



# TOWN OF GRANBY

## MEMORANDUM

DATE: December 31, 2025

**TO:** The Board of Selectmen, the Board of Finance, the Board of Education, and The CPPAC

**FROM:** Mike Walsh, Town Manager

A handwritten signature in blue ink, appearing to read "Mike Walsh".

**REGARDING:** Bonding Timelines and Narrative – Illustrative Outline

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As the Town of Granby moves closer to considering large capital projects (those over \$250,000) for voter referendum approval and eventual bonding, I want to take the opportunity to provide to you and the community an illustrative outline of possible bonding timelines and a supportive narrative as the subject matter is layered, and at times complex to understand.

The complexities come about as the voters will be asked for the ability to spend and the ability to bond, perhaps as early as June of 2026.

Once approved by the voters, Town funding will be used to begin the projects, and once each project is under construction or completed, bonding will be issued to permanently fund the projects. Please understand that this task is subject both to the cash flow ability of the Town and any possible regulatory spending criteria affixed to the tax-exempt bonds issued.

It should also be noted that the Town of Granby desires to issue less than \$10 million each calendar year to maintain the advantages of a "small issuer exemption".

Because the Town issues bonding once every seven years using a 20-year term beginning with interest only then equal principal payments, and because the Town desires the budget to service old and new debt to be stable, significant pre-planning is needed to execute the construction of the project, the underwriting and sale of the bonds, and to budget debt service.

Other variables that need to be considered include the timing of the issue, market interest rates, the bond premium if any, and the method used to issue the bonds with respect to interest only to begin the term, and then the method to amortize the principal.

The timelines below seek to simplify by example these complexities. While the project numbers still need to be sized by CPPAC and the Board of Selectmen in order to present to the voters, for illustrative purposes, please let me present a hypothetical example of the timelines and discussion of a \$13.5 million referendum question(s) broken down into two projects:

1. A \$6.5 million capital project (CP 1) with immediate urgency,
2. A \$7 million capital project (CP 2) with a longer planning cycle.

I have also provided a variety of bond amortizations by project, and then in total for a bond issue. Also attached is a "Crosswalk" detailing stabilized debt service moving forward. I will be on hand at your meeting to explain these pages in more detail.

<b>Task #</b>	<b>Task Description</b>	<b>Task Date</b>
1	CPPAC finalizes capital project bonding recommendations (CP 1 and 2)	02/28/2026
2	The Town FY27 Debt Service budget will remain at \$1.8 million with \$1.2M servicing issued debt and \$600k moved to a Bond Service Fund	03/31/2026
3	The BOS creates referendum questions for the voters to consider – the questions will ask for permission to spend and permission to bond	04/30/2026
4	Voters go to the polls to consider the questions	06/15/2026
5	If approved by the voters, using the General Fund, CP 1 and CP 2 can begin spending their authorization to plan and execute contracts	06/16/2026
6	The Town FY28 Debt Service budget will remain at \$1.8 million with \$1.2M servicing issued debt and \$600k moved to a Bond Service Fund	03/31/2027
7	The creation of a Capital Project Building Committee to monitor the progress of CP 1 should be considered; for School Construction Projects where the State pledges school construction grants, the Committee is as statutory requirement	04/01/2027
8	CP 1 construction can begin in the spring of 2027	04/01/2027
9	When CP 1 is completed in the fall, \$6.5M of bonds will be issued with any bond premium moved to a Bond Service Fund	09/30/2027
10	The Town FY29 Debt Service budget will remain at \$1.8 million with \$1.2M servicing issued debt and \$600k moved to a Bond Service Fund; depending on how and when the CP 1 bonds are issued, FY29 Debt Service will likely have an interest only component to pay	03/31/2028
11	CP 2 construction can begin in the spring of 2028	04/01/2028
12	The creation of a Capital Project Building Committee to monitor the progress of CP 2 to elected officials should be considered; for School Construction Projects where the State pledges school construction grants, the Committee is as statutory requirement	04/01/2028
13	The Town FY30 Debt Service budget will remain at \$1.8 million with \$1.2M servicing issued debt and \$600k moved to a Bond Service Fund; depending on how and when the CP 1 bonds are issued, FY30 Debt Service will likely have an interest only component to pay	03/31/2029
14	When CP2 is completed, \$7M of bonds will be issued (in perhaps two separate issues depending on cash flow) with any bond premium moved to a Bond Service Fund	09/30/2029
15	The Town FY31 Debt Service budget will remain at \$1.8 million and service previously issued debt and CP 1 and 2 new debt, first exhausting the \$1.8M budgeted debt and then layering in the difference from the previously mentioned Bond Service Fund	03/31/2030