



Parking Deck Financing

The City of Greensboro is proposing to borrow money to pay for two new downtown parking garages by issuing “limited obligation bonds” under the authority provided in NC General Statute 160A-20. This statute permits the City to enter into installment financing contracts (similar to a home mortgage) to pay for the two new parking garages. The bonds, together with the corresponding financing documents, create the installment financing contract within the meaning of the statute.

The limited obligation bonds issued by the City will not be secured by the City’s full faith and credit or taxing power, or secured by parking revenues. The payment of the bonds will be secured solely by a mortgage lien on the two new downtown parking garages being financed. Each year, the City Council will approve funds to pay for the debt. The debt service may be paid with any legally available funds, including revenue related to the parking garages such as property tax on new investments in downtown, new hotel sales tax revenue, and parking revenue. Upon failure to pay debt service on the bonds, the bondholders’ lone legal remedy will be to foreclose on the mortgaged property, and no deficiency judgement may be rendered against the City in the event that the sale of the mortgaged property does not fully satisfy repayment of the bonds.

Before entering into an installment financing contract, the City is required to give at least 10 days notice and hold a public hearing on the use of an installment financing contract to fund a project. A public hearing on parking garage financing will be at a future date.

This is the same type of bond financing structure being used to finance the City’s Coliseum Complex improvements and the City’s new performing arts center.