

**Spotsylvania County  
Board of Supervisors Agenda  
Executive Summary**

<b>Meeting Date:</b>	July 28, 2020
<b>Title:</b>	Authorization for the Sale of 2020 Bonds and Authorization of Future Public Hearing
<b>Type:</b>	Action, Resolution
<b>Agenda Title:</b>	Authorization for the Sale of 2020 Bonds and Authorization of Future Public Hearing
<b>Recommendation:</b>	<p>1) Approve the attached resolution and related documents authorizing the issuance of up to \$51,000,000 in 2020 General Obligation (GO) Public Improvement and Refunding Bonds for the purpose of:</p> <ul style="list-style-type: none"> <li>a) financing certain FY 2021 capital projects; and</li> <li>b) refunding outstanding bonds to achieve interest rate savings.</li> </ul> <p>2) Authorize a public hearing to be held following the sale of the bonds (date TBD) to receive comment on the adjustment that will be necessary to the FY 2021 Budget to reflect these bond proceeds, issuance costs, and payoff of any refunded bonds.</p> <p>During the FY 2021 Budget and CIP processes, staff discussed the need to issue bonds to accomplish certain FY 2021 capital projects planned in the FY 2021 CIP and Budget. Projects for which borrowed funds are anticipated to be used are as follows:</p> <ul style="list-style-type: none"> <li>• School technology, bus replacements, and capital maintenance projects; and</li> <li>• Exit 118 road improvements.</li> </ul>
<b>Summary:</b>	<p>The attached resolution presented for the Board's approval includes language giving staff latitude to refund any series of GO bonds previously issued by the County that may be to the County's advantage to refund this year. As we have done in the past, Budget staff will continue working with our financial advisors to determine which outstanding bonds are ripe for refunding given market conditions as we approach the time of the bond sale. We <i>refund</i> for the purpose of gaining interest savings. We do not <i>refinance</i> which extends the length of payback term on the bonds.</p> <p>Debt service related to this GO issuance is included in the FY 2021 Adopted Budget. A future budget adjustment will be necessary to record the bond proceeds and issuance costs once the transaction is finalized. Due to the amount of the future budget adjustment, a public hearing will be required.</p> <p>Staff requests that the Board approve the attached resolution and related documents for the GO issuance to occur this summer. As is always the case when we request Board approval of bond documents, the documents are subject to further edits as we finalize the bond transaction. The documents are substantially complete at this time. Additionally, staff requests that a public hearing to budget the bond proceeds be authorized to follow the closing of the bond sale, the timing of which is to be determined.</p>
<b>Financial Impact:</b>	FY 2021 debt service costs related to this GO bond issuance are included in the FY 2021 Adopted Budget. Once the bond issuance is complete, we will request the Board's approval to adjust the FY 2021 Budget for the actual bond proceeds and related issuance expenses.
<b>Staff Contacts:</b>	Bonnie Jewell, Assistant County Administrator/Chief Financial Officer

**Legal Counsel:**

Richard L. Hurlbert, Jr., Bond Counsel

**Additional Background/Other Considerations:**

We do not know the estimated interest rate savings at this time as a determination has not yet been made regarding which series and maturities of outstanding bonds will be refunded. That will be determined as we move closer to the sale of the bonds and as we assess market conditions at the time.

**Consequence of Denial/Inaction:**

If approval is denied, the bonds will not be issued and the projects will not take place as planned and approved in the FY 2021 Budget and CIP. Additionally, the County and Schools would not be able to achieve saving in existing debt service costs through refunding of previously issued bonds.

**ATTACHMENTS:**

File Name	Description	Type
<a href="#">BOS_Resolution_-_Series_2020_GO_Bonds_(v3).doc</a>	Board of Supervisors Resolution - Spotsylvania 2020 GO Bonds	Resolution
<a href="#">NOS_v2.doc</a>	Notice of Sale	Backup Material
<a href="#">POS_v2.docx</a>	Preliminary Official Statement	Backup Material
<a href="#">Appendix_A_(version_3).docx</a>	Appendix A	Backup Material