



Albemarle County

Legislation Text

File #: 17-160, **Version:** 1

AGENDA DATE: 2/1/2017

TITLE:

Albemarle County Debt Financing - 2017A EDA Revenue Bonds

SUBJECT/PROPOSAL/REQUEST: Resolution approving a plan to finance certain public facilities and equipment projects through the issuance of revenue bonds by the Economic Development Authority of Albemarle County.

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Walker, Letteri, Kamptner, Burrell

PRESENTER (S): Davenport & Co., Financial Advisors

LEGAL REVIEW: Yes

REVIEWED BY: Douglas C. Walker

BACKGROUND: Beginning in FY09, the County has issued debt on an every-other-year basis, using its cash as an interim/temporary source of funding until such time as the next debt is issued. As authorized by the annually adopted reimbursement resolution, the County reimburses itself from bond proceeds. On May 4, 2016, the Board of Supervisors adopted a reimbursement resolution setting forth the County's intent to use \$24,758,670 in tax exempt bond proceeds to reimburse the County for Capital Improvement Program expenditures. This Executive Summary presents to the Board for its consideration a financing option for the County to finance FY17 capital projects and to reimburse the County for cash it expended for previous years' projects.

STRATEGIC PLAN: Prioritize, plan, and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs.

DISCUSSION: On January 17, 2017, the County's Financial Advisors, Davenport and Company, presented an overview of the proposed plan of public facility bond financing to the Economic Development Authority of Albemarle County, Virginia (EDA), which is authorized under State law to assist the County in financing local government facilities and equipment. If the Board approves moving forward with the proposed financing, the EDA Board would be asked to approve the financing plan at a special meeting of the EDA in February 2017. Under the proposed strategy, the EDA, as a conduit issuer, would issue debt through a Public Sale in a principal amount not to exceed \$25,500,000 to finance project costs, cost of issuance, and a reserve equal to up to one year's debt service, if required, and would loan the proceeds to the County. The EDA Bonds will be secured under a master trust agreement and master financing agreement structure described in Attachment A, prepared by Hunton & Williams LLP, the County's bond counsel. The security for the EDA Bonds will be the County's promise, subject to appropriation, to make payments to the EDA to enable it to make debt service payments associated with this debt issuance. Based on the County's excellent triple-AAA credit rating, but without the security of offering additional leased collateral (unless recommended by the financial advisor), it is expected that the debt would be issued with credit ratings in the high AA category. The resolution necessary

to advance this borrowing plan is also attached (Attachment B). All financial documents referenced are available for Board and public review in the Board Clerk's Office.

BUDGET IMPACT: Interest rates at the time of preparing this Executive Summary are at favorably low levels. The County may realize budgeted debt service savings, due to conservative interest rate assumptions, if interest rates remain favorable. This financing adheres to the County's financial policies regarding debt limits, debt capacity, debt affordability, and debt repayment standards.

RECOMMENDATION:

Staff recommends that the Board adopt the attached Resolution (Attachment B) authorizing the proposed plan of financing through the EDA.

ATTACHMENTS:

Attachment A - Summary of Master Financing Agreement Structure

Attachment B - Resolution