



COUNTY OF AUGUSTA STAFF REPORT

AGENDA SECTION: COURTHOUSE FINANCING

DEPARTMENT: Finance

STAFF MEMBER: Misty Cook

DATE OF REQUEST: March 19, 2024

REQUESTED ACTION FOR THE BOARD OF SUPERVISORS:

Consider

EXECUTIVE SUMMARY:

The Board approved moving forward with courthouse financing through the Virginia Resources Authority. Staff and the financial advisor recommend borrowing in two tranches. The pros and cons discussed at the last Board meeting are noted again here:

Pros:

- More information is available regarding earnings and project spending, may lead to reduced borrowing amounts.
- Defers interest on a portion of the borrowing.
- Reduces interest costs during construction.
- Allows the County to spend bond proceeds more quickly increasing likelihood of meeting arbitrage exceptions and potentially allowing the County to keep more investment earnings.

Cons:

- Interest rate risk if rates increase before second borrowing.
- Additional financing costs due to multiple borrowings.
- VRA approval valid through December 2024; will require a second VRA application and approval for Spring 2025.

Based on the current market, analysis shows an estimated \$2.3 million in savings with a two borrowing scenario.

ATTACHMENTS:

[Augusta County, VA Discussion Materials \(3.13.24 BOS Meeting\)_Final.pdf](#)