



County of Hanover

Board Meeting: March 12, 2014

Subject: Adoption of Resolution Authorizing the Issuance of Appropriation Bonds to the Virginia Resources Authority in a Principal Amount Not To Exceed \$19,950,000 and the transfer to the Debt Service Fund of applicable debt issuance costs not to exceed \$300,000.

Summary of Agenda Item: On November 26, 2013 and December 11, 2013, The Hanover County Board held a Public Hearing to amend the FY14 Budget Capital Improvements Plan for the \$44,000,000 Courthouse capital project to be funded with debt proceeds and approved a reimbursement resolution to enable the County to be reimbursed by debt proceeds for previous expenditures associated with this project.

The new Courthouse project is designed as a 108,400 sq. foot facility that is expected to be constructed to accommodate six courtrooms (two each for the Circuit Court, District Court, and Juvenile/Domestic Relations Court) The facility will also provide additional space for personnel, equipment, court records storage, and offices for the Commonwealth's Attorney, Circuit Court, District Court, Sheriff Department personnel, and Juvenile/Domestic Relations Court Clerk's Offices.

The Virginia Resources Authority ("VRA") sale of its Bonds Series 2014, is tentatively scheduled to sell in May 2014. The Bonds shall have a true interest cost not to exceed 5.50% per annum and shall mature no later than November 30, 2044. Debt service for this issuance will begin in FY15 and is planned to be included in the County's FY15 Budget. Applicable cost of issuance not to exceed \$300,000 will be transferred from the County Improvements Fund to the Debt Fund. Finance and Management Services concurs with the issuance of the bonds to the VRA and the associated transfer.

County Administrator's Recommended Board Motion: Approval of the attached Resolution authorizing the issuance and sale of the bonds to the VRA, the transfer of costs of issuance and authorize the County administrator to take all actions necessary to proceed with the issuance of the bonds and administration of all matters related to the bonds, including execution of all necessary documents.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF COURTHOUSE PROJECT SPECIAL FUND REVENUE BOND, SERIES 2014 OF THE COUNTY OF HANOVER, VIRGINIA, AND PROVIDING FOR THE FORMS, DETAILS AND PAYMENT THEREOF

The Board of Supervisors of the County of Hanover, Virginia (the "Board") has determined that the County of Hanover, Virginia (the "County") has an immediate need to finance (i) a portion of the costs of (a) the construction of a courthouse facility, (b) site work related thereto including landscaping, utilities, parking lots and stormwater management, (c) certain road improvements including improvements to U.S. Route 301 and (d) renovations to the existing court buildings and (ii) expenses related thereto and issuance costs in connection therewith (clauses (i) and (ii) being collectively referred to herein as the "Project").

There has been presented to the Board a plan for the financing of the Project which would not create debt of the County for purposes of the Virginia Constitution.

Pursuant to such financing plan, the Virginia Resources Authority (the "VRA") would use a portion of the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2014A (Tax-Exempt) (as more particularly defined in the below defined Financing Agreement, the "VRA Bonds") to purchase the County's Courthouse Project Special Fund Revenue Bond, Series 2014 (the "Local Bond"). The VRA is agreeing to purchase the Local Bond pursuant to the terms of a Local Bond Sale and Financing Agreement, dated as of April 3, 2014 (the "Financing Agreement"), between the County and VRA.

The County has indicated that the amount of proceeds being requested from VRA for the Project is \$18,800,000 (the "Proceeds Requested"), or such other amount requested by the County in writing and approved by VRA prior to the pricing of the VRA Bonds, provided such amount does not exceed the maximum principal amount of the Local Bond authorized pursuant to this Resolution.

VRA has advised the County that VRA's objective is to pay the County as the purchase price for the Local Bond an amount which, in VRA's judgment, reflects the market value of the Local Bond (the "VRA Purchase Price Objective"), taking into consideration such factors as the maximum authorized par amount of the Local Bond, the Proceeds Requested, the purchase price to be received by VRA for the VRA Bonds, the issuance costs of the VRA Bonds (consisting of the underwriters' discount and other costs incurred by VRA (collectively, the "VRA Costs")) and other market conditions relating to the sale of the VRA Bonds.

Such factors may result in the County receiving an amount other than the Proceeds Requested and consequently (i) the aggregate principal amount of the Local Bond may be greater than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) if the maximum authorized aggregate amount of the Local Bond set forth in paragraph 2 of this Resolution does not exceed the Proceeds Requested by at least the amount of the VRA Costs and any original issue discount, the amount to be paid to the County, given the VRA Purchase Price Objective and market conditions, will be less than the Proceeds Requested.

There have been made available to the members of the Board at this meeting preliminary drafts of the forms of the Local Bond and the Financing Agreement.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF HANOVER, VIRGINIA:

1. The Board hereby finds and determines that it is in the best interests of the County to proceed with the financing of the Project. After consideration of the methods of financing the Project, it is hereby determined that it is in the best interests of the County to accept, and the County does hereby accept, the offer from VRA for the financing of the Project as contemplated by the Financing Agreement.

2. The Local Bond shall be issued as a single, registered bond, shall be designated "Courthouse Project Special Fund Revenue Bond, Series 2014," shall be numbered R-1 and shall be dated the date of its delivery. The aggregate principal amount of the Local Bond shall not exceed \$19,950,000, the "true" interest cost of the Local Bond shall not exceed 5.50% per annum (exclusive of "supplemental interest" as provided in the Financing Agreement) and the Local Bond shall mature no later than November 30, 2044. Interest and principal on the Local Bond shall be payable on the dates set forth in the Local Bond. Given the VRA Purchase Price Objective and market conditions, it may become necessary to issue the Local Bond in an amount greater than the Proceeds Requested. If the limitation on the maximum aggregate principal amount of Local Bond set forth in this paragraph 2 restricts VRA's ability to generate the Proceeds Requested, taking into account the VRA Costs, the VRA Purchase Price Objective and market conditions, the purchase price of the Local Bond will result in an amount less than the Proceeds Requested. Subject to the foregoing limitations, the County authorizes VRA to establish the final principal amount of the Local Bond, the final interest rates on the Local Bond and the final principal amortization schedule (including principal installment dates and amounts) for the Local Bond. No further action or approval of such financing terms shall be necessary on the part of the County. The County may, at its option, redeem or refund the Local Bond upon the terms set forth therein and in the Financing Agreement.

As set forth in the Financing Agreement, the County agrees to pay, solely from the source provided therein, the "supplemental interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve and, on the demand of VRA, a late payment penalty if any payment due on the Local Bond is not paid within ten days after its due date.

The principal of, premium, if any, and interest on the Local Bond and amounts payable under the Financing Agreement shall be payable in lawful money of the United States of America.

3. The Local Bond is a limited obligation of the County payable solely from payments made by the County under the Financing Agreement. The obligation of the County to make the payments under the Financing Agreement in amounts sufficient to pay the principal of and interest on the Local Bond is subject to, and contingent upon, the annual appropriation of funds by the Board for such purpose for each fiscal year.

4. The Local Bond shall be signed by the County Administrator or Deputy County Administrator of the County and the County's seal shall be affixed thereon and attested

by the Clerk or Deputy Clerk of the Board. The Local Bond shall be issued as a typewritten bond in substantially the form made available at this meeting, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the County Administrator or Deputy County Administrator, whose approval shall be evidenced conclusively by the execution and delivery of the Local Bond.

5. The Financing Agreement shall be in substantially the form submitted to this meeting, which is hereby approved, with such completions, omissions, insertions and changes (including changes of dates of the Financing Agreement) as may be subsequently approved by the County Administrator, Deputy County Administrator or Director of Finance, any of whom may act, which approval shall be evidenced conclusively by the execution and delivery of the Financing Agreement by such County Administrator, Deputy County Administrator or Director of Finance.

6. The County Administrator, Deputy County Administrator and Director of Finance, any of whom may act, are each hereby authorized and directed to execute and deliver the Financing Agreement. The Clerk and Deputy Clerk of the Board, either of whom may act, are each hereby authorized and directed to affix the County seal to the Financing Agreement, if requested, and to attest the same.

7. The County Administrator, Deputy County Administrator and Director of Finance and other appropriate officials of the County, including the Clerk and Deputy Clerk of the Board, are each hereby authorized to execute and deliver all other certificates, instruments and documents, including without limitation the Non-Arbitrage Certificate and Tax Compliance Agreement, dated the date of its execution and delivery, between VRA and the County, in the name and on behalf of the County and to take all such further action (a) as they may consider necessary or desirable to carry out the intent and purpose of this Resolution, the issuance of the Local Bond, the financing of the Project or the execution, delivery and performance of the Financing Agreement or (b) as may be reasonably requested by VRA in connection with any of the foregoing.

8. The County shall initially issue the Local Bond in typewritten form. Upon request of the registered owner and upon presentation of the Local Bond at the office of the Registrar (as hereinafter defined), the County shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Local Bond in printed form in an aggregate principal amount equal to the unpaid principal of the Local Bond in typewritten form, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Local Bond may be executed by manual or facsimile signature of the County Administrator or Deputy County Administrator, the County's seal affixed thereto and attested by the Clerk or the Deputy Clerk of the Board. The typewritten Local Bond surrendered in any such exchange shall be canceled.

9. The County appoints the County's Director of Finance as paying agent and registrar (the "Registrar") for the Local Bond. If deemed to be in its best interest, the County may at any time appoint a qualified bank or trust company or any other person or entity as successor Registrar. Upon surrender of a Local Bond at the office of the Registrar, together with

an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the County shall execute, and the Registrar shall authenticate and deliver in exchange, a new Local Bond or Local Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the County, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and the exercise of all other rights and powers of the owner.

10. If a Local Bond has been mutilated, lost or destroyed, the County shall execute and deliver a new Local Bond of like form, date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Local Bond or in lieu of and in substitution for such lost or destroyed Local Bond; provided, however, that the County shall so execute and deliver a new Local Bond only if the registered owner has paid the reasonable expenses and charges of the County in connection therewith and, in the case of a lost or destroyed Local Bond, (a) has filed with the County evidence satisfactory to the County that such Local Bond was lost or destroyed and (b) has furnished to the County satisfactory indemnity.

11. The County authorizes and consents to the inclusion of information with respect to the County in VRA's Preliminary Official Statement and VRA's Official Statement in final form, both prepared in connection with the sale of the VRA Bonds. The County Administrator, Deputy County Administrator and Director of Finance, any of whom may act, are each authorized and directed to take whatever actions are necessary and/or appropriate to aid VRA in ensuring compliance with Securities and Exchange Commission Rule 15c2-12.

12. The Board hereby selects and designates Troutman Sanders LLP as Bond Counsel with respect to the issuance of the Local Bond.

13. The County has heretofore received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool I (the "Contract"), and the County hereby authorizes the use of SNAP in connection with the investment of the proceeds for the Project received by the County under the Financing Agreement, if the County Administrator, the Deputy County Administrator or Director of Finance, any of whom may act, determine that the utilization of SNAP is in the best interest of the County. The County acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the County in connection with SNAP, except as otherwise provided in the Contract.

14. No covenant, condition, agreement or obligation contained herein shall be deemed to be a covenant, condition, agreement or obligation of any officer, employee or agent of the County in his or her individual capacity, and no officer of the County executing the Local Bond

shall be liable personally on the Local Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, employee or agent of the County shall incur any personal liability with respect to any other action taken by him or her pursuant to this Resolution, provided he or she acts in good faith.

15. All acts of the County Administrator, Deputy County Administrator and Director of Finance and other officers of the County, regardless of whether such acts occurred prior to or occur after the adoption of this Resolution, that are in conformity with the purposes and intent of this Resolution and in furtherance of the plan of financing, the issuance of the Local Bond, the execution and delivery of the Financing Agreement and the undertaking of the Project are hereby approved and ratified.

16. The Project is hereby declared to be essential to the efficient operation of the County, and the Board anticipates that the Project will continue to be essential to the operation of the County during the term of the Local Bond and of the Financing Agreement. The Board, while recognizing that it is not empowered to make any binding commitment to make appropriations beyond the current fiscal year, hereby states its intent to make annual appropriations in future fiscal years pursuant to the provisions of the Financing Agreement in amounts sufficient to make all payments under the Local Bond and hereby recommends that future Boards of Supervisors do likewise during the term of the Local Bond and of the Financing Agreement.

17. All resolutions, ordinances or parts thereof in conflict herewith are repealed.

18. This Resolution shall take effect immediately.

Adopted: March 12, 2014

The undersigned Clerk of the Board of Supervisors of the County of Hanover, Virginia hereby certifies that the foregoing constitutes a true, correct and complete copy of a Resolution duly adopted by the Board of Supervisors of the County of Hanover, Virginia at a meeting duly called and held on March 12, 2014, during which a quorum was present and acting throughout, by the vote set forth below, and that such Resolution has not been repealed, revoked, rescinded or amended:

<u>Board Member</u>	<u>Present/Absent</u>	<u>Vote</u>
Sean Davis, Chairman		
Wayne T. Hazzard, Vice Chairman		
G. Ed Via, III		
Aubrey M. Stanley		
Angela Kelly-Wiecek		
Elton J. Wade, Sr.		
W. Canova Peterson IV		

WITNESS my signature as Clerk of the Board of Supervisors of the County of Hanover, Virginia, this _____ day of March, 2014.

Clerk, Board of Supervisors
County of Hanover, Virginia

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