



COUNTY OF PRINCE GEORGE
Finance Department
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Betsy Drewry
Director of Finance

March 21, 2017

To: Mr. Percy C. Ashcraft
County Administrator

From: Betsy Drewry *B. Drewry*
Director of Finance

Re: Authorization Issuance of GO Bonds Series 2017

The Board of Supervisors held a public hearing on March 14, 2017 regarding the issuance of *up to* \$18 Million dollars of debt. That evening, the board also received a report from Davenport & Company, the County's financial advisor, outlining RFP results for prospective lenders and discussing the Virginia Resources Authority (VRA) application process for this debt issuance. The RFP asked prospective lenders to provide responses to a variety of borrowing amounts and repayment periods.

Ten responses were received and Davenport provided the details of the RFP and a staff recommendation for the board. The board unanimously approved staff to move forward with a **\$10 Million issue with Carter Bank & Trust** as the approved lender and a repayment period of **15 years**. \$9,000,000 will be issued as tax-exempt general obligation bonds and \$1,000,000, related to the broadband project, will be a taxable loan.

Williams Mullen has been retained to serve as the county's bond counsel; they have provided the resolution for bond issuance and will be administering the closing of the bonds in April.

The \$10,000,000 Series 2017 issuance will be used to:

- 1) Reimburse the county for expenses incurred for \$1,029,913 in capital projects and purchases appropriated throughout FY2017:

APPROVED/APPROPRIATED PROJECTS		
#	Item Description	Approved Amount
1	Public Safety Radio Consultant	\$ 174,435.00
2	Police Vehicles	\$ 400,000.00
3	Parks & Recreation CIP (Paving)	\$ 38,221.00
4	Parks & Recreation - Scott Park Field Improvements	\$ 190,007.00
5	Central Wellness Center Asbestos Removal	\$ 87,250.00
6	Central Wellness Center Pipe Repair	\$ 140,000.00

AND

2) Provide funding for planned projects not yet appropriated as follows*:

ADDITIONAL PROJECTS FOR FINANCING			
#	Item Description	AS UPDATED	Note
7	Public Safety Radio Project (Phase III Consulting too) ***	\$ 6,563,017.00	***Borrowing #1 (Remaining project fund borrowing planned for Spring 2018)
8	Route 10 Fire Station - A/E & Construction	\$ 500,000.00	
9	Broad Band	\$ 1,000,000.00	
10	RCJA Roof Refurbish	\$ 56,000.00	
11	Harrison Elementary Windows	\$ 217,500.00	
12	South Elementary Windows - \$135,000; REMOVED FROM BORROWING; IDENTIFIED ALTERNATE FUNDING		
13	Parks & Recreation - Scott Park Irrigation	\$ 94,669.00	
14	Parks & Recreation - Scott Park Electrical	\$ 53,573.00	
15	Parks & Recreation - Scott Park Fencing	\$ 39,000.00	
16	Parks & Recreation Canoe Launch	\$ 39,488.00	
17	Parks & Recreation Moore Middle Athletic Complex	\$ 106,840.00	
18	Estimated Debt Issuance Costs	\$ 300,000.00	
TOTAL ADDITIONAL PROJECTS FOR CONSIDERATION - FOR BUDGET AMENDMENT		\$ 8,970,087.00	

*A public hearing on appropriation of these additional debt proceeds to the CIP fund was also held on March 14, 2017.

Please place on the board of supervisors' agenda the formal approval by resolution of the debt issuance of \$10 Million using Carter Bank & Trust with a repayment period of 15 years. I am available for any questions you may have.

**RESOLUTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS,
SERIES 2017A AND SERIES 2017B
OF THE
COUNTY OF PRINCE GEORGE, VIRGINIA**

WHEREAS, the County of Prince George, Virginia (**the “County”**) is a political subdivision of the Commonwealth of Virginia, and pursuant to the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) (**the “Act”**) the Board of Supervisors of the County (**the “Board of Supervisors”**) is authorized to contract debts on behalf of the County and to issue, as evidence thereof, notes, bonds or other obligations; and

WHEREAS, following the approval of the affirmative vote of the qualified voters of the County in an election on the question, the County elected on September 19, 1985 to be treated as a city for the purpose of issuing its bonds under the Act, and to therefore be able to secure certain indebtedness on a general obligation basis whereby the full faith and credit of the County is pledged to secure payment of bonds without a referendum; and

WHEREAS, pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Act, the County is empowered to acquire, construct, reconstruct, improve, extend, enlarge, equip, maintain, repair and operate any project which is a public improvement or undertaking for which the County is authorized by law to appropriate money, and the County is authorized to contract debts and to issue, as evidence thereof, bonds, notes or other obligations payable from pledges of the full faith and credit of the County; and

WHEREAS, the County held a public hearing, duly noticed, on March 14, 2017, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606 of the Act; and

WHEREAS, Davenport & Company LLC, the County's financial advisor (**the “Financial Advisor”**), as directed by County staff, prepared a Request for Proposals (**the “RFP”**) to obtain financing offers from banks for the funding of various capital improvements to be undertaken by the County, including, but not limited to (i) the purchase of police vehicles; (ii) a new public safety radio system; (iii) construction of a new Route 10 fire station; (iv) the enhancement of broadband access to County schools, businesses and residents; (v) athletic court surface paving projects; (vi) various Scott Park Field and related facility improvements; (vii) the addition of a canoe ramp at the Appomattox River Park and Recreation facility; (viii) baseball field improvements at the JEJ Moore Middle School complex; (ix) roof refurbishment for the criminal justice building; (x) asbestos removal and pipe replacement at the Central Wellness Center facility; and (xi) elementary school window replacement improvements (**the “Projects”**); and

WHEREAS, the County shall issue its general obligation bonds in two series, one of which is its \$9,000,000 Tax Exempt General Obligation Note, (Public Facilities Improvements Project), Series 2017A (**the “Series 2017A Note”**) and its \$1,000,000 Taxable General Obligation Note, (Broadband Access Project), Series 2017B (**the “Series 2017B Note”**), both

together in an aggregate principal amount not to exceed \$10,000,000, (the “Series 2017A and the Series 2017B Note shall collectively be hereafter referred to as the “**Bonds**”) to finance the Projects; and

WHEREAS, the Board of Supervisors, based upon an evaluation of the responses to the RFP and the recommendations of County staff and the Financial Advisor, have accepted a proposal from Carter Bank & Trust to finance the Projects.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE GEORGE, VIRGINIA:

1. Authorization of the Bonds. The Board of Supervisors hereby finds and determines that it is advisable and in the best interests of the County to incur debt and issue its Bonds for the purpose of financing all or a portion of the Projects, along with the costs of issuing the Bonds. The County previously authorized the solicitation of bids for the issuance of the Bonds. The Board of Supervisors now hereby authorizes the issuance of the Bonds in accordance with the terms hereby approved by the Board of Supervisors.

2. Details of the Bonds. Pursuant to the Act, for the purpose of providing the funds to finance all or a portion of the costs of the Projects, the County shall issue Ten Million Dollars (\$10,000,000) in aggregate principal amount of Bonds in the form of two series of Bonds, one of which is in the aggregate principal amount of \$9,000,000, and the interest on which shall be tax exempt, and the other in the aggregate principal amount of \$1,000,000, and the interest on which shall be taxable. The tax exempt obligation shall be designated as the Series 2017A Note and the taxable obligation shall be identified as the Series 2017B Note. Such debt obligations are further described and identified by the terms, provisions and manner in which such obligations are issued. The Bonds shall be issued as the Chairman of the Board and the County Administrator, in consultation with the County Director of Finance, shall hereafter determine and approve.

3. General Obligation Bonds. The Bonds shall be issued under the provisions of Article VII, Section 10(a) of the Constitution of Virginia. The Bonds shall be general obligations of the County, the principal of and interest on which are payable from ad valorem taxes to be levied without limitation as to rate or amount on all property in the County subject to taxation and a pledge of the full faith and credit of the County; and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County subject to local taxation sufficient in amount, together with all other funds lawfully appropriated and available therefor, to provide for the payment of the principal of and premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due.

4. Use of Bond Proceeds. The proceeds derived from the issuance of the Bonds, after the payment of the expenses of issuance of the Bonds, are expected to be applied to the payment of (or for the reimbursement to the County of costs previously paid) all or a portion of the costs of the Projects, in substantially the following estimated amounts:

<u>Project</u>	<u>Amount</u>
1. Public Safety Radio	\$14,180,225
2. Police Vehicles	400,000
3. Parks and Recreation Projects	561,798
4. Broadband Access	1,000,000
5. Construction of a new Route 10 Fire Station	500,000
6. Public Building Improvements	<u>500,750</u>
Total Project Costs Identified	\$17,142,773

GRAND TOTAL DEBT ISSUANCE FOR 2017 \$10,000,000.00

If the actual costs for any of the Projects identified above exceeds the anticipated costs, such excess may be paid from the proceeds of the Bonds originally allocated to any of the other components of the Projects, provided, however, that no proceeds from the Series 2017A Note may be used for the Broadband Access project financed with the Series 2017B Note.

5. Description of Bonds. The Bonds shall be financed by Carter Bank & Trust (the “Lender”), in accordance with a formal written proposal of the Lender dated February 23, 2017, as the same was subsequently amended to address interest payable on the Series 2017B Note (the “Bank Loan Proposal”), the terms of which are hereby approved, at the annual interest rates and the final maturity dates as set forth in the Bank Loan Proposal and described below. The Series 2017A Note shall have a final maturity of February 1, 2032 and the Series 2017B Note shall mature on February 1, 2020. The principal on the Bonds shall be payable annually on February 1 of each year beginning on February 1, 2020, with regard to the Series 2017A Note and on February 1, 2019 with regard to the Series 2017B Note. Interest on the Series 2017A Note at the rate of 2.30 percent per annum shall be payable on February 1 and August 1 each year during which such debt obligation remains outstanding, commencing on February 1, 2018. Interest on the Series 2017B Note at the rate of 1.75 percent per annum shall be payable on February 1 and August 1, commencing on February 1, 2018. The final terms of the Bonds shall be determined by the Chairman of the Board and evidenced conclusively by his execution and delivery of the Bonds to the Lender, and no further action of the Board shall be required. The Chairman of the Board is hereby authorized to execute and deliver the Bonds to the Lender, and the Clerk of the Board is hereby authorized to affix and attest the Seal of the County thereon.

6. Tax Covenants. The County covenants and agrees to comply with the provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Code”) and the applicable Treasury Regulations promulgated thereunder at all times during which the Bonds are outstanding.

7. Reimbursement Authorization. The County intends that the adoption of this Resolution will be a declaration of the County’s official intent in accordance with U.S. Treasury Regulation Section 1.150-2 to obtain reimbursement from future bond proceeds for expenditures

on the Projects made on or after 60 days prior to the date hereof. The County intends that funds that have been advanced for costs of the Projects, or which may be so advanced, may be reimbursed from proceeds of the Bonds, or any subsequent debt obligations.

8. **Bank Qualification Designation.** The Board, on behalf of the County, hereby designates the Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3)(B) of the Code and certifies by this Resolution that the County does not reasonably anticipate the issuance by it or its subordinate entities of more than \$10 million in “qualified tax-exempt obligations” during the calendar year 2017. Moreover, the Board will not designate, or permit the designation by any of its subordinate entities of any bonds or debt instruments other than the Series 2017A Note and the Series 2017B Note as “qualified tax-exempt obligations” during the calendar year 2017 which would cause the \$10 million limitation of Section 265(b)(3)(D) of the Code to be violated.

9. **Other Actions.** All other actions of officers of the County taken heretofore or hereafter conforming with the purposes and intent of this Resolution are approved, ratified and confirmed. The Board of Supervisors hereby confirms and directs Williams Mullen PC, Bond Counsel to the County, the Financial Advisor and County staff to prepare documents and take such actions as are necessary or appropriate in connection with the issuance of such Bonds.

10. **Filing of Resolution.** The Clerk or any Deputy Clerk of the Board of Supervisors or other agent or employee of the County, is hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the County of Prince George.

11. **Effective Date.** This Resolution and the provisions contained herein shall become effective immediately upon adoption.

Adopted: March 28, 2017

CERTIFICATE

The undersigned Clerk of the Board of Supervisors of the County of Prince George, Virginia hereby certifies that the foregoing is a true, correct and complete copy of a resolution duly adopted by a majority of the members of the Board of Supervisors of the County of Prince George, Virginia present and voting during the meeting duly called and held on March 28, 2017, and that such resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof. A summary of the members present or absent at such meeting, and the recorded vote with respect to the foregoing resolution, is set forth below:

Member Name	Present	Absent	Voting		
			Yes	No	Abstaining
William A. Robertson, Jr.					
Donald Hunter					
Alan R. Carmichael					
Jerry J. Skalsky					
T. J. Webb					

WITNESS my hand and seal of the County this ____ day of March, 2017.

 Clerk, Board of Supervisors of the
 County of Prince George, Virginia

(SEAL)