

INTRODUCED: June 26, 2017

A RESOLUTION No. 2017-R048

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

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JULY 24 2017 AT 6 P.M.

WHEREAS, the Virginia General Assembly created the Richmond Metropolitan Transportation Authority (the "Authority" and formerly known as the Richmond Metropolitan Authority) in 1966 pursuant to Chapter 178, Acts of the Virginia General Assembly (as amended and in effect from time to time, and as currently codified in Title 33.2, Chapter 29, 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: JULY 24 2017 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 in 2011 issued its \$23,225,000 Taxable Expressway Revenue and Refunding Bond, Series 2011-A (the “2011-A RMTA Bond”), in order to refund certain of its outstanding indebtedness and to finance, among other things, (i) the construction and equipping of open road tolling lanes on the Downtown Expressway, the addition of express lanes and improvements to the existing toll plaza building, (ii) the replacement and refurbishment of toll collection equipment, and (iii) road surface overlays; and

WHEREAS, the Authority can realize debt service savings through the issuance of refunding bonds in order to refund the 2011-A RMTA Bond in advance of its stated maturity; and

WHEREAS, the Authority’s Board has approved the issuance of its Taxable Expressway Revenue Refunding Bond (the “RMTA Refunding Bond”) in order to refund the 2011-A RMTA Bond and to pay costs of issuance of the transaction, 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 Refunding 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 Refunding Bond, as and to the extent required by the Enabling Act, for the purpose of refunding all or a portion of the 2011-A RMTA Bond and paying costs of issuance. The RMTA Refunding 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 Refunding Bond mature later than July 15, 2041.

2. The Council's approval of the Authority's issuance of the RMTA Refunding Bond does not constitute an endorsement to prospective purchasers of such obligation of the creditworthiness of the Authority. The RMTA Refunding Bond shall not be deemed to constitute a debt of the Commonwealth of Virginia, the City, or of 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 Refunding 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 Refunding Bond or other costs or amounts incident thereto. The RMTA Refunding 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, 2018, unless extended by subsequent action of the Council.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST
4-6633
JUN 9 2017
Office of the Chief Administrative Officer

O&R REQUEST

DATE: June 2, 2017 EDITION: 1
TO: The Honorable Members of City Council
THROUGH: The Honorable Levar M. Stoney, Mayor
FROM: Selena Cuffee-Glenn, Chief Administrative Officer
RE: Resolution of Support for RMTA Bond Refunding
ORD. or RES No.

Handwritten initials and date: 6/12/17

RECEIVED

JUN 21 2017

OFFICE OF CITY ATTORNEY

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

REASON: The Richmond Metropolitan Transportation Authority (the "Authority") issued \$23,225,000 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 advance refund the 2011 Bonds to achieve significant debt service savings. Based on the market as of early June 2017, the refunding will result in total debt service savings of approximately \$2,000,000 over the life of the loan, or in excess of 6% on Present Value Savings basis. These savings equate to a reduction in annual debt service of approximately \$80,000. The transaction is a refunding only, includes no new money, and will match the current final maturity of the 2011 Bonds refunded.

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 July 25, 2017 by the member jurisdictions and the Mayor of the City of Richmond. The next sale after VRA's summer transaction is not until November 2017 which introduces significant interest rate risk.

RECOMMENDATION: The 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).

FISCAL IMPACT/COST: The City's approval of the Authority's issuance of the refunding 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 refunding bonds. Neither the faith or credit nor the taxing power of the City will be pledged on the refunding bonds. The Authority does not intend that the refunding 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 26, 2017

CITY COUNCIL PUBLIC HEARING DATE: July 24, 2017

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.:

REQUIRED CHANGES TO WORK PROGRAM(S): None.

ATTACHMENTS: Draft Resolution.

STAFF: Selena Cuffee-Glenn, Chief Administrative Officer x7978