

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

Meeting Date:	June 22, 2021
Title:	Authorization for the Sale of 2021 General Obligation Bonds and Authorization of Future Public Hearing
Type:	Action, Resolution
Agenda Title:	Authorization for the Sale of 2021 General Obligation Bonds and Authorization of Future Public Hearing
Recommendation:	<p>1) Approve the attached resolution and related documents authorizing the issuance of up to \$43,590,000 in 2021 General Obligation (GO) Public Improvement and Refunding Bonds for the purpose of:</p> <ul style="list-style-type: none"> a) financing certain FY 2022 capital projects; and b) refunding outstanding bonds to achieve interest rate savings. <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 2022 Budget to reflect these bond proceeds, issuance costs, and payoff of any refunded bonds.</p> <p>During the FY 2022 Budget and CIP processes, staff discussed the need to issue bonds to accomplish certain FY 2022 capital projects planned in the FY 2022 CIP and Budget. Projects for which borrowed funds are anticipated to be used are as follows:</p> <ul style="list-style-type: none"> • School technology, bus replacements, and capital maintenance projects; • Fire/Rescue replacement equipment; • Public Safety Building addition; • Replacement of Co. 3; • Rt. 3 Safety Improvements (removal of bump outs); and • Improvements at Exit 118,
Summary:	<p>The attached resolution presented for the Board's approval includes language giving staff latitude to refund the Series 2011A, Series 2011B and Series 2012A GO bonds previously issued by the County that are expected to 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 2022 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 dollar 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>

Financial Impact:

FY 2022 debt service costs related to this GO bond issuance are included in the FY 2022 Adopted Budget. Once the bond issuance is complete, we will request the Board's approval to adjust the FY 2022 Budget for the actual bond proceeds and related issuance expenses.

Staff Contacts:

Bonnie Jewell, Assistant County Administrator/Chief Financial Officer

Legal Counsel:

Richard L. Hurlbert, Jr., Bond Counsel

Additional Background/Other Considerations:

Approximately \$985,000 in debt service is expected to be saved over the remaining 11-year life of the refunded bonds.

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 2022 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
BOS_Resolution_-_Series_2021_GO_Bonds_(v3).doc	Resolution	Resolution
NOS_v1.doc	Notice of Sale	Backup Material
POS_v2.docx	Preliminary Official Statement	Backup Material
Appendix_A_v2.docx	Appendix A	Backup Material