

Spotsylvania County
Board of Supervisors Agenda
Executive Summary

 Print

Meeting Date: June 27, 2017

Title: Authorization for the Sale of 2017 Bonds and of Related Public Hearing

Type: Action, Resolution

Agenda Title: Authorization for the Sale of 2017 Bonds and of Related Public Hearing

Recommendation:

1. Approve the attached resolution and related documents authorizing the issuance of up to \$48,000,000 in General Obligation (GO) Public Improvement Bonds and Refunding Bonds for the purpose of financing certain FY 2018 capital projects and possibly refunding to achieve debt service savings on the previously issued Series 2009B bonds.
2. Authorize a public hearing to be held on September 12, 2017 or thereafter to receive comment on the FY 2018 budget adjustment that will be necessary to reflect these bond proceeds, issuance costs, and payoff of the refunded bonds, if applicable.

Summary: During the FY 2018 Budget and CIP processes, staff discussed the need to issue bonds to accomplish certain FY 2018 capital projects planned in the FY 2018 CIP and Budget. Projects for which borrowed funds are anticipated to be used are as follows:

- School technology, bus replacements, and capital maintenance projects;
- Renovations to Courtland High School;
- Bunkroom addition at Co. 6 (Salem Church); and
- Replacement fire equipment.

The refunding of the Series 2009B bonds is expected to yield interest savings of approximately \$1.2 million over the remaining term of the bonds.

Debt service related to the new money GO issuance is included in the FY 2018 Adopted Budget. Savings associated with the potential refunding was not factored into the FY 2018 Adopted Budget as we were not certain which series of bonds, if any, would be a candidate for refunding at the time the budget was approved. A future budget adjustment will be necessary to record the bond proceeds, issuance costs, and payoff of the refunded bonds once the transaction is finalized. Due to the amount of the future budget adjustment, a public hearing will be required. The future budget adjustment will also adjust for any differences between the budgeted and final debt service figures.

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, but are substantially complete at this time. Additionally, staff requests that a public hearing to budget the bond proceeds be authorized for September 12, 2017 or thereafter.

Committee/Commission Summary:

Review Date:

Status:

Financial Impact:

FY 2018 debt service costs related to this GO bond issuance are included in the FY 2018 Adopted Budget. Once the bond issuance is complete and actual debt service expenses are calculated, we will request the Board's approval to adjust the FY 2018 Budget for the actual bond proceeds, related issuance expenses, payoff of the potentially refunded bonds, and any savings in debt service.

Staff Contacts:

Bonnie Jewell, Budget Manager

Legal Counsel:

Richard L. Hurlbert, Jr., Bond Counsel

Additional Background/Other Considerations:

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 2018 Budget and CIP. Additionally, the

County will not be able to achieve savings in existing debt service costs over the remaining term of the Series 2009B bonds if the Series 2009B bonds prove candidates for refunding.

ATTACHMENTS:

| Name: | Description: | Type: |
|---|--------------------------------------|-----------------|
|  Board of Supervisors Resolution - Spotsylvania 2017 GO Bonds-v4.doc | Resolution Authorizing Sale of Bonds | Resolution |
|  Notice of Sale - Spotsylvania Series 2017- v3.doc | Draft Notice of Sale - 2017 Bonds | Backup Material |
|  POS v-2.docx | Draft Preliminary Official Statement | Backup Material |
|  APPENDIX A GO Bonds.docx | Draft Appendix A | Backup Material |

Please see the Board agenda item for the June 27, 2017 meeting to view these documents. The Board agenda is available on the County's website. Choose "Boards & Commissions" and then "Meeting Agendas."