

# Issue Analysis Form



**Date:** April 10, 2018  
 Public Hearing and  
 Authorization of 2018 General  
**Item:** Obligation Bond Issuance

**Lead Department(s):** County Finance

**Contact Person(s):** Betsy Drewry

## Description and Current Status

We are required to hold a public hearing prior to the issuance of General Obligation bonds. Multiple capital projects with General Obligation bonds (debt proceeds / borrowing) as the funding source were recommended as part of the adopted FY2018 budget. Staff is requesting the issuance of General Obligation bonds not to exceed **\$9,500,000** (estimated actual total is **\$9,337,000**) for 2018.

To date, \$1,215,775 in projects have been approved with appropriation and reimbursement resolutions completed. They are:

Description	Amount	Appropriation Resolution	Reimbursement Resolution	Date Approved	Term in Years
Police Vehicles	\$ 400,000	R-17-085	R-17-085A	7/11/2017	5
Garage Fuel Canopy & Tank Replacement	\$ 158,141	R-17-086	R-17-086A	7/11/2017	15
Voting Equipment	\$ 112,995	R-17-092	R-17-092A	8/8/2017	5
Garage Fuel Canopy & Tank Replacement INCREASE	\$ 26,854	R-17-124	R-17-124A	11/15/2017	15
Southpointe Utility Engineering Study	\$ 78,010	R-17-134	R-17-135C	11/28/2017	15
CDCC Software Replacement	\$ 219,863	R-18-018	R-18-019	1/23/2018	5
Courthouse Basement Buildout Additional Funds	\$ 219,912	TBD	TBD	2/27/2018	15
<b>APPROVED &amp; APPROPRIATED TO DATE</b>	<b>\$ 1,215,775</b>				

Two additional FY2018 projects and bond issuance costs\* are planned for inclusion in the FY2018 borrowing and only project estimates are available at this time. They are:

Description	Amount
Part II Public Safety Radio Project (Part II Borrowing)	\$ 7,442,773
CWC Building Use Code Compliance Changes	\$ 500,000
Projected Cost of Issuance	\$ 178,452
<b>TOTAL OTHER PROJECTS &amp; ISSUANCE COST</b>	<b>\$ 8,121,225</b>

Appropriated Projects to Date: \$ 1,215,775  
 Other Projects & Issuance Costs\*: 8,121,225  
**Total Anticipated 2018 GO Bond Issue \$ 9,337,000**

*\*Project totals plus closing costs* were \$163,000 less than originally estimated. Advertisement was for **UP TO** \$9,500,000 in General Obligation Bonds; actual estimated total amount is \$9,337,000.

Attached is a copy of the advertisement prepared by Bond Counsel (Doug Sbertoli, Williams Mullen) and advertised twice in *The Progress Index* (once on March 27, 2018 and once April 3, 2018 - **Attachment A**).

Davenport & Company, the County's Financial, advisor issued a Request for Proposals (RFP) on March 7, 2018 to solicit proposals to obtain funding for County General Obligation bonds of **up to** \$9,500,000, and sent the proposal to 100 potential lenders. Responses were received from 11 different banks. Davenport's summary report and recommendation are provided as **Attachment B**. The recommended bank is **Raymond James** at a 15 year blended rate of 3.16%, for a total borrowing of \$9,337,000.

Bond counsel, Doug Sbertoli, Williams Mullen, has prepared the bond issuance resolution for board consideration and approval. The resolution includes approval of Raymond James as the bank/lender.

Mr. Ted Cole, Davenport & Company and Mr. Doug Sbertoli, Williams Mullen, will be in attendance at the April 10, 2018 to present recommendation to the board and to answer any questions.

Suggested Public Hearing Structure:

Introduction of Public Hearing Topic – Betsy Drewry, Finance Director

Discussion of bank RFP and Recommended bank – Ted Cole, Davenport & Company  
Public Comment

Approval of Resolution Authorizing Issuance of General Obligation Bonds not to exceed \$9,500,000 (\$9,337,000 estimated actual issuance).

Requested Board Actions (following presentations and public comment)

Approve resolution Authorizing Issuance of General Obligation Bonds not to exceed \$9,500,000 (estimated actual issuance is \$9,337,000). Resolution includes approval of bank.

- |   |   |  |
|---|---|--|
| <b>Does this require IDA action?</b>  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>Does this require BZA action?</b>  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>Does This require Planning Commission Action?</b>  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| <b>Does this require Board of Supervisors action?</b>   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| <b>Does this require a public hearing?</b>  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| <b>If so, before what date?</b> [2 publications one per week<br>With last at least 6 days prior<br>To public hearing] | <input type="checkbox"/> Yes            | <input type="checkbox"/> No            |

## Fiscal Impact Statement

Approval of these projects and this bond issuance / borrowing (not to exceed \$9,500,000 / estimated actual of \$9,337,000) ***will not*** create the need to increase the County's tax rates. Related debt service expenditures have been included in the proposed FY2019 budget.

## County Impact

## Notes

The Public Safety Radio projected is projected to cost \$14,005,790. \$6,563,017 was borrowed in Series 2017 borrowing, leaving an estimated \$7,442,773 for project completion.

# The Progress-Index Class

To place an ad call 804.490.0044 or visit pro



### Announcements

#### NOTICE OF PUBLIC HEARING OF THE BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE GEORGE, VIRGINIA TO CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS IN THE MAXIMUM PRINCIPAL AMOUNT OF UP TO \$9,500,000

The Board of Supervisors of the County of Prince George, Virginia, will hold a public hearing on Tuesday, April 10, 2018 at 7:00 p.m. in the County Administration Building, Boardroom, Third Floor, 6002 Courts Drive, Prince George, Virginia 23875, to consider adoption of a resolution authorizing the issuance of general obligation bonds, notes or other obligations of the County in a maximum principal amount not to exceed \$9,500,000. The bond proceeds are expected to be used to finance various capital projects for County purposes that include: (i) the purchase of police vehicles and other law enforcement related assets; (ii) public safety radio system expenditures; (iii) improvements to public County owned buildings including the Central Wellness Center facility and the Courthouse basement area; (iv) water and sewer system expenditures that include the Crosspointe area system; (v) the replacement and upgrade of the County fuel canopy and dispenser; (vi) the purchase of voting machines and other assets associated with the electoral process; and (vii) the replacement of software for use by the CDCC and other enhancements of the County's information technology assets. The County anticipates that more than ten percent of the maximum \$9,500,000 in bond proceeds for the purposes described above will be used to finance the public safety radio system improvements. The proposed resolution will provide that the bonds, notes or other obligations are to be general obligations, the payment of which will be secured by the County's pledge of its full faith and credit and taxing power. All interested persons may appear and present their views at the public hearing. A draft of the full text of the resolution is on file in the office of the County Administrator or and is also available for public inspection during normal business hours and on the County's website at: <https://www.prince-georgecountyva.gov>. Anyone needing assistance or accommodation under the provisions of the Americans with Disabilities Act should call the County Administrator's Office at (804) 722-8600 at least five (5) days in advance of the public hearing.

BOARD OF SUPERVISORS OF THE COUNTY OF PRINCE GEORGE, VIRGINIA

### Legal Notices

**ORDER OF PUBLICATION**  
Va. Code Ann. 8.01-316-317  
**COMMONWEALTH OF VIRGINIA**  
Case No. CL18-641  
Co. of Chesterfield Circuit Court  
Karen D. Bailey  
v.  
Bobbie Lee Cox JR.

The object of this suit is to: OBTAIN A DIVORCE A VINCLLO MATRIMONI OR FROM THE BONDS OF MATRIMONY.  
It appearing from an affidavit that the defendant is that diligence has been used without effect, by or on the behalf of the plaintiff to ascertain in what county or city defendant is, and the last known address of the Defendant is as follows:UK/A 3706 Penwright CL N. Chesterfield, VA 23237. It is ORDERED that Bobbie Lee Cox JR appear at the above-named court and protect his/her interests on or before June 15, 2018 at 8:30 am.  
Entered this 7th day of March, 2018  
I ask for this  
Karen D. Bailey,  
Plaintiff, Pro Se  
Karen D. Bailey  
3706 Penwright CL  
Richmond, VA 23237  
(519) 760-0791

**VIRGINIA**  
**IN THE CIRCUIT COURT OF HOPEWELL CITY**  
**FELECIA MASON HOLMES**  
Plaintiff  
vs  
**PEREGRINE J. HOLMES SR**  
Defendant  
Case NO: CL2017-545

The object of this suit is to obtain a divorce from bed and board from the Defendant, upon the grounds of cruelty and desertion.  
It appearing to the Court that the Defendant is a non-resident of Virginia, whose last known address was in North Carolina, it is ORDERED that the Defendant appear before this court on or before April 19, 2018 at 9:00 a.m. and protect his interests herein.  
I ask for this:  
Virginia Dante Perry, SBN 16727  
Perry Law Group, PC  
3660 Boulevard, Suite E  
Colonial Heights, VA 23834  
(804)520-7060 telephone  
(804)520-8309 facsimila

### LEGAL PUBLIC NOTICE

**TAKE NOTICE** that the Petersburg City Council will hold a public hearing at its meeting on Tuesday, April 3, 2018, at 6:30 p.m. at the Union Train Station, located at 103 River Street, on the following matters: Public Hearing: A public hearing to receive citizen comments regarding the disposition of City-owned property at 244 Halifax Street. Tax Parcel 022-22-0011.  
Additional information:

### Household Items

**HOUSE FOR RENT**  
3102 Maple St.  
Hopewell  
2 Bedroom, heat pump, washer/dryer hookup.  
Available immediately  
\$750 monthly.  
Call 804-458-0997 / 804-885-1743



### Stuff

Variety of New and Like New Christmas Items: \$75.00 Cash: 524-7253

4 House of Lloyd Collectible Figurines, Still in boxes: \$43.00 Cash: 524-7253

Six Like New Booby about Popular Men \$35.00 Cash: 804-7253

New Panopied Chef Carole still in box: \$25.00 Cash: 524-7253

### Clubs, Bars & Amusement

Two: Like New Formal, Only Wear One Time, size 9/10 \$90 Cash for both: 804-526-7253

### Home

#### MATTRESS TRUCK LOAD SALE

New Sets  
Twin-size-\$99  
Full-size-\$119  
Queen-size-\$129  
King-size-\$189  
804-526-4836

### Cadillac CTS - Luxury Sports Sedan (4 Door) - \$14,800 (Chester, VA)

Eye catching 2011 Cadillac CTS with a stunning red exterior and black leather interior. Powered by a stout 3.6 Liter V6 engine, with a lot of power this impressive ride is a good deal for a great car. Mileage is 89,500. Loaded with rare double sunroof, plus keyless entry, AM radio, heated and cooled seats, and more. Includes rear view mirror back-up camera, safety features include front and side-mounted airbags, anti-theft alarm system, traction control, and more. Very clean inside and out. 2 owners, no accidents. Clean VIN report available. Call 804-401-0578 for more information.

Lawnmower, Troy Built, Honda, like new, used 1 year, asking \$800 or best offer; 804-318-8799



**HAVING A GARAGE SALE?**

### Services

804-490-0044

804-490-0044

804-490-0044

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Ad run again on Tuesday April 3, 2018

# 2018 GO Bond Summary of RFP Results

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Prince George County, Virginia



April 10, 2018



# Overview of RFP Process

- On March 7, 2018, on behalf of the County, Davenport distributed an RFP to National, Regional, and Local financing institutions in order to assess current market interest rates for viable financing options as it relates to the County’s Capital Improvement Program (“CIP”) needs. This RFP requested proposals on two (2) scenarios on a Tax-Exempt Bank Qualified (“BQ”) and Tax-Exempt Non-Bank Qualified (“NBQ”) basis:
  - Scenario 1
    - Approximately \$761,00 for projects to be financed over a 5 Year Amortization; and
    - The balance of projects up to \$9,500,000 to be financed over a 15 Year Amortization.
  - Scenario 2
    - Up to \$9,500,000 in total projects to be financed over a 5 Year Amortization on a “Blended” basis.
- RFP Proposals were due by 11a.m., Richmond, Virginia Time on March 27, 2018.
- Out of the one hundred (100) financing institutions the RFP was distributed to, Davenport received proposals from the following 11 Banks (listed alphabetically):
  - Branch Banking and Trust Company;
  - Capital One Public Funding, LLC;
  - Carter Bank & Trust;
  - Key Government Finance, Inc.;
  - KS State Bank;
  - Pinnacle Public Finance, Inc.;
  - Raymond James Capital Funding, Inc.;
  - Sterling National Bank;
  - TD Bank, N.A.;
  - U.S. Bancorp Government Leasing and Finance, Inc.;
  - Zions Bank.



# Summary of Direct Bank Loan RFP Results: Interest Rates

A Bank	B Interest Rates / Tax-Exempt / BQ		C Scenario 1		D Scenario 2	
	Interest Rates / Tax-Exempt / BQ		Scenario 1		Scenario 2	
	5 Year	15 Year	5 Year	15 Year	5 Year	Blended
<b>Bank Qualified Options</b>						
1	<u>Fixed Rate Options for Entire Term</u>					
2	Raymond James	no bid	no bid	no bid	3.160%	3.160%
3	Pinnacle Public Finance	3.030%	3.370%	3.370%	3.360%	3.360%
4	US Bank	2.896%	3.390%	3.390%	3.366%	3.366%
5	Zions	3.230%	3.430%	3.430%	3.420%	3.420%
6	BB&T	2.990%	3.450%	3.450%	3.437%	3.437%
7	Capital One Bank	3.400%	3.490%	3.490%	3.440%	3.440%
8	TD Bank <sup>1</sup>	2.870%	3.550%	3.550%	3.480%	3.480%
9	Sterling Bank	3.031%	3.567%	3.567%	3.554%	3.554%
10	Key Government Finance	3.088%	3.622%	3.622%	3.600%	3.600%
11	<u>Variable Rate Options</u>					
12	Carter Bank & Trust	3.050%	3.100%	3.100%	3.100%	3.100%
13	KS Bank	3.610%	4.210%	4.210%	4.210%	4.210%
14						
15						
<b>Non-Bank Qualified Options</b>						
16	<u>Interest Rates / Tax-Exempt / NBQ</u>					
17	Scenario 1		Scenario 2		Blended	
18	5 Year	15 Year	5 Year	15 Year	5 Year	Blended
19	<u>Fixed Rate Options for Entire Term</u>					
20	Raymond James	no bid	no bid	no bid	3.160%	3.160%
21	Pinnacle Public Finance	3.030%	3.370%	3.370%	3.360%	3.360%
22	US Bank	2.896%	3.390%	3.390%	3.366%	3.366%
23	Capital One Bank	3.400%	3.490%	3.490%	3.440%	3.440%
24	TD Bank <sup>1</sup>	2.920%	3.560%	3.560%	3.530%	3.530%
25	Sterling Bank	3.031%	3.567%	3.567%	3.554%	3.554%
26	Key Government Finance	3.088%	3.622%	3.622%	3.600%	3.600%
27	BB&T	3.240%	3.730%	3.730%	3.716%	3.716%
28	Zions	no bid	no bid	no bid	no bid	no bid
29	<u>Variable Rate Options</u>					
30	Carter Bank & Trust	no bid	no bid	no bid	no bid	no bid
31	KS Bank	3.810%	4.410%	4.410%	4.410%	4.410%

**Please Note:** The data above has been sorted lowest to highest under Scenario 2 (Blended).

<sup>1</sup> The rates shown for TD Bank are not subject to the After Tax Yield Maintenance Provisions. TD Bank also provided interest rates that would be subject to change in the event of a change in federal tax code, federal tax rates or any other change in law that impacts the Bank's after tax yield (e.g. capital adequacy, bank reserve requirements).



# Summary Comparison – Raymond James vs. Pinnacle

	A	B	C	C
		Raymond James	Pinnacle	Difference
1	<b>Summary of Key Terms</b>			
2	Acceptance By Date	BQ and NBQ Flexible 5/11/2018	BQ and NBQ Flexible 5/11/2018	
3	Closing By Date	3.160%	3.360%	
4	Interest Rate / TIC	0.25% Original Issue Discount	Lender's Counsel of \$5,000	
5	Additional Fees	Preliminary Approval	\$5,000	
6	Credit Approval	In whole on or after 2/1/2028 at 100% plus accrued interest. Prior to 2/1/2028 the County may request consent of the lender for prepayment in whole.	Preliminarily Reviewed; Currently hold County Debt In whole any time at 100% plus accrued interest.	
7	Prepayment In Whole	In part on or after 2/1/2028 at 100% plus accrued interest. Subject to \$500,000 minimum and will be applied in inverse order. Prior to 2/1/2028 the County may obtain consent of the lender for partial prepayment.	In part on or after 2/1/19 at 100% plus accrued interest and \$500 re-amortization fee. Subject to \$250,000 minimum and can be done on a pro-rata basis or in inverse order.	
8	Partial Prepayment	In part on or after 2/1/2028 at 100% plus accrued interest. Subject to \$500,000 minimum and will be applied in inverse order. Prior to 2/1/2028 the County may obtain consent of the lender for partial prepayment.	In part on or after 2/1/19 at 100% plus accrued interest and \$500 re-amortization fee. Subject to \$250,000 minimum and can be done on a pro-rata basis or in inverse order.	
9	Additional Notes	Not Applicable	Lender reserves right to negotiate how Loan proceeds will be managed during construction - subsequently waived	
10				
11	<b>Sources and Uses of Funds (\$)</b>			
12		<b>5-year</b>	<b>15-year</b>	<b>Total</b>
13	<b>Sources of Funds</b>			
14	Par Amount	748,000	8,589,000	9,337,000
15	Original Issue Premium/(Discount)	(1,870)	(21,473)	(23,343)
16	<b>Total Sources</b>	<b>746,130</b>	<b>8,567,528</b>	<b>9,313,658</b>
17	<b>Uses of Funds</b>			
18	Project Amount	732,858	8,425,690	9,158,548
19	Costs of Issuance	12,017	137,983	150,000
20	Lender's Counsel/Closing Fees	401	4,589	5,000
21	Additional Proceeds	855	(745)	110
22	<b>Total Uses</b>	<b>746,130</b>	<b>8,567,528</b>	<b>9,313,658</b>
23				
24	<b>Estimated Debt Service (\$)</b>			
25	<b>Fiscal Year</b>	<b>5-year</b>	<b>15-year</b>	<b>Total</b>
26	2019	162,662	622,805	785,467
27	2020	163,055	622,140	785,195
28	2021	162,504	622,638	785,142
29	2022	162,828	622,756	785,584
30	2023	162,993	622,496	785,488
31	2024	-	784,856	784,856
32	2025	-	784,686	784,686
33	2026	-	784,947	784,947
34	2027	-	784,608	784,608
35	2028	-	784,668	784,668
36	2029	-	785,096	785,096
37	2030	-	784,861	784,861
38	2031	-	784,962	784,962
39	2032	-	785,368	785,368
40	2033	-	785,048	785,048
41	<b>Total Debt Service</b>	<b>\$814,042</b>	<b>\$10,961,835</b>	<b>\$11,775,877</b>
42				
43		<b>5-year</b>	<b>15-year</b>	<b>Total</b>
44	2019	162,730	631,114	793,843
45	2020	163,227	630,907	794,134
46	2021	163,422	630,912	794,334
47	2022	163,450	630,514	793,963
48	2023	163,309	630,712	794,021
49	2024	-	794,474	794,474
50	2025	-	794,288	794,288
51	2026	-	794,464	794,464
52	2027	-	793,968	793,968
53	2028	-	793,800	793,800
54	2029	-	793,926	793,926
55	2030	-	794,314	794,314
56	2031	-	793,928	793,928
57	2032	-	793,770	793,770
58	2033	-	793,805	793,805
59	<b>Total Debt Service</b>	<b>\$816,138</b>	<b>\$11,094,895</b>	<b>\$11,911,032</b>
60				
61		<b>5-year</b>	<b>15-year</b>	<b>Total</b>
62	2019	(68)	(8,309)	(8,376)
63	2020	(172)	(8,767)	(8,939)
64	2021	(918)	(8,274)	(9,192)
65	2022	(622)	(7,757)	(8,379)
66	2023	(316)	(8,216)	(8,532)
67	2024	-	(9,618)	(9,618)
68	2025	-	(9,602)	(9,602)
69	2026	-	(9,517)	(9,517)
70	2027	-	(9,360)	(9,360)
71	2028	-	(9,132)	(9,132)
72	2029	-	(8,830)	(8,830)
73	2030	-	(9,452)	(9,452)
74	2031	-	(8,966)	(8,966)
75	2032	-	(8,401)	(8,401)
76	2033	-	(8,757)	(8,757)
77	<b>Total Debt Service</b>	<b>(\$2,086)</b>	<b>(\$132,959)</b>	<b>(\$135,065)</b>

Note: Estimates are preliminary and subject to change.





## Recommendation

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- Based upon our review of the proposals, related analyses, and discussions with County Staff and Bond Counsel, Davenport recommends that the County select the Raymond James Non-Bank Qualified Proposal at a 3.16% interest rate. The Raymond James proposal provides:
  - The lowest interest rate option fixed for the 15-year term of the financing, which results in the lowest total debt service cost to the County.
  - Ability to pre-pay the loan in whole or in part after 10 years without penalty and flexibility to request earlier prepayment, subject to lender approval and market conditions.
  - Ability to utilize the non-bank qualified designation without an interest rate penalty, which provides flexibility for additional debt issuance in calendar year 2018 (should the need arise).

# Next Steps / Timeline

Date	Task
April 10	<p>County Board Meeting.</p> <ul style="list-style-type: none"> <li>▪ Hold Public Hearing for Debt Issuance.</li> <li>▪ Davenport presents analysis of Bank RFP Results.</li> <li>▪ County Board considers selecting winning proposer and approving authorizing/parameters resolution(s).</li> </ul>
By May 11	Close on Direct Bank Loan.



# Appendix: Raymond James Proposal

# RAYMOND JAMES

March 27, 2018

Re: Prince George County, Virginia General Obligation Bond, Series 2018

On behalf of Raymond James Capital Funding, Inc., we are pleased to offer the attached proposal including the terms and conditions applicable to make a loan to Prince George County, Virginia pursuant to the Request for Proposals dated March 7, 2018.

## Transaction Overview

- Borrower:** County of Prince George, Virginia (the "County")
- Lender:** Raymond James Capital Funding, Inc. – a non-bank subsidiary of Raymond James Bank (the "Lender")
- Facility:** The obligation will be in the form of a loan (the "2018 Loan") evidenced by a Series 2018 General Obligation Bond (the "2018 Bond") in an amount not to exceed the loan amount below. Interest on the Loan shall be tax-exempt to the holders thereof.
- Purpose:** The County shall use proceeds of the 2018 Loan to fund the construction and implementation of the projects described in the Request for Proposals (the "Project") and to pay a portion of the costs of issuance associated with the transaction.
- Amount:** Approximately \$9,500,000 – Scenario 2 in the RFP
- Closing Date:** On or before May 11, 2018 (the "Closing Date")
- Security:** The 2018 Loan shall be secured by a General Obligation pledge of the County and will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.
- Term/Maturity:** The 2018 Loan shall mature no later than February 1, 2033 with interest due semi-annually commencing February 1, 2019. Principal shall be due annually commencing February 1, 2019 pursuant to the following estimated amortization schedule. Interest payments on the outstanding principal balance of the 2018 Loan shall be calculated on a 30/360-day basis.

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**Raymond James Capital Funding, Inc.**

710 Carillon Parkway // St. Petersburg, FL 33716 // 727.567.8000 // raymondjamesbank.com

Prince George County 2018 General Obligation Loan	
Maturity Date	Principal
2/1/2019	\$573,000
2/1/2020	510,000
2/1/2021	526,000
2/1/2022	543,000
2/1/2023	561,000
2/1/2024	579,000
2/1/2025	599,000
2/1/2026	620,000
2/1/2027	641,000
2/1/2028	664,000
2/1/2029	687,000
2/1/2030	711,000
2/1/2031	736,000
2/1/2032	762,000
2/1/2033	<u>788,000</u>
	\$9,500,000

**Interest Rate:** The tax-exempt interest rate on the Series 2018 Loan, shall be fixed for the term of the financing at a rate of **3.16%**. Such rate shall be applicable for both bank qualified and non-bank qualified treatment. The interest rate shall be locked until the Closing Date at no additional cost to the County. If the closing occurs after May 11, 2018 the rate may be reset subject to market conditions at the time of closing.

**Original Issue Discount:** The Lender will make the loan at a discount of 0.25% of the par amount of the 2018 Loan which discount shall be treated as original issue discount for Federal income tax purposes.

**Lender's Counsel:** The Lender shall be represented by Brandon Lewisohn with Parker Poe Adams and Bernstein LLP ("Lender Counsel"). Lender Counsel's responsibilities shall be limited to a review of documents with fees capped at \$5,000 to be paid by the County.

**Prepayment:** The 2018 Loan may only be prepaid in whole or in part on or after February 1, 2028, on any business day upon 30 days prior written notice to the Lender at 100% of the then outstanding principal amount plus any accrued interest. Prior to this date, the 2018 Loan may not be prepaid in whole or in part without consent of the Lender and which may be subject to the payment of a

premium. Partial prepayments shall be applied in inverse order of maturity and shall be subject to a minimum amount of \$500,000 and increments of \$5,000 in excess thereof.

**Conditions****Precedent:**

The County and its agents shall deliver closing documents and make representations customary in similar transactions and acceptable to the Lender and Lender Counsel. While preliminary credit approval has been obtained, the final amount and terms shall be subject to final credit approval as a condition precedent to closing this transaction. This process should take no more than 10 business days. It is anticipated that no additional information shall be required from the County.

**Covenants:**

**Annual audits shall be provided to the Lender within 270 days of the County's fiscal year-end and budgets within 30 days of adoption. The County shall also provide such other information as the Lender shall reasonably request.**

**Defaults/****Remedies:**

**Upon the breach of any covenant, agreement or warranty, the financing documents will provide remedies to the Lender customary for transactions of this nature, exercise rights and remedies available under law, equity or under the terms of the resolution and/or other financing documents and the interest rate shall be adjusted to the Default Rate described below.**

**Default Rate:**

**Under any Event of Default, including but not limited to (i) failure by the County to timely pay any amount due under the 2018 Loan documents on the date on which such amount is due and payable under the terms of the 2018 Loan documents, (ii) failure by the County to observe and perform any term or covenant, condition or agreement on its part to be observed or performed under the Resolution or other financing documents, and such default shall continue and not be cured for a period of 30 days from the earlier of written notice of such default from the Lender or when the County had knowledge of such default, the interest rate on the 2018 Loan shall accrue at the Default Rate. The Default Rate shall be calculated at the greater of (a) the published Federal Reserve Bank's Prime Rate +3%, (b) the Federal Funds Rate +5%, or (c) 7%, per annum. Once the Event of Default is cured, the interest rate will revert back to the original tax-exempt rate effective as of the cure date.**

**Tax Treatment:**

The interest component on the Series 2018 Loan shall be excludable from gross income for federal income tax purposes. The County shall covenant to perform all actions, functions or requirements in order to maintain the tax-exempt status on the 2018 Loan. The Lender shall be provided an opinion of tax counsel satisfactory to the Lender and Lender's Counsel which concludes that the interest on the 2018 Loan (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes. Lender shall require an opinion from the

County's bond counsel that the loan and loan documents are exempt from registration and qualification under the Securities Act of 1933, as amended, and Trust Indenture Act of 1939, as amended.

**Taxability:** The interest rate shall be grossed-up for an event of taxability caused by actions or inactions of the County. Upon an event of taxability of the 2018 Loan, the interest rate shall increase to a taxable rate of 4.20% as of the date of a determination of taxability including a payment reflecting the difference between the tax-exempt and taxable rate from the determination of taxability plus any penalties and interest paid or payable by such Holder to the Internal Revenue Service by reason of such Determination of Taxability.

**No Advisory or Fiduciary Role:** The County acknowledges and agrees that: (i) information contained in this document regarding the 2018 Loan is for discussion purposes only in anticipation of engaging in arm's length commercial transactions with the County in which the Lender would be acting solely as a principal to make a loan to the County, and not as a municipal advisor, financial advisor or fiduciary to the County or any other person or entity regardless of whether the Lender or an affiliate has or is currently acting as such on a separate transaction; (ii) the Lender has not assumed any advisory or fiduciary responsibility to the County with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lender or its affiliates have provided other services or are currently providing other services to the County on other matters); (iii) the only obligations the Lender has to the County with respect to the transaction contemplated hereby expressly are set forth in this term sheet and the financing documents; and (iv) the County has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**Disclaimer:** The Lender has financial and other interests that differ from your interests. In its proposed capacity, Lender's sole role would be to enter into a loan agreement to provide funds for the purpose stated above. Lender will not have any duty or liability to any person or entity in connection with the information provided herein. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

**Confidentiality:** This term sheet is confidential and proprietary, and terms herein may not be disclosed without our prior written consent, except to your professional advisors in connection with the 2018 Loan who agree to be bound by such confidentiality requirements, or as may be required by law. Notwithstanding anything herein to the contrary, any party hereto may disclose to any and all persons, without limitation of any kind, the tax treatment or tax structure of

this transaction. Furthermore, the parties to this transaction may disclose, as required by federal or state laws, any information as required to comply with such federal or state laws.

This term sheet will expire and the transaction must close on or before May 11, 2018 unless extended by Lender. Thank you for the opportunity to be of service to Prince George County. Should you have any questions, please don't hesitate to contact me at the number below.

Sincerely,



Cord D. King  
Tax-Exempt Lending Manager  
Raymond James Capital Funding, Inc.  
710 Carillon Parkway  
St. Petersburg, FL 33716  
727.567.2055  
[cord.king@raymondjames.com](mailto:cord.king@raymondjames.com)

Acceptance:

County of Prince George, Virginia

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# Municipal Advisor Disclosure



ATTACHMENT B

The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor, Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor, Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuer/s of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport. Version 1.13.14 RT | MB | TC

# Public Hearing

April 10, 2018

Issuance of General Obligation Bonds /

Debt - Spring 2018

,

# CIP – Issuing Bonds

- Multiple Capital Improvement Projects were recommended as part of the FY2018 budget with General Obligation Bonds as the funding source

# Public Hearing Advertised

- o The County is required to hold a public hearing prior to issuing General Obligation Bonds
- o A public hearing for issuance of **up to** \$9,500,000 in General Obligation bonds advertised
- o Advertisement prepared by bond attorney
  - o **Progress Index**
  - o March 27, 2018
  - o April 3, 2018

# Projects & Closing Costs

#	Description	Amount	Appropriation Resolution	Reimbursement Resolution	Date Approved
1	Police Vehicles	\$ 400,000	R-17-085	R-17-085A	7/11/2017
2	Garage Fuel Canopy & Tank Replacement	\$ 158,141	R-17-086	R-17-086A	7/11/2017
3	Voting Equipment	\$ 112,995	R-17-092	R-17-092A	8/8/2017
4	Garage Fuel Canopy & Tank Replacement INCREASE	\$ 26,854	R-17-124	R-17-124A	11/15/2017
5	Southpointe Utility Engineering Study	\$ 78,010	R-17-134	R-17-135C	11/28/2017
6	CDCC Software Replacement	\$ 219,863	R-18-018	R-18-019	1/23/2018
7	Courthouse Basement Buildout Additional Funds	\$ 219,912	R-18-023	R-18-024	2/27/2018
8	Part II Public Safety Radio Project	\$ 7,442,773	ESTIMATE	N/A	4/10/18 Target
9	CWC Building Use Code Compliance Changes	\$ 500,000	ESTIMATE	N/A	4/10/18 Target
10	Projected Cost of Issuance	\$ 178,452		N/A	4/10/18 Target
<b>TOTAL</b>		<b>\$ 9,337,000</b>			



Actual expected Bond Issue

# IMPACT

- o The issuance of these bonds DOES NOT CREATE need for a tax increase
- o FY2019 bond payment amount is included in proposed FY2019 budget

# NEXT

- o Davenport & Company
- o Review of bank proposals received
- o Bank recommendation
- o Board Member questions
- o Public Comment
- o Board Consideration and Approval of Resolution approving issuance of GO Bonds and bank

**RESOLUTION AUTHORIZING THE ISSUANCE OF  
THE \$9,500,000 GENERAL OBLIGATION BOND,  
(PUBLIC FACILITIES IMPROVEMENTS PROJECTS)  
SERIES 2018  
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 or notes 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 or notes 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 instruments of indebtedness payable from pledges of the full faith and credit of the County; and

**WHEREAS**, the County held a public hearing, duly noticed, on April 10, 2018, regarding the proposed issuance of the Series 2018 Bond (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 dated March 7, 2018 (**the “RFP”**) to obtain financing offers from banks and other lenders for the funding of various capital improvements to be undertaken by the County, including, but not limited to (i) the purchase of police vehicles and other law enforcement related assets; (ii) public safety radio system expenditures; (iii) improvements to public County owned buildings, including the Central Wellness Center facility and the Courthouse basement area; (iv) water and sewer system expenditures that include the Crosspointe area system; (v) the replacement and upgrade of the County fuel canopy and dispenser; (vi) the purchase of voting machines and other assets associated with the electoral process; and (vii) the replacement of software for use by the CDCC and other enhancements of the County’s information technology assets (**the “Projects”**); and

**WHEREAS**, the County shall issue its general obligation debt in a single series, which shall be described as its \$9,500,000 General Obligation Bond, (Public Facilities Improvements Projects) Series 2018 (**the “Series 2018 Bond”**) 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 Raymond James Capital Funding, Inc. 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 Series 2018 Bond.** 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 Series 2018 Bond for the purpose of financing all or a portion of the Projects, along with the costs of issuing the Series 2018 Bond. The County previously authorized the solicitation of bids for the Series 2018 Bond by the Financial Advisor. The Board of Supervisors now hereby authorizes the issuance of the Series 2018 Bond in accordance with the terms approved by the Board of Supervisors herein.

**2. General Obligation of the County.** The Series 2018 Bond shall be issued under the provisions of Article VII, Section 10(a) of the Constitution of Virginia. The Series 2018 Bond shall be a general obligation 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 amount payable with respect to the Series 2018 Bond 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 Series 2018 Bond as such principal, premium, if any, and interest shall become due.

**4. Use of Series 2018 Bond Proceeds.** The proceeds derived from the issuance of the Series 2018 Note, after the payment of the costs of issuance of the Series 2018 Bond, 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 identified below, in substantially the following estimated amounts:

<u>Project</u>	<u>Amount</u>
1. Public Safety Radio System	\$7,442,773
2. Police Vehicles	\$400,000
3. Voting Machines and Related Assets	\$112,995
4. Crosspointe Water and Sewer System	\$78,010
5. Fuel Canopy and Dispenser	\$184,995
6. Public Building Improvements	\$719,912
7. County IT Assets	\$219,863
<b>Total Project Costs Initially Identified</b>	<b>\$9,158,548</b>

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 Series 2018 Bond originally allocated to any of the other components of the Projects.

5. **Description of Series 2018 Bond.** The Series 2018 Bond shall evidence the County's obligation to repay a loan in an aggregate principal amount not to exceed \$9,500,000 from Raymond James Capital Funding, Inc. (the "Lender"). The details are set forth in the formal written proposal of the Lender dated March 27, 2018, as amended, a copy of which has been provided to the Board (the "Lender Loan Proposal"). The terms of the Lender Loan Proposal are hereby approved. The Series 2018 Bond shall have a final maturity date of February 1, 2033 and the principal on the Series 2018 Bond shall be payable annually on February 1 of each year beginning on February 1, 2019. The Series 2018 Bond may be prepayable in whole, or in part, subject to a minimum prepayment amount of \$500,000, after February 1, 2028. Interest on the Series 2018 Bond shall be payable at the rate of 3.16 percent per annum on February 1 and August 1 each year during which such debt obligation remains outstanding, commencing on August 1, 2018. The final terms of the Series 2018 Bond shall be determined by the Chairman of the Board and evidenced conclusively by his execution and delivery of the Series 2018 Bond 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 Series 2018 Bond 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, as amended (the "Code") and the applicable Treasury Regulations promulgated thereunder at all times during which the Series 2018 Note is 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 the Series 2018 Bond proceeds or any subsequent debt obligations of the County 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 Series 2018 Note, or any subsequent debt obligations.

8. **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, 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 Series 2018 Bond.

9. **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, Virginia.

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

Adopted: April 10, 2018

**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 April 10, 2018, 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
Alan R. Carmichael					
Donald Hunter					
Floyd M. Brown, Jr.					
Marlene J. Waymack					
T. J. Webb					

WITNESS my hand and seal of the County this \_\_\_\_\_ day of April, 2018.

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

(SEAL)

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