

The Fripp Island Public Service District (PSD) is holding a referendum on a Public General Obligation Bond Issue on Tuesday August 15, 2017. Below are some questions and answers about the bond issue. Additional information may be obtained on the PSD web site at <http://www.fipsd.org> or by calling the PSD office during our business hours of 8:30 AM to 4:30 PM Monday through Friday. The PSD Office number is 843-838-2400.

**Why is the PSD proposing this bond issue?** Recently the PSD has been presented with a current need to address the damage to the PSD-owned revetment on the north end of the island due to Hurricane Matthew. The proposed bond issue would provide funds to address these anticipated costs.

Additionally, due to the construction of the new bridge from St Helena to Harbor Island, the PSD will need to relocate the sole water line that supplies Fripp, Hunting and Harbor Islands. The firm cost of this move has not been determined at this time but engineering estimates suggest the cost could be as much as \$3,200,000. The bond issue would provide funds to address these anticipated costs.

**How much will the PSD borrow on this Bond?** The PSD is requesting authorization to borrow up to \$5.5 million dollars, however, no money will be borrowed until more definite figures are available. The authorization would allow the PSD to move forward expeditiously once these costs are more definite.

**How long will it take to pay it back?** The PSD anticipates a 15-20 year borrowing for the revetment portion (\$2.3 million) and a 20 year borrowing for the waterline portion (\$3.2 million).

**How much will it cost the average homeowner?** The PSD, in consultation with its bond counsel and financial advisor, has established that annual debt service to pay back the bonds will be 6 to 8.5 mills, depending on the loan terms and interest rates. Accordingly, the PSD anticipates that a resident home owner that has a home with an appraised value of \$500,000 would pay approximately \$120-170 per year, and a non-resident home owner that has an appraised value of \$500,000 would pay approximately \$180-255 per year. The PSD plans to structure the debt to minimize the initial impact to the taxpayers with a lower millage at the beginning of the loan terms, and a higher millage at the end, when the PSD's older, existing debt is paid off.

**How will the money be collected?** The millage required to make the annual debt service payments will be added to the homeowner's tax bill and collected by the county as property taxes are collected.

**Who is authorized to vote on this issue?** Only registered voters on Fripp Island may vote at the Fripp Island Precinct. Non-resident property owners are not authorized to vote in the referendum under South Carolina law.

**Why is it the PSD's responsibility to repair the revetment?** The PSD actually owns approximately 2200 feet of the revetment along Porpoise Drive on the Fripp Inlet and is charged in its enabling legislation with the responsibility to control erosion on Fripp Island. The revetment protects our water and sewer lines that are buried along the Porpoise roadway and is critical to controlling erosion on Fripp Island.

**We thought FEMA was paying for the revetment repairs?** The PSD has received approximately \$59,000 from FEMA to offset the cost of emergency repairs to the revetments. The PSD has applied to FEMA for additional assistance, but initial talks with FEMA indicate that we may not receive further funding. Even if we do receive additional funding, the PSD must make the repairs and pay for them, then wait for reimbursement from FEMA. If the PSD receives funding from FEMA, that money will go toward reducing the debt and lowering taxes. There is no guarantee that additional monies will be forthcoming.

**Will the state pay for any portion of the PSD's waterline replacement, since it is replacing the bridge and forcing the PSD to move the line?** Current state law does not allow for cost-sharing with utilities on SC DOT projects. That said, the PSD and SC DOT are discussing an agreement that would include some compensation to the PSD for replacement of the line. There is no indication at this time that SC DOT will pay any of the cost, and what the amount would be. Should the PSD receive any monies from the state for the project, the money would be used to pay down the debt or reduce water and sewer fees if the debt could not be prepaid.

**What if the bond referendum is defeated?** The PSD will consider all other legally available means of addressing these infrastructure needs, which may include borrowing the money for the revetment repairs under the PSD's authority to borrow up to 8% of the PSD's total assessed value without a voter referendum (approximately \$2.7 million of non-voted debt capacity is currently available) and the use of emergency contingency funds or additional water and sewer fees for the waterline replacement.

**Will the PSD be providing us with updates and more information?** Yes, there are open Town Hall meetings scheduled for July 29, 2017 and August 5, 2017 at the Community Centre at 9:00 AM. The PSD Commissioners will be present as well as our bond and legal counsel and financial advisor.