

### **Why issue general obligation (G.O.) bonds?**

Bond financing is often used for capital projects that are above and beyond the scope of the annual operating budget or are for projects that will benefit residents for many years in the future. General Obligation (G.O.) bonds typically offer the lowest interest rate for a local government, because under this type of long-term borrowing, a local government like Buncombe pledges its full faith and credit (taxing power) to repay the debt over a specified term. While there are several ways to finance the construction of major capital projects – current revenues, capital reserve funds (setting aside money over time), and other bonds, G.O. bonds provide the least costly source of borrowed cash to fund major projects.

### **How are general obligation (G.O.) bonds issued?**

A bond referendum gives voters the power to decide if a municipality should be authorized to raise funds through the sale of general obligation (G.O.) bonds. A G.O. bond is long-term borrowing tool (typically 20 years) in which a municipality pledges its full faith and credit (taxing power) to repay the debt over a specified term. Generally, G.O. bonds are the least costly financing option available to the town for potential bond projects being considered.

### **What is the purpose of a bond referendum?**

Under North Carolina law, a local government holding a referendum for the purpose of issuing general obligation (G.O.) bonds must specify general categories of capital projects for which bond proceeds may be used. Within these categories, a local government may identify specific projects that are intended to be funded by the bond proceeds – the “bond package.” However, due to the lengthy process involved with identifying, designing, and implementing projects, as well as the lack of detailed cost and other project information available at the time of the bond referendum, the specific projects identified in the bond package may change over time. The question that the actual bond referendum therefore asks of voters is whether they authorize local government to use the G.O. bonds as a financing tool for the general category of projects up to the amount specified in the question.

### **When are bond referenda held?**

Bond referenda can be held during a regular election when the polls are open across the entire jurisdiction affected by the referendum. Voters in Buncombe County will be able to vote on the two bonds during the Nov. 8 General Election. Check your [voter registration status here](#).

### **How will the County communicate with residents about potential projects to fund via G.O. bonds and other details about the process, timeline, etc.?**

The County will share information through:

- Social media
- County Manager’s reports
- Website (including FAQs)
- Newsletter
- Text messages
- BCTV

- Community Engagement Markets
- “Tapped In” on WRES 100.3 FM
- Community meetings
- Flyer
- Postcard

**What is the County’s role in communicating about (and not advocating for) bonds?**

Absolutely no public funds may be expended for the purpose of advocating for or against a bond referendum. The County may only provide information to voters to assist them in making an informed decision.