

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



The background features a large, faint, circular seal. The outer ring of the seal contains the text "BURLINGTON COUNTY" at the top and "BRIDGE COMMISSION" at the bottom. The inner circle of the seal depicts a stylized bridge structure with three main piers, set against a background of wavy lines representing water.

Pooled Governmental Lease Financing

POOLED GOVERNMENTAL LEASE FINANCING



- Designed to provide a low cost alternative to local governments when lease/purchasing capital equipment and property
- Eligible participants
 - Municipalities
 - School Districts (equipment/buses only 5 years or less)
 - Fire Districts
 - Local Authorities



POOLED GOVERNMENTAL LEASE FINANCING (CONT)



➤ **Structure**

- The BCBC issues lease revenue bonds which are used to purchase equipment and property which are then leased back to the local governments
- BCBC bond proceeds are placed into each participating local government acquisition fund at a trustee bank
- Local governments purchase the equipment or property as they would typically procure per applicable local contract and fiscal control laws



POOLED GOVERNMENTAL LEASE FINANCING (CONT)



➤ **Structure (continued)**

- Upon purchase of equipment or property, the local government requisitions money from their acquisition fund for payment to the vendor or to reimburse the local government if payment has been made
- At the end of the term of the lease, the equipment or property is sold to the local government for a minimal amount
- The aggregate lease payments of the participating local governments equal the principal and interest payments on the BCBC bonds



POOLED GOVERNMENTAL LEASE FINANCING (CONT)



What can be leased/purchased through a pooled lease financing?

- Computer equipment
- Office furniture
- Vehicles
- Trucks
- Fire trucks
- Buses
- Buildings
- Property

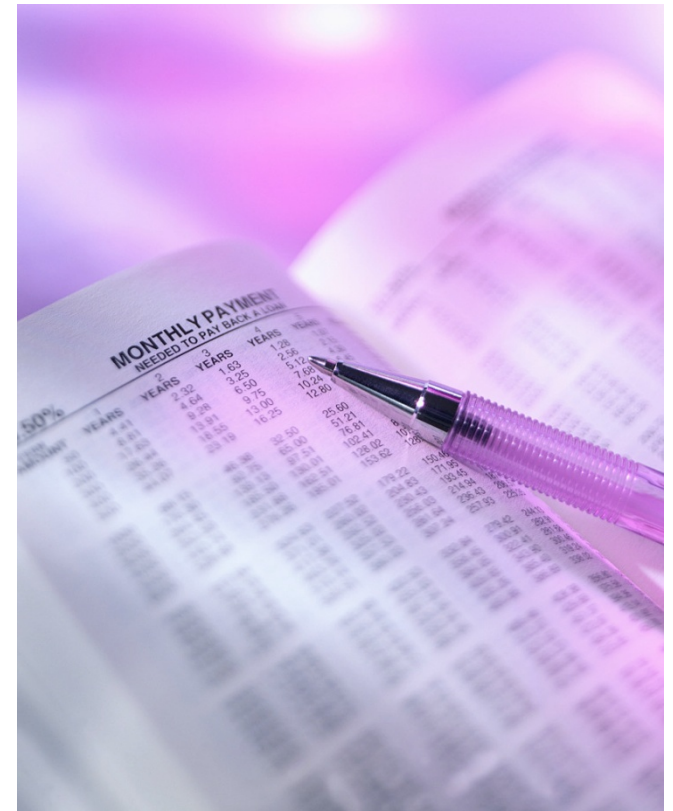


POOLED GOVERNMENTAL LEASE FINANCING (CONT)



Advantages to Local Government Participants

- 5% down payment exemption
- Lower interest costs
 - Tax-exempt funds
 - Credit enhancement
- Does not effect statutory debt limitation



POOLED GOVERNMENTAL LEASE FINANCING (CONT)



Advantages to Local Government Participants (cont)

- Economies of scale
 - Smaller or traditionally “non-bondable” equipment can be financed
 - Cost of issuing BCBC bonds shared among participating local governments
 - Costs of issuance minimized through “shared” documents and single POS/OS
- Flexible repayment schedule
- No shared liabilities



POOLED GOVERNMENTAL LEASE 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
- Prepare and Submit Supplemental Debt Statement



POOLED GOVERNMENTAL LEASE FINANCING (CONT)



Participant Action/Responsibilities (cont)

- Adopt General Obligation Lease Ordinance authorizing a lease agreement with the BCBC
- May be required to attend Local Finance Board meeting
- Following the pricing of the BCBC bonds, execute the lease agreement, closing certificates and deliver opinion of general counsel



POOLED GOVERNMENTAL LEASE FINANCING (CONT)



Local Finance Notice 2011-3

- Pursuant to LFN 2011-3 issued January 14, 2011, capital expenditure increases are a statutory exclusion from the 2% cap, including capital leases with useful life of 5 years or more.

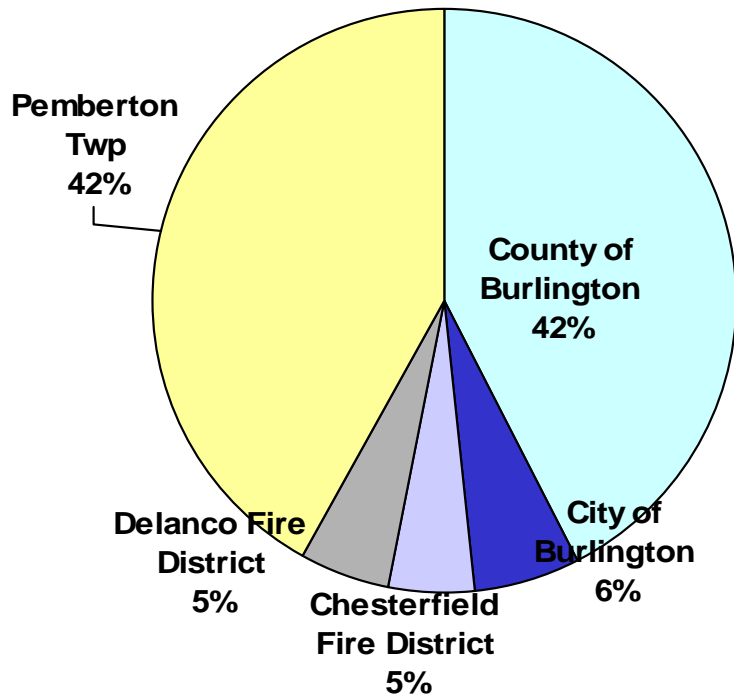


POOLED GOVERNMENTAL LEASE FINANCING (CONT)



Summary of 2005 BCBC Lease Financing

➤ **\$8,730,000** County-Guaranteed Lease Revenue Bonds (2005 Governmental Leasing Program), Series 2005



- Participants included the County and 2 municipalities and 2 fire districts
- Provided funds to finance minor capital for construction equipment and trucks, computers, communications equipment, fire and police equipment, bridge and road improvements, park equipment and renovation and improvement of various public buildings and facilities.
- Total **gross cost benefit** for the participating municipalities totaled **over \$450,000**



POOLED GOVERNMENTAL LEASE FINANCING (CONT)

Summary of Prior Lease Financings

- **\$15,975,000** County-Guaranteed Lease Revenue Bonds (2004 Governmental Leasing Program), Series 2004
 - Participants included the County, 2 municipalities and 2 fire districts
- **\$24,245,000** County-Guaranteed Lease Revenue Bonds (2003 Governmental Leasing Program), Series 2003
 - Participants included the County and 4 municipalities
- **\$60,605,000** County-Guaranteed Lease Revenue Bonds (2002 Governmental Leasing Program), Series 2002
 - Participants included the County and 3 municipalities

The seal of the Burlington County Bridge Commission is a circular emblem. The outer ring contains the text "BURLINGTON COUNTY" at the top and "BRIDGE COMMISSION" at the bottom. The inner circle features a stylized bridge with a yellow sun rising behind it, and blue wavy lines representing water below the bridge.

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

The background features a large, light blue circular seal. The outer ring of the seal contains the text "BURLINGTON COUNTY" at the top and "BRIDGE COMMISSION" at the bottom, separated by dots. The inner circle of the seal depicts a stylized bridge structure with a yellow sun or moon in the upper left quadrant.

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