

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

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**Meeting Date:** September 22, 2020

**Title:** New Business – Proposed Refinancing of Series 2010B, Series 2014 and Series 2016 Bonds through the Virginia Resources Authority

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*(Check Mark)*

<input type="checkbox"/> Consent	<input type="checkbox"/> Closed Meeting
<input checked="" type="checkbox"/> Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> No Action (Information Only)	<input type="checkbox"/> Ordinance
<input type="checkbox"/> Resolution	<input type="checkbox"/> PowerPoint Presentation

**Background:** Davenport & Company, the County’s financial advisor, is recommending the following bond refinancings to achieve debt service savings:

2010 B Virginia Resources Authority Bond

In 2010, Caroline County issued Water and Sewer System Revenue Bonds in the amount of \$3,310,000 to refinance bonds sold in 2001 to finance various capital improvements to the County's water and wastewater system. The refunded bond was sold to the Virginia Resources Authority (VRA).

VRA recently made staff and Davenport aware of an opportunity to achieve debt service savings by refinancing the 2010 Bond in its upcoming fall 2020 sale. The actual savings will depend on market conditions at the time of the sale. Under the authorizing resolution prepared by bond counsel, the County agrees to move forward with the refinancing, provided that an aggregate net present value debt service savings of not less than 3% of the par amount of the refunded portion of the refunded bond is achieved.

Series 2014 Public Facility Lease Revenue Refunding Bond and Series 2016 Lease Revenue Refunding Bond

At the request of the County, the Economic Development Authority (EDA) issued \$8,487,000 in lease revenue refunding bonds in 2014 to refinance 2002 bonds used to finance the construction of courthouse facilities and the renovation of the Community Services Center.

In addition, the EDA issued \$7,273,400 in lease revenue refunding bonds in 2016 to refund the outstanding principal of \$7,000,000 on bonds issued in 2011 to fund the construction/renovation of school facilities, the development of the YMCA and the acquisition of an ambulance.

Staff and Davenport & Company have been advised that the VRA is willing to refinance the outstanding obligations of the bonds through a lease financing arrangement. This refinancing offers an opportunity for debt service savings and to remove the interest rate reset included in the current financing.

Alex Hock of Davenport will attend the September 22<sup>nd</sup> Board meeting to discuss the refunding opportunities in detail.

**Budget Impact:** Mr. Hock will discuss during his presentation

**Requested Action(s) of Board:** Should the Board wish to participate in the refunding opportunities described above, it will need to adopt resolutions authorizing the refinancings. Bond counsel is currently finalizing the authorizing resolutions. VRA needs to receive the authorizing resolutions no later than September 25<sup>th</sup>. Therefore, action is needed at the September 22<sup>nd</sup> Board of Supervisors meeting.