AGENDA
POWHATAN COUNTY BOARD OF SUPERVISORS
SPECIAL MEETING
MAY 16, 2016
5:00 PM CALL TO ORDER

1. **Call to Order**

2. **Invocation**

3. **Pledge of Allegiance**

4. **Requests to Postpone Agenda Items and Additions, Deletions or Changes in the Order of Presentation**

5. **Formal Approval of Agenda**

6. **Public Comment (time limit 3 minutes per individual/5 minutes per group, 30 minutes total time limit that can be extended by the Board) - for anything not to be addressed at a public hearing scheduled for this date**

7. **New Business**

    a. Discussion of the DRAFT Debt Policy — Page 3

8. **Public Comment (time limit 3 minutes per individual/5 minutes per group, 30 minutes total time limit that can be extended by the Board) - for anything not to be addressed at a public hearing scheduled for this date**

9. **County Administrator Comments**

10. **Board Comments**

11. **Adjournment**

RESOLUTION APPROVING THE POWHATAN COUNTY DEBT MANAGEMENT POLICY

WHEREAS, a debt management policy that is adopted, adhered to, and regularly reviewed is recognized as a cornerstone of sound financial management, and

WHEREAS, an effective debt management policy:

- Contributes significantly to the County's ability to insulate itself from fiscal crisis;
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible;
- Promotes long-term financial stability by establishing clear and consistent guidelines;
- Directs attention to the total financial picture of the County rather than single issue areas;
- Promotes the view of linking long-term financial planning with day to day operations; and
- Provides County Staff, the County Board of Supervisors, and the County citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

NOW, THEREFORE, BE IT RESOLVED by the Powhatan County Board of Supervisors that the Powhatan County Debt Management Policy is approved as follows:

Capital Improvement Program

1. The County will prepare and update annually a five-year Capital Improvement Program (CIP) to be approved by the Board of Supervisors (BOS).
2. The CIP will include the Powhatan County Public Schools Capital Improvement Program (PCPS CIP).
3. The CIP will be developed with an analysis of the County's infrastructure and other capital needs so as to maintain all County assets at a level adequate to protect the County's capital investment and to minimize future maintenance and replacement costs.
4. The CIP will include a projection of the County's computer, equipment and vehicle replacement and maintenance needs for the next five years.
5. The CIP will include an estimated cost and potential funding sources for each capital project proposed and include the financial impact of the debt service required.
6. The County will attempt to determine the least costly and most flexible financing method for all new projects.

7. The County will include as a part of the annual budget process an annual capital budget based on the CIP.

8. The County will coordinate development of the capital budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.

9. The County will use intergovernmental grants to finance only those capital improvements that are consistent with the CIP and County priorities, and whose operating and maintenance costs have been included in operating budget forecasts.

<u>Guidelines for Debt Issuance</u>

10. The County will confine long-term borrowing to capital improvements, projects, or equipment that cannot be financed from current revenues.

11. The County will take a balanced approach to capital funding utilizing debt financing, capital reserves and pay-as-you go funding.

12. Long-term debt will be issued only to purchase or construct capital improvements or equipment with a minimum expected useful life of five years. The term of any long-term debt will not exceed the useful life of the assets purchased or constructed. The County will not use long-term debt to finance annual operating needs.

13. Target debt ratios will be calculated annually and included in the review of financial trends.

14. Prior to entering into new long-term borrowing the County will project the impact of the proposed new borrowing on the County's debt ratios over at least a ten-year projection period.

15. The County will comply with all applicable U.S. Internal Revenue Service and U.S. Treasury arbitrage requirements for bonded indebtedness in order to preserve the tax-exempt status of such bonds.

16. Bond issues should be planned to minimize the frequency of issuance, thereby ensuring the lowest possible costs of issuance. When determining the size of a bond issue, consideration should be given to the need for construction, debt service and capitalized interest funds. Construction fund draw schedules shall be prepared, and projection of conservative earnings on unspent bond funds should be made in conjunction with planning of the CIP.

17. The decision to use bond proceeds to pay interest during construction for revenue-producing projects shall be made on a case-by-case basis and shall be based on an evaluation of the opportunity cost of funds and the availability of other sources of funds to pay interest costs.

18. The County's preferred method of sale of bonds for stand-alone sales is via competitive sale. If deemed advantageous, the County may sell bonds via another method. Coordination will be made with the County Administrator, Director of Finance and the

County's Financial Advisor in arriving at a recommendation to issue bonds through a method other than competitive sale.

19. The County will refund debt when it is in the best financial interest of the County to do so. When a refunding is undertaken to generate interest rate cost savings, the minimum aggregate present value savings will be at least 3% of the refunded bond principal amount. The present value savings will be net of all costs related to the financing. If present value savings is less than 3%, the County may consider the refunding merits on a case-by-case basis.

<u>Target Debt Ratios</u>

20. Net tax supported debt as a percentage of the assessed value of taxable property shall not exceed 4.0%. Net tax supported debt is defined as any and all debt that is funded in whole or in part by tax revenues including utility enterprise debt if that debt is reliant on support from general tax revenues.

21. The ratio of tax-supported debt service as a percent of total governmental fund and school fund operating expenditures (net of the transfer from the general fund to the school fund) shall be maintained with 12% as the optimal level and not to exceed 15%. The County will exceed 12% only if the BOS has determined that the funded projects alleviate a critical or potentially life-threatening situation in the County. To the extent that utility enterprise funds are not self fully self- supporting the expenditures for such funds shall be included in the denominator.

22. The ten-year tax-supported principal payout ratio shall be at least 50% by the end of the five-year capital planning window.

23. The County may exclude utility enterprise debt from the calculation of net tax supported debt ratios if the utility enterprise debt is fully self-supporting from current revenue and not reliant on support from general tax revenues for a period of three years.

24. The County will review these debt ratio policies at least once every four years and either reaffirm them or adjust them to reflect evolving County priorities, developments in industry best practices, or changes to rating agency criteria.

<u>Consultants</u>

25. Financial Advisor. The County shall select a financial advisor (or advisors) to assist in its debt issuance and debt administration processes.

26. Bond Counsel. County debt will include a written opinion by legal counsel affirming that the County is authorized to issue the proposed debt, that the County has met all legal requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by counsel with extensive experience in public finance and tax issues. The Bond Counsel will be selected by the County.

27. Conflicts of Interest. The County requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of County financial plans, and be free from any conflicts of interest.

Financial Disclosure

28. The County is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, County departments, and the general public to share clear, comprehensive, and accurate financial information.

29. The County is committed to meeting secondary market disclosure requirements on a timely and comprehensive basis as stated in the Resolution R-2014-114 DEBT POST-CLOSING COMPLIANCE POLICY adopted by the BOS on January 5, 2015.

30. The ratios outlined above will be computed annually and reported in the Comprehensive Annual Financial Report along with a computation of net-tax supported debt per capita.

Policy Supersedes Other Policies

31. It is the intent of this policy to repeal any inconsistent policy or practice adopted prior to this date.

ADOPTED BY THE POWHATAN COUNTY BOARD OF SUPERVISORS ON May 23, 2016.

____
William E. Melton, Chairman
Powhatan County Board of Supervisors

ATTEST:

____
Patricia A. Weiler, Clerk

Powhatan County Board of Supervisors

Recorded Vote:

David T. Williams	___
Larry J. Nordvig	___
Angela Y. Cabell	___
William E. Melton	___
Carson L. Tucker	___