



# Albemarle County

## Legislation Text

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**File #:** 19-302, **Version:** 1

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**AGENDA DATE:** 5/15/2019

**TITLE:**

Approval of The Peabody School/Louisa County IDA Bond Proposal

**SUBJECT/PROPOSAL/REQUEST:** Approve by resolution the Louisa County IDA's issuance of bonds to finance the Peabody School's expansion.

**ITEM TYPE:** Regular Action Item

**STAFF CONTACT(S):** Richardson, Kamptner, DeLoria

**PRESENTER (S):** Richard DeLoria and Douglas Sbertoli, Bond Counsel for Louisa Industrial Development Authority

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Jeffrey B. Richardson

**BACKGROUND:** The Peabody School, located at 1232 Stoney Ridge Road, was founded in 1994 as a one-room, nonprofit elementary school. It has grown from teaching 13 students to serving more than 200 from all over Central Virginia. This Board unanimously approved the school's application for a special use permit to expand enrollment and construct additions to its facilities on November 14, 2018 (Resolution to Approve SP 2018-04). To finance construction, the Louisa County Industrial Development Authority (IDA) agreed to issue private activity bonds, which the Louisa County IDA and the Louisa County Board of Supervisors have approved. Such governing body approval allows the Louisa County IDA to issue bank qualified tax-exempt bonds for not-for-profit organization such that the school will obtain more favorable and affordable financing terms.

**STRATEGIC PLAN: Our Vision:** Albemarle County envisions a community with exceptional educational opportunity for present and future generations; **Educational Opportunities:** Provide lifelong learning opportunities for all citizens

**DISCUSSION:** This Board approved the Peabody School's expansion plans in November 2018. In order to obtain financing to allow the project to proceed, the school obtained the Louisa IDA's agreement to finance up to \$3,500,000 in private activity bonds. The Louisa IDA may only issue such bonds for facilities in Albemarle County if "the governing body of [Albemarle County] . . . concurs with the inducement resolution adopted by the authority, and shows such concurrence in a duly adopted resolution." Virginia Code § 15.2-4905(13). Additionally, for private activity bonds to become qualified bonds under IRS regulations, the locality in which the facility is or will be located must approve the bond issue "after a public hearing following reasonable public notice." 26 U.S. Code § 147(f). By approving the Louisa County IDA's bond issue, the private activity bonds will qualify for tax-exempt status and allow the Peabody School to secure sufficient financing on favorable terms to complete its expansion.

Approval of the Louisa IDA Resolution imposes no financial obligation to or pledge of credit from Albemarle

County.

**BUDGET IMPACT:** There will be no budgetary impact by adopting the resolution.

**RECOMMENDATION:**

Staff recommends the Board adopt the attached Resolution (Attachment F) approving the Louisa IDA Inducement Resolution.

**ATTACHMENTS:**

- A - Resolution to Approve SP 2018-04 Peabody School dated November 14, 2018
- B - Louisa IDA Inducement Resolution dated April 25, 2019
- C - Louisa BOS Resolution dated May 6, 2019
- D - The Peabody School Fiscal Impact Statement
- E - Notice of Albemarle County May 15, 2019 Public Hearing
- F - Resolution Approving Louisa IDA Inducement Resolution