

Board of Supervisors
Paul V. Milde, III, Chairman
Meg Bohmke, Vice Chairman
Jack R. Cavalier
Wendy E. Maurer
Laura A. Sellers
Gary F. Snellings
Robert "Bob" Thomas, Jr.

Thomas C. Foley
County Administrator

Finance, Audit & Budget Committee Meeting Agenda

August 15, 2017 - 1:30 PM
Conference Room A/B/C - Second Floor

Committee Members: Chairman Wendy Maurer, Jack Cavalier, and Bob Thomas

Agenda Item	
1.	Finance & Budget Monthly Report <ul style="list-style-type: none">▪ Shared Services, <i>verbal update</i>▪ Cash Reconciliation Summary Report▪ Overview of CIP calendar, <i>verbal update</i>
2.	Station 14 Financing
3.	VPSA advance funding
4.	Human Resources Monthly Report

FAB08152017



To: Finance, Audit and Budget Committee
From: Maria Perrotte, Chief Financial Officer
Subject: Monthly Update
Date: August 4, 2017
CC: Thomas C. Foley, County Administrator

Department Activity

As you may have seen, the Auditor of Public Accounts (APA) has released a report with information regarding a proposed model to evaluate the finances of localities, as directed by the General Assembly. APA staff and The Virginia Association of Counties (VaCo) have requested feedback from localities. One area of concern regards debt for school capital projects. This debt is a liability of the local government and is shown as such in financial reports. In some localities, the assets are held jointly, and so appear on the County's balance sheet. In others, including Stafford, the assets are held by the School Board and are not included in balance sheets as assets of the County. If the debt is shown as a liability, but the asset is not included, net position can be negative. The current model does not take that factor into account.

Staff is actively working with VaCo and the APA to suggest adjustments and alternatives that result in a more accurate picture of a locality's fiscal stress, and will continue to update the Board on this issue.

In recent years, increased focus has been placed on post debt- issuance compliance, including continuing disclosure, arbitrage compliances, changes of use, records retention and more. In this environment, compliance is becoming an area of greater interest for the lending community. In response, staff is working with our financial advisors and bond counsel to formalize procedures that demonstrate our strong adherence to all requirements. We anticipate recommending an amendment to the County's financial policies that refers to these formal, documented procedures.

Reports

Attached please find the monthly cash reconciliation report. I would be happy to answer any questions you may have.

Stafford County
Cash Reconciliation Summary Report
As of May 31, 2017

Treasurer balance	\$	302,847,065.27
Finance balance from H.T.E. and Munis		<u>279,928,449.44</u>
Difference	\$	(22,918,615.83)

Reconciling items:

School and County payroll 6/1	15,170,477.01	clears in June
School Nutrition	4,214,770.94	
Specific account vs fund differences, SNAP, OPEB	9,160,769.16	
School ICMA May	(121,970.60)	
County ICMA Feb/March	(13,940.23)	
School VRS Apr/May	(6,551,288.03)	
Interest earned not in Munis fund 60	54,462.89	
Wires not in Munis/H.T.E.	(12,187.26)	
School deposits needing reclassification	800,000.00	
Debt Service Entries in H.T.E. banked in June	221,334.75	clears in June
Voids booked not banked	(3,685.54)	clears in June
Miscellaneous items less than \$ 500	(127.26)	
Total reconciling items	22,918,615.83	

Unreconciled difference (0.00)



11/6
#17-215

Stafford County Board of Supervisors Meeting Cover Sheet

Meeting Date:	August 15, 2017
Agenda Item Title:	Authorize the County Administrator to Approve Debt Issuance for the North County Fire and Rescue Stations (Station 14).
Department:	Department of Finance and Budget
District:	Rock Hill
To Be Presented By:	Maria Perotte
Director's Initials:	<i>for mp Arnold</i>

Action: (Place an "X" in the box indicating the appropriate section on the agenda.)

x	Consent Agenda		Other Business		Unfinished Business
	Discussion		Presentation		Work Session
	New Business		Public Hearing		Add-On

Proposed Resolution: #R17-125 *215*
 Proposed Ordinance: #O17-
 Proposed Proclamation: #P17-

CDG _____
 MCH *✓* _____
 MTS _____

BOARD OF SUPERVISORS
Agenda Item

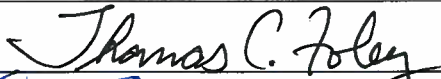
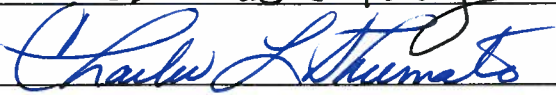
Meeting Date:	August 15, 2017
Title:	Authorize the County Administrator to Approve Debt Issuance for the North County Fire and Rescue Station (Station 14) and Refinancing of Series 2008 IDA Lease Revenue Bonds.
Department:	Finance and Budget
Staff Contact:	Maria J. Perrotte, Chief Financial Officer
Board Committee/ Other BACC:	Finance, Audit, and Budget Committee
Staff Recommendation:	Approval
Fiscal Impact:	See background report
Time Sensitivity:	N/A

ATTACHMENTS:

1.	Background Report	2.	Proposed Resolution R17-215
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<input checked="" type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Other Business	<input type="checkbox"/>	Unfinished Business
<input type="checkbox"/>	Discussion	<input type="checkbox"/>	Presentation	<input type="checkbox"/>	Work Session
<input type="checkbox"/>	New Business	<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Add-On

REVIEW:

<input checked="" type="checkbox"/>	County Administrator	
<input checked="" type="checkbox"/>	County Attorney <i>(legal review only)</i>	

DISTRICT:	Garrisonville
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BACKGROUND REPORT

The North County Fire and Rescue Station (Station 14) is currently a modular building placed on the property in 2013 to replace the original farmhouse on the property. Station 14 houses one engine and a crew of three to four career staff, and was intended to provide service until a permanent structure could be built. The adopted Capital Improvement Program (CIP) includes a permanent replacement structure that can house an engine, ladder, medic unit, and battalion chief. In the FY2018 adopted CIP, the Board budgeted and appropriated \$6,570,670 to construct a new Station 14 in North Stafford. Staff evaluated financing options with the County's financial advisors, and determined that the best, lowest cost option is to issue lease revenue bonds through the Virginia Resources Authority (VRA).

Proposed Resolution R17-215 authorizes the financing of Station 14 through VRA, utilizing lease revenue bonds in an amount not to exceed \$6,575,000, plus a sufficient amount to cover the expected issuance costs and any financing discounts that may apply. A construction contract is expected to be brought to the Board for consideration in October, 2017.

VRA has identified an opportunity to provide savings in the Series 2008 Industrial Development Authority (IDA) lease revenue bonds through participation in the fall VRA pool sale, with an amount not to exceed \$5,000,000. Staff would coordinate with VRA to monitor the changes in the market and avail the County of the opportunity if actual savings can be realized.

Staff recommends approval of proposed Resolution R17-215, which authorizes the debt through VRA.

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 15th day of August, 2017:

MEMBERS:

Paul V. Milde III, Chairman
Meg Bohmke, Vice Chairman
Jack R. Cavalier
Wendy E. Maurer
Laura A. Sellers
Gary F. Snellings
Robert "Bob" Thomas, Jr.

VOTE:

On motion of _____, seconded by _____, which carried by a vote of _____, the following was adopted:

A RESOLUTION OF THE STAFFORD COUNTY BOARD OF SUPERVISORS AUTHORIZING THE FINANCING OF A FIRE STATION 14 FOR STAFFORD COUNTY, THE REFINANCING OF CERTAIN PRIOR COUNTY OBLIGATIONS, THE LEASING OF CERTAIN COUNTY-OWNED PROPERTY, THE EXECUTION AND DELIVERY OF FINANCING DOCUMENTS, AND OTHER RELATED ACTIONS

WHEREAS, the Board intends to finance the acquisition, construction and equipping of Fire Station 14 (the New Money Project); and

WHEREAS, the Board intends to refinance Stafford County, Virginia's (the County) obligations under the Economic Development Authority of Stafford County, Virginia's lease revenue bonds (Stafford County, Virginia Public Facilities Projects) Series 2008 (the 2008 Bonds); and

WHEREAS, the refinancing of all or a portion of the 2008 Bonds is referred to as the Refunding Project and the Refunding Project together with the New Money Project, is referred to as the Project; and

WHEREAS, the Board has determined that it is in the best interest of the County to enter into a lease arrangement or to amend existing lease arrangements in order to obtain funds to finance construction of the Project; and

WHEREAS, the Board is authorized, pursuant to § 15.2-1800 of the Code of Virginia of 1950, as amended, to lease any improved or unimproved real estate held by the County; and

WHEREAS, the Virginia Resources Authority (VRA) intends to issue one or more series of infrastructure and state moral obligation revenue bonds (Virginia Pooled Financing Program) (the VRA Bonds); and

WHEREAS, subject to VRA credit approval, VRA will provide a portion of the proceeds to the County to finance the Project pursuant to the terms of a local lease acquisition agreement and financing lease or such other agreement as VRA may require, including one or more amendments to existing financing leases (collectively, the Financing Lease) between the County and VRA; and

WHEREAS, the County will enter into a prime lease one or more amendments to existing prime leases (collectively, the Prime Lease) with VRA whereby the County will lease certain real estate owned by the County, as determined by the County Administrator and that VRA may approve, all to be set forth in the Prime Lease (the Real Estate) and the associated improvements and property located thereon (the Improvements) to VRA; and

WHEREAS, the County will enter into the Financing Lease with VRA pursuant to which VRA will lease the Real Estate and the Improvements back to the County and the County will make rental payments corresponding in amount and timing to the debt service on the portion of the VRA Bonds issued to finance the Project (the Rental Payments); and

WHEREAS, pursuant to the Financing Lease the County will undertake and complete the Project; and

WHEREAS, the County intends to pay the rental payments out of appropriations from the County's general fund and other available funds of the County, as needed; and

WHEREAS, the Financing Lease shall indicate that the amount of proceeds requested (the Proceeds Requested) from VRA will equal the sum of \$6,575,000 (for the costs of the New Money Project), plus an amount sufficient to refund the Refunded Bonds (as defined in paragraph 13, and used consistently throughout this Resolution), plus an amount sufficient to pay the expected costs of issuance, or such other amount as may be requested in writing by the County Administrator, and approved by VRA prior to the sale of the VRA Bonds; and

WHEREAS, VRA has advised the County that VRA's objective is to pay the County an amount which, in VRA's judgment, reflects the market value of the rental payments under the Financing Lease (the VRA Purchase Price Objective), taking into consideration the proceeds requested and such factors as 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; and

WHEREAS, such factors may result in the County receiving an amount other than the par amount of the aggregate principal components of the Rental Payments under the Financing Lease and consequently (i) the aggregate principal components of the Rental Payments under the Financing Lease 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 principal components of the Rental Payments under the Financing Lease does not equal or exceed the sum of the Proceeds Requested, 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; and

WHEREAS, the Prime Lease and the Financing Lease are referred to herein as the Documents;

NOW, THEREFORE, BE IT RESOLVED BY THE STAFFORD COUNTY BOARD OF SUPERVISORS on this the 15th day of August, 2017:

1. Authorization of Financing. The Board hereby determines that the lease-leaseback arrangement with VRA to accomplish the financing of the Project is advisable, necessary and in the best interests of the public health, safety and welfare of the residents of the County. The Board hereby approves of the lease-leaseback arrangement to accomplish the financing of the Project. The Board hereby authorizes and directs the County Administrator to select the Real Estate of the County to be leased as part of this transaction. The Board hereby authorizes leasing of such Real Estate and the Improvements by the County, as lessor, to VRA, as lessee, pursuant to the terms of the Prime Lease and the leasing of the Real Estate and the Improvements by VRA, as lessor, to the County, as lessee, pursuant to the terms of the Financing Lease. The Board hereby authorizes and approves of the performance by the County of its obligations under the Prime Lease and Financing Lease (collectively, Documents).

2. Authorization of Documents. The Documents shall be in substantially the forms approved by the County Administrator and the County Attorney whose approval shall be conclusively evidenced by the execution and delivery of the Documents by the Chairman of the Board and the County Administrator, or either of them.

3. Approval of the Terms of the Rental Payments. The Rental Payments set forth in the Financing Lease shall be subject to the foregoing parameters:

(a) The Rental Payments shall be composed of principal and interest components reflecting (1) for the New Money Project, an original aggregate principal amount not to exceed \$7,235,000 (exclusive of amounts needed to finance costs of issuance), (2) for the Refunding Project, an amount necessary to refund the Refunded Bonds, and (3) amount sufficient to pay costs of issuance.

(b) The Rental Payments related to the New Money Project and any amounts issued to pay costs of issuance shall have a true interest cost not to exceed 5.5% per annum (exclusive of "Supplemental Interest" as provided in the Financing Lease and taking into account any original issue discount or premium).

(c) The Rental Payments related to the Refunding Project shall be in an amount sufficient to refund and defease the Refunded Bonds, subject to paragraph 13.

(d) The Rental Payments related to the New Money Project shall have a final payment not later than the end of the fiscal year that is 21 years after the date of the Financing Lease.

(e) The Rental Payments related to the Refunding Project shall have a final payment not later than the end of the last fiscal year in which a Refunded Bond matures.

It is determined to be in the best interest of the County to enter into the Financing Lease with VRA, subject to the terms and conditions set forth in this Resolution. Given the VRA Purchase Price Objective and market conditions, it may become necessary to enter into the Financing Lease with aggregate principal components of the Rental Payments greater than the Proceeds Requested. If the limitation on the maximum aggregate principal components of Rental Payments on the Financing Lease set forth in this paragraph 3 restricts VRA's ability to generate the Proceeds Requested, taking into account the VRA Costs, the VRA Purchase Price Objective, and market conditions, the County Administrator is authorized to accept a purchase price at an amount less than the Proceeds Requested. The County Administrator is authorized to accept the interest component of Rental Payments based on the interest rate or rates established by VRA and to determine the aggregate principal amount of the Rental Payments and the final terms of the Documents, subject to the parameters set forth in this paragraph 3. The actions of the County Administrator shall be conclusive, and no further action shall be necessary on the part of the Board.

4. Other Payments under Financing Lease. Subject to paragraphs 7 and 8, the County agrees to pay all amounts required by the Financing Lease in addition to the Rental Payments, including the supplemental interest, as provided in the Financing Lease.

5. Execution and Recordation of Documents. The Board hereby authorizes and directs the Chairman and the County Administrator to execute the documents and deliver them to the other parties thereto. The Board hereby authorizes the Clerk of the Board of Supervisors to affix the seal of the County or a facsimile thereof to the documents, if required, and to attest such seal. The Board hereby authorizes the Chairman and the County Administrator to determine the real estate to be leased as part of the lease-leaseback arrangement and to cause the Prime Lease and the Financing Lease to be recorded in the Clerk's Office of the Circuit Court of Stafford County.

6. Essentiality of the Project and Real Estate. The Board hereby declares that the Project, the Real Estate, and the Improvements are essential to the efficient operation of the County, and the County anticipates that the Project, the Real Estate and the Improvements will continue to be essential to the operation of the County during the term of the Financing Lease.

7. Annual Budget. While recognizing that it is not empowered to make any binding commitment to make Rental Payments and any other payments required under the Financing Lease beyond the current fiscal year, the Board hereby states its intent to make annual appropriations for future fiscal years in amounts sufficient to make all such payments and hereby recommends that future Boards do likewise during the term of the Financing Lease. The Board directs the County Administrator, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to include in the budget request for each fiscal year during the term of the Financing Lease an amount sufficient to pay the Rental Payments and all other payments coming due under the Financing Lease during such fiscal year. If at any time during any fiscal year of the County throughout the term of the Financing Lease, the amount appropriated in the County's annual budget in any such fiscal year is insufficient to pay when due the Rental Payments and any other payments required under the Financing Lease, the Board directs the County Administrator, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to submit to the Board at the next scheduled meeting, or as promptly as practicable but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit.

8. Rental Payments Subject to Appropriation. The County's obligation to make the Rental Payments and all other payments pursuant to the Financing Lease is hereby specifically stated to be subject to annual appropriation by the Board, and nothing in this Resolution or the Documents shall constitute a pledge of the full faith and credit or taxing power of the County or compel the Board to make any such appropriation.

9. Disclosure Documents. 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 to be prepared in connection with the sale of the VRA Bonds. If appropriate, such disclosure documents shall be distributed in such manner and at such times as VRA shall determine. The County Administrator is authorized and directed to take whatever actions are necessary or appropriate to aid VRA in ensuring compliance with Securities and Exchange Commission Rule 15c2-12.

10. Tax Documents. The Board hereby authorizes the County Administrator and the Chief Financial Officer to execute a Non-arbitrage Certificate and Tax Compliance Agreement and any related document (the Tax Documents) setting forth the expected use and investment of the proceeds of the VRA Bonds to be received pursuant to the Documents and containing such covenants as may be necessary in order for the County and VRA to comply with the provisions of the Internal Revenue Code of 1986, as amended (the Tax Code), with respect to the VRA Bonds and the Documents including the provisions of Section 148 of the Tax Code and applicable regulations relating to arbitrage bonds. The County covenants that the proceeds of the VRA Bonds to be received pursuant to the Documents will be invested and expended as set forth in the Tax Documents, to be delivered simultaneously with the issuance and delivery of the

Financing Lease and that the County shall comply with the other covenants and representations contained therein.

11. Other Actions. The Board hereby approves and confirms all other actions of the officers of the County in conformity with the purpose and intent of this Resolution. The Board hereby authorizes and directs the officers of the County to execute and deliver all certificates and instruments and to take all such further action as any such officer may consider necessary or desirable in connection with the actions contemplated by this Resolution or the execution and delivery of the Documents, including without limitation amendments to existing lease documents. The authorizations granted in this Resolution to the Chairman, the Clerk of the Board of Supervisors, the County Administrator and the Chief Financial Officer may be carried out by the Vice Chairman, the Chief Deputy or Deputy Clerk, any Interim, Acting, Deputy or Assistant County Administrator or any Interim, Acting, Deputy or Assistant Chief Financial Officer, as appropriate, in the absence of the primary officer. Any authorization of an officer of the County under this Resolution entitles such officer to exercise his or her discretion in taking action on behalf of the County, unless expressly provided otherwise. For any authorization in this Resolution that authorizes more than officer to act, it shall be sufficient that any of the officers authorized act to bind the County. The County Administrator and the Chief Financial Officer are each designated an Authorized Representative for purposes of the Financing Lease.

12. SNAP Investment Authorization. The County has heretofore received and reviewed the Information Statement (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 (the Contract). The County has determined to authorize the County Administrator and the County Treasurer to utilize SNAP in connection with the investment of the proceeds of the lease-leaseback transaction if the County Administrator and the County Treasurer determine that the utilization of SNAP is in the best interest of the County. The Board 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 creating the investment program pool.

13. Refunding. The County Administrator and the Chief Financial Officer are authorized to determine the portions, if any, of the 2008 Bonds to be refunded as part of the Refunding Project (the Refunded Bonds), provided that the minimum aggregate amount of the savings achieved by the refunding, shall be on a present value basis of at least 3% of the principal amount of the Refunded Bonds. The County Administrator and the Chief Financial Officer are authorized to approve an escrow agent and enter into such escrow agreement or agreements as may be required to effect the refunding of the Refunded Bonds.

14. Effective Date. This Resolution shall take effect immediately.

MEMORANDUM

To: Finance, Audit and Budget Committee

From: Maria Perrotte, Chief Financial Officer

MJ For M. Perrotte

Subject: Virginia Public School Authority (VPSA) Advance Funding

Date: August 15, 2017

The Virginia Public School Authority (VPSA) has completed an advance refunding of several bond series in which the County participated. The County will receive a refunding credit from VPSA each August until the debt is retired. We are in the process of verifying the amount of savings we will receive and will report to the FAB when that amount is known.

:MP



Memorandum Human Resources

To: Finance, Audit and Budget Committee

From: Shannon Wagner
Director of Human Resources

Subject: Human Resources Update

Date: August 15, 2017

CC: Thomas Foley

FY2018 Market Adjustments

In the FY2018 budget, the Board approved funding to provide a second round of market adjustments for those who are determined to be below market. These increases were received beginning on July 7, 2017, which was the first paycheck in July. Eligibility for the market adjustments used a similar methodology as the one applied in FY2017 and an employee's number of years in his/her position was calculated as of 7/1/2017. The approved 2% increase was applied first and then any employee determined to be below his/her market target received a pay increase of 50% of that difference. Below is a summary of the outcome of the FY2018 market adjustments.

- 472 employees received a market adjustment ranging from \$20 to \$7,780.
 - 291 of those are public safety employees.
 - 33 of those are part-time employees.
- 15 employees were less than \$150 from his/her targets and we moved them 100% to target.
- Department Directors were not eligible for market adjustments.

Overall the compensation for those employees who were determined to be below market pay is now approximately 1.5% below the market rate after implementation of the FY2018 adjustments. This is an improvement from being 5% below market after the 2% pay increase in FY2018, and 7% below market prior to any of the FY2018 adjustments.

It is important to note that the compensation study that was completed in 2015 and the implementation of the results of that study have focused on moving the scale and our employees to the average in the market (the 50th percentile). The County's current Total Compensation Philosophy states that we should ultimately target the 75th percentile of our comparative peers.

Summer Wellness Event

On August 17th, Anthem will be providing health screenings for employees at the government center to include blood pressure, height and weight/BMI, total cholesterol, HDL, and glucose tests. As a reward for participation in the event employees will receive a lunch catered by Mission BBQ.

Staff has begun exploring opportunities to take our wellness program to the next level and having onsite health screenings is a part of that effort. The flu shot will continue to be offered at the County's annual health fair in October.

