

**FY 2019-2020 Virginia Beach Budget  
Response to Council Questions**

**Question Number:** FY 20 53

**Question:** What is the basis points differential between GOB bonds and PPEA bonds and per \$10 millions of bonds was the incremental interest cost between for PPEA bonds?

**Date Requested:** April 7, 2019

**Requested By:** Councilmember Moss

**Department:** Finance

**Response:** For a \$10 million bond issuance, the estimated total debt service difference between GO and PFRB, assuming a 20-year level debt service structure, is approximately \$92,000. On a TIC basis, the difference is about 7.5 basis points. Attached is a summary of the debt service difference, which was derived from the 2018 GO and PFRB bond issuances.

City of Virginia Beach  
 General Obligation Bonds vs Public Facility Revenue Bonds  
 Debt Service Rating Comparison  
 20 Year Cases  
 Rates as of April 10, 2019

	<b>GO Bonds (5% Coupons) 20 Years</b>	<b>PFRB (5% Coupons) 20 Years</b>	<b>Difference</b>
<b>Sources</b>			
<b>Par</b>	8,270,000.00	8,325,000.00	
<b>Original Issue Premium</b>	1,774,238.80	1,717,555.10	
<b>Total Sources</b>	10,044,238.80	10,042,555.10	
<b>Uses</b>			
<b>Project Fund</b>	10,000,000.00	10,000,000.00	
<b>Underwriter's Discount</b>	44,238.80	42,555.10	
<b>Total Uses</b>	10,044,238.80	10,042,555.10	
<b>TIC</b>	2.8686%	2.9432%	0.0746%
<b>Annual Debt Service</b>			
2020	663,500	666,250	2,750
2021	666,000	668,750	2,750
2022	662,750	670,500	7,750
2023	664,000	666,500	2,500
2024	664,500	667,000	2,500
2025	664,250	666,750	2,500
2026	663,250	670,750	7,500
2027	661,500	668,750	7,250
2028	664,000	666,000	2,000
2029	665,500	667,500	2,000
2030	661,000	668,000	7,000
2031	665,750	667,500	1,750
2032	664,250	666,000	1,750
2033	661,750	668,500	6,750
2034	663,250	669,750	6,500
2035	663,500	669,750	6,250
2036	662,500	668,500	6,000
2037	665,250	671,000	5,750
2038	661,500	667,000	5,500
2039	661,500	666,750	5,250
<b>Total</b>	13,269,500	13,361,500	92,000
<b>PV DS @ TIC of G.O. Bonds</b>	10,002,889	10,070,576	67,687

YR	MATURITY	May MMD 4/10/19	GO		PFRBs	
			5% Spreads	5% Yield	5% Spreads	5% Yield
1	2020	1.530%	0	1.530%	1	1.540%
2	2021	1.550%	4	1.590%	7	1.620%
3	2022	1.580%	0	1.580%	5	1.630%
4	2023	1.620%	1	1.630%	5	1.670%
5	2024	1.680%	2	1.700%	9	1.770%
6	2025	1.720%	1	1.730%	10	1.820%
7	2026	1.750%	0	1.750%	9	1.840%
8	2027	1.790%	0	1.790%	10	1.890%
9	2028	1.850%	0	1.850%	10	1.950%
10	2029	1.930%	0	1.930%	9	2.020%
11	2030	2.020%	1	2.030%	13	2.150%
12	2031	2.100%	3	2.130%	13	2.230%
13	2032	2.160%	3	2.190%	13	2.290%
14	2033	2.210%	3	2.240%	13	2.340%
15	2034	2.260%	3	2.290%	13	2.390%
16	2035	2.310%	3	2.340%	13	2.440%
17	2036	2.360%	3	2.390%	13	2.490%
18	2037	2.410%	3	2.440%	13	2.540%
19	2038	2.450%	3	2.480%	13	2.580%
20	2039	2.490%	3	2.520%	13	2.620%