

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date: July 1, 2024

Action Required: Approval of Resolution

Presenter: Krisy Hammill, Director of Budget

Staff Contacts: Krisy Hammill, Director of Budget

Title: Resolution Authorizing The Issuance And Sale Of General Obligation Public Improvement Bonds Of The City Of Charlottesville, Virginia, In An Aggregate Principal Amount Not To Exceed \$65,000,000, To Finance The Costs Of Certain Public Improvement Projects, Providing For The Issuance And Sale Of General Obligation Refunding Bonds Of The City Of Charlottesville, Virginia, In An Aggregate Principal Amount Not To Exceed \$25,000,000, Providing For The Form, Details And Payment Of Such Bonds, And Providing For The Refunding Of Certain Outstanding General Obligation Bonds Of The City

Background

The City regularly issues bonds as part of its on-going Capital Improvements Program. Capital spending and the related financing is projected for a 5-year period and updated annually. This bond issue represents part of the funding plan approved by City Council for the on-going Capital Improvements Plan. All projects to be funded by this bond issue have been previously approved and appropriated by City Council. The proceeds are proposed, but not limited, to fund portions of the following projects:

<u>Projects</u>	<u>Amount*</u>
Public Facilities	5,000,000
Public Schools	53,000,000
General Government Projects	\$ 58,000,000
Water System Improvements	\$ 3,200,000
Wastewater System Improvements	\$ 1,500,000
Stormwater System Improvements	800,000
Utility Projects	\$ 5,500,000
Total to Be Issued	\$ 63,500,000

**Amounts are estimates and subject to change based on actual project expenses and completion. Funds can be reallocated between categories as needed.*

Discussion

These bonds will be repaid over the next 20 years with level annual principal payments.

PFM Financial Advisors LLC (PFM), the City's financial advisor, along with City staff, continue to monitor the bond market and interest rate environment and we are anticipating a sale in early August. It is anticipated that the bonds will be sold by a public offering through a competitive bid. The resolution authorizes the City Manager to accept the lowest interest rate bid on the bonds.

In addition, as with each new bond issue, City Staff along with its financial advisors, will take the opportunity to evaluate and refund bonds previously issued at a higher interest rate with new refunding bonds issued at a lower interest rate. The resolution approves the issuance of refunding bonds to refund certain outstanding debt of the City. Market conditions will continue to be monitored until the time of sale. If suitable savings opportunities do not materialize, then only the bonds for the new money will be issued.

City management will be meeting with Moody's and Standard & Poor's in early July to discuss the City's financial condition and to obtain ratings on these bonds. City staff anticipates that the City will retain its Aaa bond ratings, the highest rating given by both ratings agencies.

Alignment with City Council's Vision and Strategic Plan

This item aligns with the Council's strategic outcome area of Organizational Excellence.

Community Engagement

As per the law, this public hearing has been advertised in the newspaper and the sale information will be advertised in other media outlets prior to the bond sale date.

Budgetary Impact

The City continues to manage its debt and plan its bond issuances in a manner to:

1. Provide a stream of funding as it is needed,
2. Keep annual debt service costs at a fairly level amount, (i.e., to avoid large spikes in debt service) and
3. To maintain and finance its physical facilities and infrastructure in such a manner that future users/beneficiaries will help to pay for them.

This bond issue is part of the City's on-going capital financing plan. The debt service on this issue will be paid from annual transfers from the General Fund for debt service and/or previously appropriated funds in the City's Debt Service Fund. No new appropriation of funds is required at this time.

Recommendation

Staff recommends that Council approve the resolution authorizing the general obligation bond sale.

Alternatives

The alternatives to not issuing new debt would be to either use funds on hand (cash) to fund projects or not construct projects.

Attachments

1. Series 2024 Bond Resolution