

Policy Briefing Summary

City Council



Regarding: Public hearing and Resolution Authorizing the Issuance and Sale of General Obligation Public Improvement Bonds of the City Of Charlottesville, Virginia, in an Aggregate Principal Amount Not to Exceed \$38,000,000, to Finance the Costs of Certain Public Improvement Projects, Providing for the Issuance and Sale of General Obligation Refunding Bonds of the City of Charlottesville, Virginia, in an Aggregate Principal Amount Not to Exceed \$25,000,000, Providing for the Form, Details And Payment of Such Bonds, and Providing for the Refunding of Certain Outstanding General Obligation Bonds of the City

Staff Contact(s): Krisy Hammill, Director of Budget

Presenter: Krisy Hammill, Director of Budget

Date of Proposed Action: July 21, 2025

Issue

Authorization from the City Council is being sought to issue General Obligation Improvement bonds to help fund the City's Capital Improvement Plan (CIP).

Background / Rule

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

<u>Projects</u>	<u>Amount*</u>
Transportation and Access	\$ 6,600,761
Public Facilities	1,820,502
Public Schools	12,265,304
Public Safety	1,782,888
Parks and Recreation	1,000,700
General Government Projects	\$ 23,470,154
Water System Improvements	6,000,000
Wastewater System Improvements	3,530,000
Stormwater System Improvements	3,460,000
Utility Projects	\$ 12,990,000
Total to Be Issued	\$ 36,460,154

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

Analysis

PFM Financial Advisors LLC (PFM), the City's financial advisor, along with City staff, continue to monitor the bond market and interest rate environment, and we are anticipating a sale in mid-August. The bonds will be sold through one or more of the following methods: (a) a direct bank loan through a banking or other financial institution (a "Direct Bank Loan"), (b) a public offering through a competitive sale (a "Competitive Sale"), or (c) a public offering through a negotiated underwriting. The resolution authorizes the City Manager to accept the lowest interest rate bid on the bonds.

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

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

Financial Impact

These bonds will be repaid over the next 20 years with funds appropriated in the debt service fund.

Recommendation

Staff recommends approval of the resolution.

Recommended Motion (if Applicable)

Attachments

1. Series 2025 Resolution