

# ***BURLINGTON COUNTY BRIDGE COMMISSION***



***Conduit Financing Options***

# INTRODUCTION



***The **Burlington County Bridge Commission (“BCBC”)** was given the authorization under P.L. 2001, C. 301 to extend its financing powers to local governments in Burlington County.***

***These financing options include lease purchase and governmental loan (bond) 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
- Enter into lease and agreements with a governmental or not-for-profit entity for the operation of public facilities
- Extend credit or make loans
- 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

# POTENTIAL FINANCING PROGRAMS AND FINANCINGS

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*Municipalities, School Districts, Local Authorities & Fire Districts*

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



**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**

- 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 authorized capital ordinances, outstanding BANs or bond referendum (school districts, fire districts)
  - 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
    - Etc.





# 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
- Credit Enhancement
  - County Guaranty – “Aa1” Burlington County credit rating
  - A county guaranty is a great advantage in the market
- Negotiated bond sale
- No shared liabilities

## POOLED GOVERNMENTAL LOAN FINANCING (CONT.)



### ***Participant Action/Responsibilities***

- Determine needs and provide BCBC with list of capital ordinances, bond anticipation notes 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)
- Attend Local Finance Board meeting (if necessary)
- Adopt Bond Resolution authorizing a Sale of Bonds to the BCBC
- Following the pricing of the BCBC bonds, execute the loan agreement, closing certificates and deliver opinion of bond counsel and general counsel

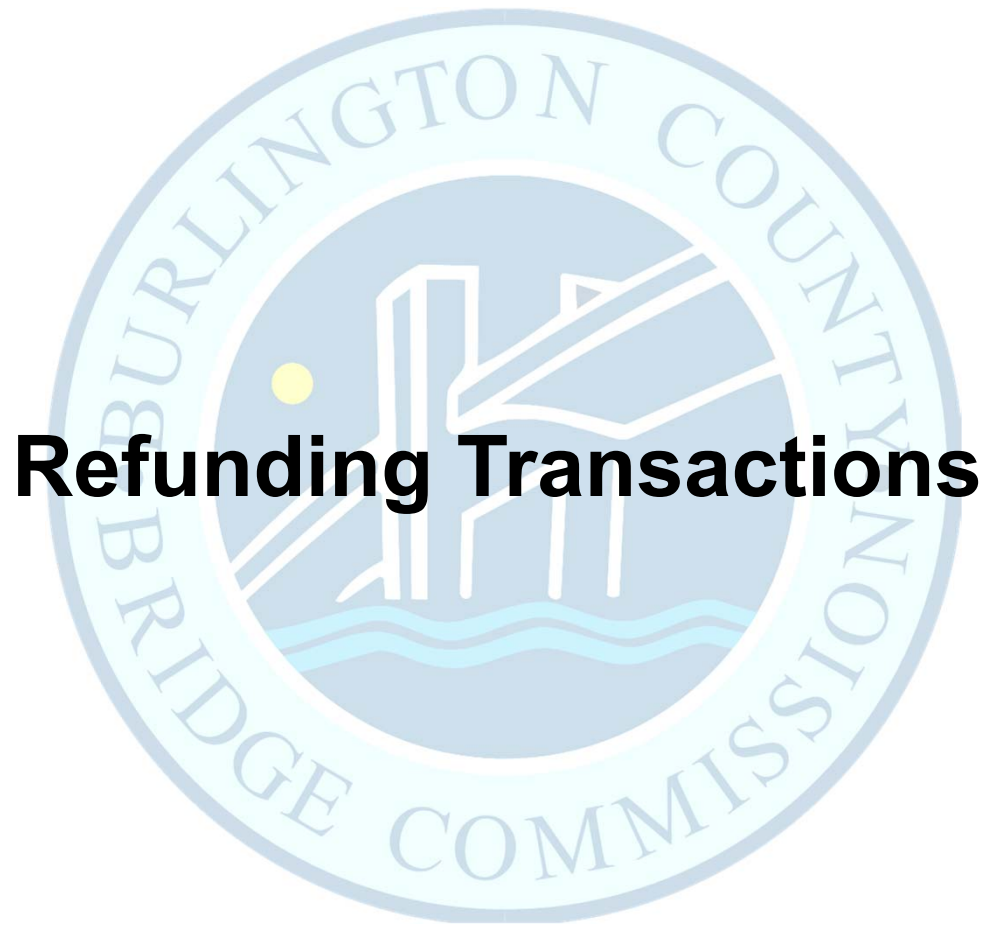


**Pooled Governmental  
Lease Financing**

# POOLED GOVERNMENTAL LEASE FINANCING



- Designed to provide a low cost alternative to local governments when lease/purchasing capital equipment and property
- Eligible participants include: Municipalities, School Districts (equipment/buses only 5 yrs or less), Fire Districts, Local Authorities
- BCBC bond proceeds are placed into each participating local government acquisition fund, 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



# **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
- Track Record:
  - Since 2002 the BCBC has completed 11 refunding transactions producing in excess of **\$14 million in present value savings** for the county and municipalities