

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

 Print

**Meeting Date:** June 23, 2015

**Title:** Finance Presentation on Sale of 2015 Bonds and Related Items

**Type:** Action, Resolution

**Agenda Title:** Finance Presentation on Sale of 2015 Bonds and Related Items

**Recommendation:**

1. Approve the attached resolution and related documents authorizing the issuance of up to \$55,000,000 in 2015 General Obligation (GO) Public Improvement and Refunding Bonds for the purpose of:  
  
A) financing certain FY 2016 capital projects; and  
B) refunding the Series 2007 GO Bonds originally issued for School capital projects;
2. Approve the attached resolution and related documents authorizing the issuance of up to \$63,000,000 in 2015 Water and Sewer System Revenue Refunding Bonds for the purpose of refunding the Series 2005 and a portion of the Series 2007 Water Sewer Revenue Bonds;
3. Authorize a public hearing to be held on September 22, 2015 to receive comment on the adjustment that will be necessary to the FY 2016 Budget to reflect these bond proceeds, issuance costs, and payoff of the refunded bonds; and
4. Approve the attached budget amendment authorizing staff to use the \$629,800 received from VDOT for the Harrison Road Community Center property to reduce the amount of bonds issued for transportation projects.

**Summary:** During the FY 2016 Budget and CIP processes, staff discussed the need to issue bonds to accomplish certain FY 2016 capital projects planned in the FY 2016 CIP and budget. Projects for which borrowed funds are anticipated to be used are as follows:

- School technology, bus replacements, and capital

maintenance projects;

- Judicial Center renovation;
- Former Sheriff's Office renovation;
- Animal Shelter design;
- Replacement of Computer Aided Dispatch (CAD) system;
- Replacement fire equipment;
- Unpaved roads;
- Improvements to exit 126;
- Harrison Rd - Old Plank to Gordon;
- Thornton Rolling intersection improvements;
- Grand Brooks Road resurfacing;
- Relocation of Elys Ford/Rt 3 intersection; and
- Corridor studies (Rt. 1, 2, 17 and 208).

The refunding of the 2007 GO bonds is expected to yield interest savings of approximately \$1.0 million over the remaining term of the bonds, reducing School debt service by between \$70,000 and \$81,000 per year for 12 years.

The refunding of the 2005 and 2007 Water and Sewer bonds is expected to yield interest savings of between \$3.5 million and \$3.8 million dependent upon the market and the maturities included in the refunding at the time of sale.

Debt service related to the new money GO issuance is included in the FY 2016 Adopted Budget. Savings associated with the refundings was not factored in the FY 2016 Adopted Budget as we were not certain which series of bonds, if any, would be refinanced at the time the budget was approved. A future budget adjustment will be necessary to record the bond proceeds, issuance costs, and pay off of the refunded bonds once the transactions are 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 difference in the estimated and final debt service figures.

Staff requests that the Board approve the attached resolutions and related documents for the GO and Water/Sewer Refunding issuances 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 transactions, but are substantially complete at this time. Additionally, staff requests that a public hearing to budget the bond proceeds be authorized for September 22, 2015.

Staff also requests that the Board authorizes the use of the \$629,800 received from VDOT as payment for the Harrison Road Community Center to reduce the amount of bonds to be issued this summer for transportation projects. Specifically, staff requests that this \$629,800 be allocated to the Exit 126 Improvements project to

allow a corresponding reduction in the issuance of bonds for the Exit 126 project.

<b>Committee/Commission Summary:</b>	Finance Committee
<b>Review Date:</b>	June 18, 2015 <b>Status:</b> Approved
<b>Financial Impact:</b>	FY 2016 debt service cost related to the new money GO bond issuance is included in the FY 2016 Adopted Budget. Once the bond issuance is complete and actual debt service expenses are calculated and the savings on refundings is known, we will request the Board's approval to adjust the FY 2016 Budget for the actual bond proceeds, related issuance expenses, and debt service expenditures.
<b>Staff Contacts:</b>	Bonnie Jewell, Budget Manager
<b>Legal Counsel:</b>	Richard L. Hurlbert, Jr., Bond Counsel
<b>Additional Background/Other Considerations:</b>	The only portion of this item reviewed by the Finance Committee is the budget adjustment associated with the \$629,800 received from VDOT for the Harrison Road Community Center.
<b>Consequence of Denial/Inaction:</b>	If approval is denied, the bonds will not be issued, and the projects will not take place as planned. Additionally, the County and Schools would not be able to achieve savings in existing debt service costs over the remaining term of the 2007 GO and the 2005 and 2007 Water/Sewer bonds.

#### **ATTACHMENTS:**

Name:	Description:	Type:
 <a href="#">Board of Supervisors Resolution - Spotsylvania 2015 GO Bonds 13964087(5).DOC</a>	Resolution Authorizing Issuance of Up to \$55M in General Obligation Public Improvement & Refunding Bonds	Resolution
 <a href="#">Bond Purchase Agreement- Series 2015 GO Bonds 13981341(1).DOC</a>	2015 GO Bonds - Bond Purchase Agreement	Backup Material
 <a href="#">Escrow Agreement - Spots GO 2015 13998599(2).DOC</a>	2015 GO Bonds - Escrow Agreement	Backup Material
 <a href="#">Notice of Sale - Spotsylvania 2015 GO Bonds 13979378(3).DOC</a>	2015 GO Bonds - Notice of Sale	Backup Material
 <a href="#">Preliminary Official Statement - Spotsylvania 2015 GO Bonds 13980043(2).DOC</a>	2015 GO Bonds - Preliminary Official Statement	Backup Material
 <a href="#">Board of Supervisors Resolution - Spots WS 2015 13995407(4).DOC</a>	Resolution Authorizing Issuance of Up to \$63M in Water/Sewer System Revenue Refunding Bonds	Resolution
 <a href="#">Bond Purchase Agreement - Spots WS 2015 14006319(1).DOC</a>	2015 Water/Sewer Bonds - Bond Purchase Agreement	Backup Material
 <a href="#">Eighth Supplemental Trust Agreement - Spots WS 2015 14006324(2).DOC</a>	2015 Water/Sewer Bonds - Eighth Supplemental Trust Agreement	Backup Material
 <a href="#">Notice of Sale - Spots 2015 WS 14006313(2).DOC</a>	2015 Water/Sewer Bonds - Notice of Sale	Backup Material

<a href="#">Preliminary Official Statement - Spots_WS_2015_14006328(1).DOC</a>	2015 Water/Sewer Bonds - Preliminary Official Statement	Backup Material
<a href="#">Appropriation for Use of \$629,800 for Transportation Projects.doc</a>	Appropriation of \$629,800 for Exit 126 Project to Reduce Bonds to Be Issued	Appropriation
<a href="#">Budget Adjustment for Use of \$629800 for Transportation Projects.doc</a>	Budget Amendment	Agreement