate that would move for the whole term. Staff selected Option 1. A fixed rate gives the District a cost it can budget against with certainty from closing through maturity.

Staff also negotiated the repayment date. The District moved its final millage rate adoption to September 9 so that the tax commissioner can mail 2026 tax bills on September 25, 2026. The first installment falls due October 26 and the second on November 24, and the District receives its share up to a week after the commissioner collects. The last of the 2026 collections therefore reaches the District in early December. Georgia law sets December 31 as the latest date the District may carry the borrowing, so Staff asked Truist to move the due date from December 15 to December 31. Truist agreed, which gives the District the full period the law allows for collections to arrive.

Federal tax law lets the District borrow tax-exempt only what it expects to run short during the year. That amount comes from a month-by-month forecast of the District's revenues and expenses. That same forecast reveals any period during which the District is expected to experience a cash flow deficit. Staff worked through the forecast with PFM and Bond Counsel and sized the tax-exempt Series 2026A Note at $22,400,000, the full amount federal law allows, so the largest share of the borrowing carries the lowest rate.

To ensure the District would have sufficient proceeds on hand to account for delayed tax collections, Staff worked with PFM and Bond Counsel to structure a taxable series of notes, Series 2026B. The taxable notes are not subject to the tax-exempt borrowing limit. Accordingly, the Series 2026B Notes are proposed to be issued in the amount of $12,600,000 to utilize the balance of the $35,000,000 borrowing authorization. The taxable portion costs the District about $39,000 more in interest over the four months.

Staff has worked on this financing with the District's financial advisor and bond counsel to keep classrooms open, payroll met, and vendors paid while the community's tax dollars make their way to the District. Staff is grateful for the Board's attention to this item and is glad to answer any questions.

<u>Recommendation:</u>

It is respectfully recommended that the Board of Education award the sale of the Series 2026A Note to Truist Commercial Equity, Inc. and the sale of the Series 2026B (Taxable) Note to Truist Bank, and adopt the final TAN Resolution in the form attached, approving the form of the Note Purchase Agreement and authorizing the officers of the Board of Education to execute the Note Purchase Agreement, the Notes, and the related closing documents.

<u>Superintendent's Comments and Approval:</u>

Superintendent's Signature	Approved / Not Approved
Dr. Dan A. Sims	Approved

MOTION STATEMENT:

I move that the Board of Public Education for Bibb County adopt the final Resolution, in the form attached, awarding the sale of the District's Tax Anticipation Note, Series 2026A, in the principal amount of $22,400,000, to Truist Commercial Equity, Inc., and the sale of the District's Tax Anticipation Note, Series 2026B (Taxable), in the principal amount of $12,600,000, to Truist Bank, approving the form of the Note Purchase Agreement, and authorizing the officers of the Board of Education and the Bibb County School District (as applicable) to execute and deliver the Note Purchase Agreement, the Notes, and the related closing documents.