

INTRODUCED: June 10, 2019

A RESOLUTION No. 2019-R020

To approve the Richmond Metropolitan Transportation Authority's bond issue as required by Va. Code § 33.2-2902(16).

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JUN 24 2019 AT 6 P.M.

WHEREAS, the General Assembly of Virginia created the Richmond Metropolitan Transportation Authority (the "Authority" and formerly known as the Richmond Metropolitan Authority) in 1966 pursuant to Chapter 178 of the Acts of Assembly of 1966 (as amended and in effect from time to time, and as currently codified in Title 33.2, Chapter 29 of the Code of Virginia, the "Enabling Act") for the purpose of, among other things, owning and operating limited access highways within its member jurisdictions; and

WHEREAS, the Authority currently owns and operates the Powhite Parkway, the Downtown Expressway, and the Boulevard Bridge (the "Expressway System") and has financed

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: JUN 24 2019 REJECTED: _____ STRICKEN: _____

and refinanced a portion of the capital needs of the Expressway System with borrowings in the private and public debt markets; and

WHEREAS, as amended in 2014, the Enabling Act requires the approval of the Mayor and the Council of the City of Richmond and the Boards of Supervisors of the Counties of Henrico and Chesterfield in order for the Authority to borrow money and issue bonds, notes, or other evidences of indebtedness; and

WHEREAS, the Authority's Board of Directors has approved the issuance of its Expressway Revenue Bond in the principal amount not to exceed \$21,500,000 (the "RMTA Bond"), in order to provide funding for certain projects in the Authority's capital improvement plan for fiscal years 2020 through 2025 (the "Project"), subject to obtaining the approvals of the Mayor and the member jurisdictions as required by the Enabling Act, and has requested that the Mayor and the jurisdictions provide such approvals; and

WHEREAS, it is in the best interest of the City of Richmond to approve the Authority's issuance of the RMTA Bond;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

1. The Council hereby approves the Authority's issuance of the RMTA Bond, as and to the extent required by the Enabling Act, for the purpose of providing funding for the Project and paying costs of issuance. The RMTA Bond may be issued in one or more series of different principal amounts and interest rates, with the timing, amounts and number of series dependent on the Authority's need for funds and market conditions; provided, however, that in no event shall the RMTA Bond mature later than July 15, 2041.

2. The Council's approval of the Authority's issuance of the RMTA Bond does not constitute an endorsement to prospective purchasers of such obligation of the creditworthiness of the Authority. The RMTA Bond shall not be deemed to constitute a debt of the Commonwealth of Virginia, the City, or any other political subdivision thereof except the Authority. Neither the Commonwealth of Virginia, the City, nor any other political subdivision thereof, except the Authority, shall be obligated to pay the principal of, redemption premium or late charges, if any, or interest on the RMTA Bond or other costs or amounts incident thereto. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City and the Authority, is pledged to the payment of the principal of, redemption premium or late charges, if any, or interest on the RMTA Bond or other costs or amounts incident thereto. The RMTA Bond shall not constitute an indebtedness within the meaning of any debt limitation or restriction.

3. This resolution shall take effect immediately upon its adoption, and shall continue in full force and effect until June 30, 2020, unless extended by subsequent action of the Council.



CITY OF RICHMOND

INTRACITY CORRESPONDENCE O & R REQUEST

4-8849
MAY 30 2019

O&R REQUEST Office of the Chief Administrative Officer

DATE: May 24, 2019 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

JS 6/6/19

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

SCG

THROUGH: Lenora G. Reid, Deputy CAO, Finance and Administration

RECEIVED

FROM: John B. Wack, Director of Finance

JBW

JUN 07 2019

RE: Resolution of Support for RMTA Bond Issuance

OFFICE OF THE CITY ATTORNEY

ORD. or RES No.

PURPOSE: To approve the Richmond Metropolitan Transportation Authority's bond issuance as required by the Code of Virginia.

REASON: The Richmond Metropolitan Transportation Authority (the "Authority") issued \$23,225,000 in tax-exempt bonds and \$14,605,000 in tax-exempt bonds (the "2011 Bonds") through the Virginia Resources Authority ("VRA") in November, 2011. Tax-exempt interest rates have decreased to a point that the Authority has the opportunity to defease the 2011 Bonds and issue new bonds for future projects to achieve significant debt service savings. Based on the market as of late May 2019, the transaction will result in total debt service savings of approximately \$3,000,000 over the life of the loan, or in excess of 10% on Present Value Savings basis. These savings equate to a reduction in annual debt service of approximately \$130,000. The bond transaction will not extend debt maturity past 2041.

The Authority is attempting to participate in VRA's summer pool bond sale. In order to meet the deadlines of VRA's summer sale, approvals are required prior to June 30, 2019 by the member jurisdictions and the Mayor of the City of Richmond. The next potential sale after VRA's summer transaction is not until November 2019 which introduces significant interest rate risk.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: In 2014, when the General Assembly equalized the Authority's governing body representation among the member jurisdictions and re-named the Authority, the "Richmond Metropolitan Transportation Authority," the General Assembly also added a requirement to the Authority's enabling legislation that the Authority's debt issuances be approved by the governing bodies of its member

jurisdictions and the Mayor of the City of Richmond. There is no exception for refunding/refinancing transactions. The 2014 amendment to the enabling legislation is codified in Virginia Code § 33.2-2902(16). City Council approved a similar refunding resolution in 2017 (20117-R048).

FISCAL IMPACT/COST: The City's approval of the Authority's issuance of the bonds does not constitute an endorsement to prospective purchasers of such obligation of the creditworthiness of the Authority. The City has no obligation to pay the debt service on the newly issued bonds. Neither the faith or credit nor the taxing power of the City will be pledged on the newly issued bonds. The Authority does not intend that the bond issuance will extend the maturity of the indebtedness and the various jurisdictional approvals will set forth that restriction.

FISCAL IMPLICATIONS: N/A.

BUDGET AMENDMENT NECESSARY: No.

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: June 10, 2019

CITY COUNCIL PUBLIC HEARING DATE: June 24, 2019

REQUESTED AGENDA: Consent Agenda.

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None.

AFFECTED AGENCIES: RMTA

RELATIONSHIP TO EXISTING ORD. OR RES.: 2017-R048

REQUIRED CHANGES TO WORK PROGRAM(S): None.

ATTACHMENTS: Draft Resolution.

STAFF: John Wack, Director of Finance 646-5776