

Spotsylvania County
Board of Supervisors Agenda
Executive Summary

 Print

Meeting Date: June 25, 2019

Title: Authorization for the Sale of 2019 Bonds and
Authorization of Future Public Hearing

Type: Action, Resolution

Agenda Title: Authorization for the Sale of 2019 Bonds and
Authorization of Future Public Hearing

Recommendation: 1) Approve the attached resolution and related
documents authorizing the issuance of up to
\$85,000,000 in 2019 General Obligation (GO) Public
Improvement and Refunding Bonds for the purpose of:

- a) financing certain FY 2020 capital projects;
and
- b) refunding outstanding bonds to achieve
interest rate savings.

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 2020 Budget
to reflect these bond proceeds, issuance costs, and
payoff of any refunded bonds.

Summary: During the FY 2020 Budget and CIP processes, staff
discussed the need to issue bonds to accomplish certain
FY 2020 capital projects planned in the FY 2020 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 and expansion of Courtland High
School;

- Replacement of Computer Aided Dispatch (CAD) system;
- Animal Shelter expansion/renovations;
- Co. 6 bunkroom addition and renovation; and
- Rt. 17 widening & bridge replacement.

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, Finance 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 *refund* for the purpose of gaining interest savings. We do not *refinance* which extends the length of payback term on the bonds.

Debt service related to this GO issuance is included in the FY 2020 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.

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 to follow the closing of the bond sale, the timing of which is to be determined.

Committee/Commission Summary:

Review Date:

Status:

Financial Impact:

FY 2020 debt service costs related to this GO bond issuance are included in the FY 2020 Adopted Budget. Once the bond issuance is complete, we will request the Board's approval to adjust the FY 2020 Budget for the actual bond proceeds and related issuance expenses.

Staff Contacts:

Bonnie Jewell, Deputy Director of Finance for Budget

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 can 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 2020 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:

Name:	Description:	Type:
 BOS_Resolution_-_Series_2019_GO_Bonds_v7.doc	Board of Supervisors Resolution - Spotsylvania 2019 GO Bonds	Resolution
 Escrow_Agreement_v3.doc	Escrow Agreement	Backup Material
 NOS_v4.doc	Notice of Sale	Backup Material
 POS_v4.docx	Preliminary Official Statement	Backup Material
 APPENDIX_A_GO_Bonds_v5.docx	Appendix A	Backup Material
 Paying_Agent_Agreement_v2.docx	Paying Agent Agreement	Backup Material

Please see the Board agenda item for the June 25, 2019 meeting to view these documents. The agenda is available on the County's website. Choose "Boards & Commissions" and then "Meeting Agendas."