

BURLINGTON COUNTY BRIDGE COMMISSION



**Financing Options for
Burlington County Municipalities,
School Districts, Local
Authorities & Fire Districts**

INTRODUCTION



The **Burlington County Bridge Commission** (“**BCBC**”) has been given the authorization under Senate Bill No. 2533 to extend its financing powers to local governments in Burlington County.

These financing options include lease purchase and governmental loan financings designed to achieve a lower cost of capital money through economies of scale, lower interest rates and/or lower cost of issuance.

FINANCING POWERS OF THE BCBC



- Borrow money and issue bonds, notes and other obligations
- Issue bonds through negotiated sale, private sale, or competitive sale
- Issue both fixed interest rate and variable interest rate securities
- Enter into lease and agreements with a governmental or not-for-profit entity for the operation of public facilities
- Extend credit or make loans



FINANCING POWERS OF THE BCBC



- Fix and collect facility or project charges
- Extend credit to redevelopers for planning, acquisition, construction, equipping and furnishing of redevelopment projects
- Mortgage or assign revenues or property for purposes of securing bonds, notes, or other obligations
- Hold, sell or condemn real or personal property
- Enter into partnerships, limited partnerships, joint ventures or other associations





POTENTIAL FINANCING PROGRAMS AND FINANCINGS

Municipalities, School Districts, Local Authorities & Fire Districts

- Governmental Pooled Lease Financing
- Governmental Pooled Loan Financing
- Stand alone Governmental Lease Financing
- Stand alone Governmental Loan Financing
- Green Energy Lease Bank Financing
- Not-for-Profit (501C-3) Financings



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Pooled Governmental Loan Financing

POOLED GOVERNMENTAL LOAN FINANCING



- Designed to permanently finance outstanding bond anticipation notes (“BANs”), unfunded capital ordinances, approved referendum, and other new money capital needs
- Eligible participants
 - Municipalities with outstanding BANs, authorized and unfunded ordinances
 - School districts with an approved referendum
 - Fire districts with an approved referendum
 - Local authorities



POOLED GOVERNMENTAL LOAN FINANCING (CONT)



➤ *Structure*

- Similar to Pooled Lease
- BCBC issues revenue bonds secured by the general obligation bond of the local government participants
- At closing, funds wired to each participant's capital fund
- County guaranty utilized as additional security





POOLED GOVERNMENTAL LOAN FINANCING (CONT)

What can be permanently financed?

- Capital projects and equipment that have approval through referendum (school districts, fire districts) or authorized capital ordinances and/or outstanding BANs
 - Any permitted capital project or expenditure through the local or school bond law
 - Street and road improvements
 - Recreation facilities
 - Equipment
 - Computers
 - Buildings/facilities
 - Land acquisition



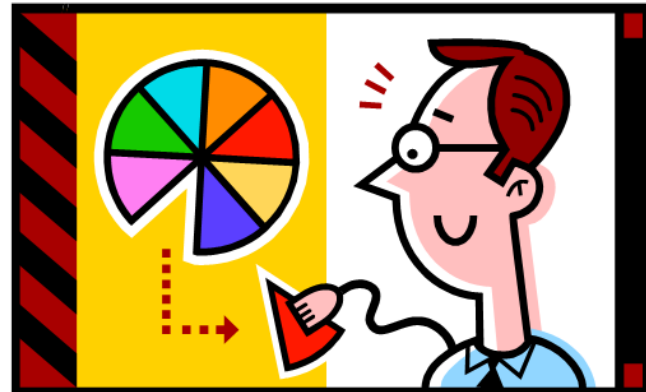
POOLED GOVERNMENTAL LOAN FINANCING (CONT.)



Advantages

➤ Economies of scale

- Smaller amounts “bondable” in today’s attractive market
- Cost of issuance shared among participating local governments
- Cost of issuance minimized through “shared” documents and single POS/OS



POOLED GOVERNMENTAL LOAN FINANCING (CONT.)



Advantages (cont)

- Credit Enhancement
 - County Guaranty
- Additional investment earnings – through the timing of the bond sale
- Negotiated bond sale
- No shared liabilities



POOLED GOVERNMENTAL LOAN FINANCING (CONT.)



Participant Action/Responsibilities

- Determine needs and provide BCBC with list of equipment and/or improvements and appropriate contact information
- Review and approve the financial model provided by BCBC professional team
- If applicable, adopt resolution authorizing application to the Local Finance Board if individual local government participant action is required (i.e. non-conforming maturity schedule)



POOLED GOVERNMENTAL LOAN FINANCING (CONT.)



Participant Action/Responsibilities (cont)

- Adopt Bond Resolution authorizing a Sale of Bonds to the BCBC
- May be required to attend Local Finance Board meeting
- Following the pricing of the BCBC bonds, execute the loan agreement, closing certificates and deliver opinion of bond counsel and general counsel

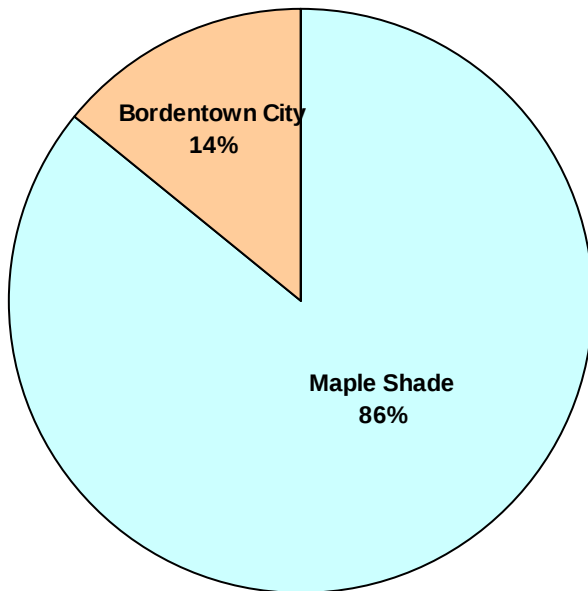


POOLED GOVERNMENTAL LOAN FINANCING (CONT)



Summary of 2009 BCBC Loan Financing

➤ **\$17,675,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2010B



- Participants included 2 municipalities
- Provided funds to refinance certain of the outstanding bond anticipation notes and finance general improvements of the participants
- Total **gross cost benefit** for the participating municipalities totaled over **\$830,000**



POOLED GOVERNMENTAL LOAN FINANCING (CONT)

Summary of Prior Loan Financings

- **\$18,950,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2009
 - Participants included 4 municipalities
- **\$4,595,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2007
 - Participants included 3 municipalities
- **\$22,565,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2006
 - Participants included 3 municipalities
- **\$12,185,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2005
 - Participants included 4 municipalities
- **\$49,550,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2004
 - Participants included the County and 2 municipalities
- **\$42,575,000** County-Guaranteed Pooled Loan Revenue Bonds (2003 Governmental Loan Program), Series 2003
 - Participants included the County and 7 municipalities
- **\$73,510,000** County-Guaranteed Pooled Loan Revenue Bonds (2002 Governmental Loan Program), Series 2002
 - Participants included the County and 6 municipalities

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Stand Alone Financing

STAND ALONE FINANCING



- Loan or lease financings available to municipalities, school districts, fire districts and local authorities on a stand alone basis
- Structure identical to pooled financings, participants limited to single issue
- Advantages identical with pooled financings with the exception of economies of scale
- Examples
 - Lutheran Home Financing
 - Tabernacle Baptist Church
 - The Evergreens Project
 - Kingsway Learning Center
 - DRENK Memorial Guidance Center



STAND ALONE FINANCING (CONT)



➤ Examples (Continued)

- County of Burlington - \$7,195,000 Lease Revenue Bonds (Resource Recovery Project), Series 2006
- County of Burlington – \$6,900,000 Project Notes (Solid Waste Project), Series 2008 – matures 11/24/2009
- County of Burlington –\$19,465,000 Project Notes (Solid Waste Project), Series 2009 – matures 10/13/2010
- County of Burlington –\$24,745,000 Project Notes (Solid Waste Project), Series 2010 – matures 10/11/2011
- County of Burlington –\$30,455,000 Project Notes (Solid Waste Project), Series 2011 – matures 10/10/12
- County of Burlington –\$32,025,000 Project Notes (Solid Waste Project), Series 2012 – matures 10/8/13

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Refunding Transactions

REFUNDING TRANSACTIONS



- The BCBC monitors all existing BCBC conduit financings for refunding opportunities
- The BCBC monitors local government existing debt for refunding opportunities
- Refunding transactions must meet the 3.00% present value savings requirement of the Local Finance Board
- Refunding transactions can be structured as a lease or loan financing depending on the original structure of the bonds to be refunded
- Examples
 - **\$34,020,000** County-Guaranteed Lease Revenue Refunding Bonds, Series 2007
 - Participants included the County and Willingboro Township
 - Refunded a portion of the \$60,605,000 County-Guaranteed Lease Revenue Bonds (2002 Governmental Leasing Program), Series 2002
 - Resulted in Present Value Savings of \$1,225,443

REFUNDING TRANSACTIONS (cont.)



➤ Examples

- **\$17,675,000** County-Guaranteed Loan Revenue Refunding Bonds, Series 2010B
 - Participants included the County and four municipalities
 - Refunded a portion of the \$73,510,000 County-Guaranteed Loan Revenue Bonds (2002 Governmental Loan Program), Series 2002
 - Resulted in Present Value Savings of \$1,423,892

- **\$9,480,000** County-Guaranteed Lease Revenue Refunding Bonds, Series 2011
 - Participants included the County and Willingboro Township
 - Refunded a portion of the \$24,245,000 County-Guaranteed Lease Revenue Bonds (2003 Governmental Leasing Program), Series 2003
 - Resulted in Present Value Savings of \$618,483

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Green Energy Lease Bank Financing

GREEN ENERGY LEASE BANK



Purpose

- Low cost tax-exempt lease financing for local governmental entities (Municipalities, School Districts and Local Authorities)
- Designed to accommodate borrowers seeking to finance energy savings improvement plans (maximum 15 yrs)
- Leases can be funded/completed within weeks

GREEN ENERGY LEASE BANK (CONT.)



Advantages

- Easy and fast access to tax-exempt leasing for capital equipment and energy savings improvement programs
- No 5 % down payment required for local government capital financings
- BCBC capital lease financings are not part of the statutory net debt for local governments
- Principal repayments are not subject to Local Bond Law amortization requirements (i.e. "2 over 1 rule")
- County guarantee results in a minimum rating of AA/Aa2 (i.e. low cost borrowing)
- Minimum fees to local borrowers (no printing/mailing, rating, underwriting or other financing costs of issuance are required for the local leases)

GREEN ENERGY LEASE BANK (CONT.)



Structure

- A Master Lessor commits to funding all BCBC/County approved lease transactions based on a County Guaranty of the program
- Each governmental entity passes a resolution (or adopts a lease ordinance) authorizing a lease through the BCBC
- There will be a lease agreement between the Master Lessor and BCBC and a sub-lease agreement between the BCBC and each borrower
- Interest rates are based on a percentage of U.S. Swap Rates
- Participants submit invoices/requisitions to Master Lessor for reimbursement