

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
- Not-for-Profit (501C-3) Financings



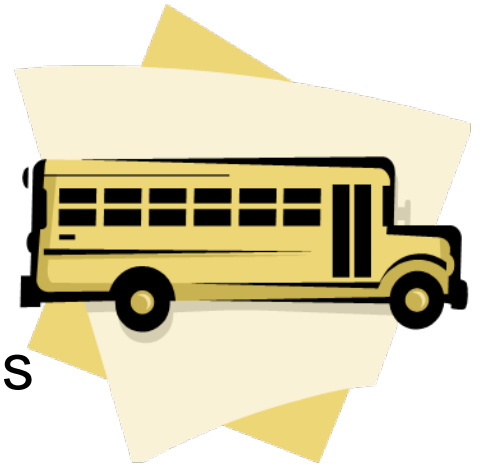
The seal of the Burlington County Bridge Commission is a circular emblem. It features a central illustration of a bridge with a yellow sun rising behind it, and blue wavy lines representing water below. The text "BURLINGTON COUNTY" is arched across the top, and "BRIDGE COMMISSION" is arched across the bottom, separated by two small dots on each side.

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

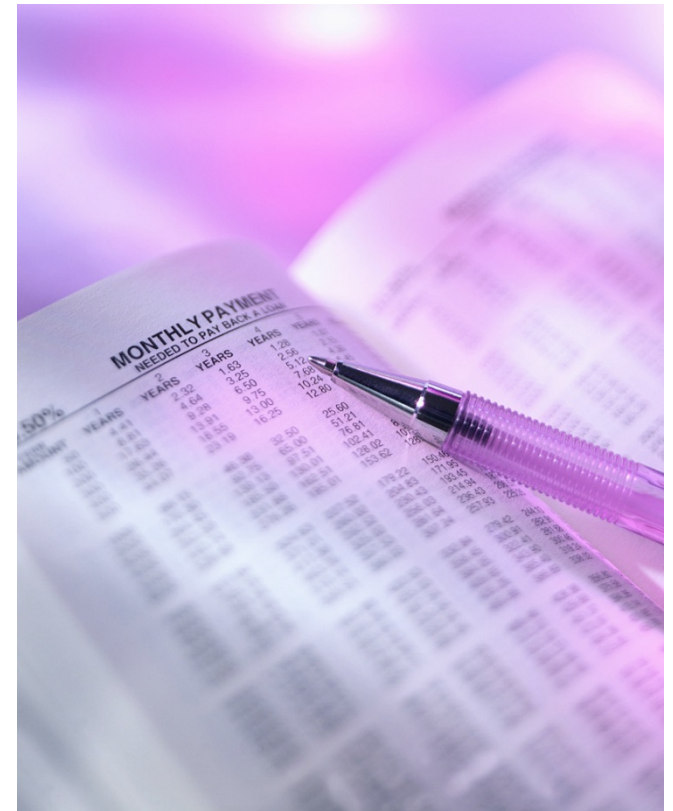


POOLED GOVERNMENTAL LEASE FINANCING (CONT)



Advantages to Local Government Participants

- 5% down payment exemption
- Lower interest costs
 - Tax-exempt funds
 - Credit enhancement
- 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)



Effect of Change in New Jersey Statute

- For lease transactions approved by the Local Finance Board after July 1, 2007, lease payments must be within the 4% cap (per recent changes in New Jersey Statute), unless a Supplemental Debt Statement is prepared and submitted



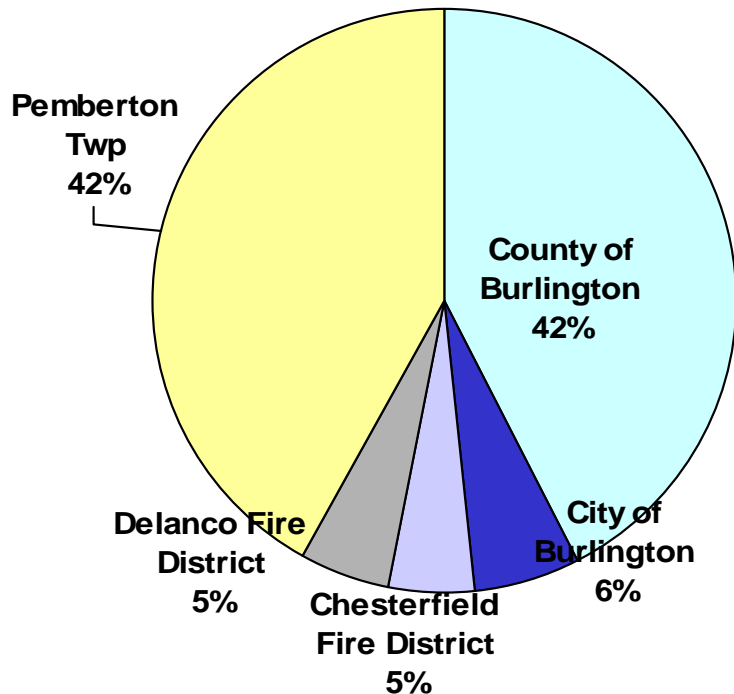
POOLED GOVERNMENTAL LEASE FINANCING (CONT)



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

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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
- Bond insurance and/or 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



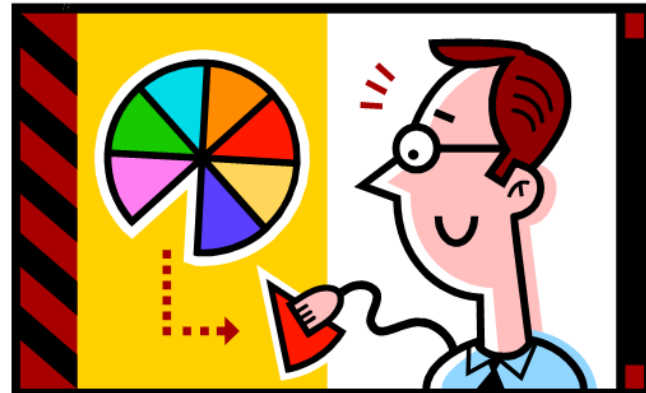
POOLED GOVERNMENTAL LOAN FINANCING (CONT.)



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 and/or bond insurance
 - Larger pool helps BCBC obtain bond insurance at reasonable rates
- Additional investment earnings – through the timing of the bond sale
- Negotiated bond sale
- No shared liabilities
- Flexible maturity schedule





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





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

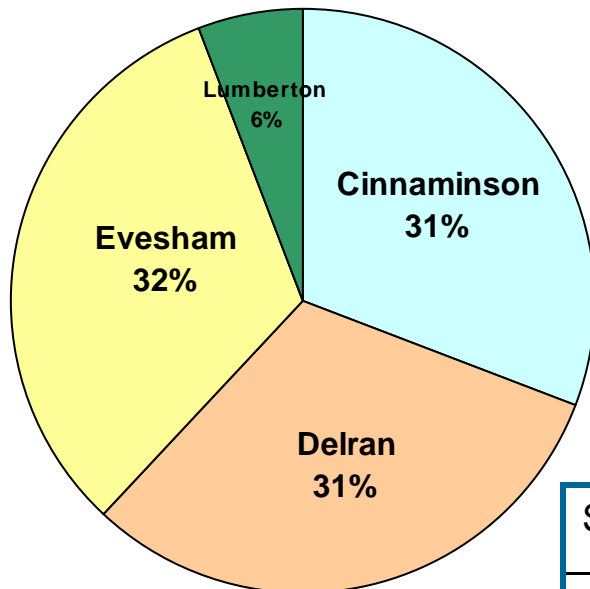


POOLED GOVERNMENTAL LOAN FINANCING (CONT)



Summary of 2009 BCBC Loan Financing

➤ **\$18,950,000** County-Guaranteed Pooled Loan Revenue Bonds (Governmental Loan Program), Series 2009



- Participants included 3 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 **\$853,000**

Smallest Issuer:	\$1,129,000
Largest Issuer:	\$6,073,000



POOLED GOVERNMENTAL LOAN FINANCING (CONT)

Summary of Prior Loan Financings

- **\$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

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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

The seal of the Burlington County Board of Commissioners is a circular emblem. It features a central illustration of a building with a gabled roof and a chimney, set against a background of a rising sun with rays. The text "BURLINGTON COUNTY" is arched across the top, and "BOARD OF COMMISSIONERS" is arched across the bottom.

Proposed Schedule of Financings

PROPOSED SCHEDULE OF FINANCINGS



➤ Spring

- Lease Structure
- Local Finance Board hearing in May
- Close financing in June/July
- County Guaranty

➤ Falls

- Loan Structure
- Local Finance Board hearing in October
- Close financing in early December
- County Guaranty

