TOWN OF Herndon VIRGINIA

Town Council Regular Meeting
Agenda Item 6.b.

Agenda Item: **Resolution 25-G-68 of official intent to reimburse expenditures with proceeds of a borrowing for the Energy Performance Project**

Meeting Date: December 9, 2025

Category: Consent

Prepared by: Marjorie Sloan, Finance Director

Description:
The proposed resolution outlines the town's intent to use future borrowing to pay for expenditures associated with the Energy Performance Project. This resolution demonstrates Herndon's commitment to fund the project and the likelihood that a future bond issuance or other debt facility will be used to partially or fully fund the project. The resolution provides funding flexibility to the town to meet the capital demands of the Energy Performance Project in context with execution of the town's Capital Improvement Plan.

Background:
The Energy Performance Project is defined as a group of expenditures necessary to complete a series of replacements of mechanical systems and controls with high efficiency systems. CMTA was selected as the firm to perform the Energy Performance Contract for the Town of Herndon after going through the evaluation process set out by the regulations and guidelines of the Virginia Commonwealth's Department of Energy. The expectation of the project includes energy cost savings over the next fifteen years. The initial capital outlay of the project is substantial, currently estimated to exceed $7 million. Project costs are not expected to be offset by any grant funding. Optimal funding for the costs may include a bond issuance or other debt facility. This resolution provides a documentation of the town's intent to fund the project and partially or fully fund the costs with proceeds of a future debt issuance. This resolution allows the town the flexibility to proceed with the project and then reimburse the town's fund balances with the debt proceeds at a later date.

Adoption of this type of resolution was recommended by our Financial Advisory firm and our Bond Council.

Timing Impact:
The project is expected to commence following execution of the contract. The resolution will be effective upon adoption.

Strategic Focus Area:
Strong Fiscal Stewardship
Strong Fiscal Stewardship

Fiscal Impact:
The FY 2026 Adopted Budget includes $3 million in appropriate funds for the Energy Performance Project. Additional costs are expected to be included in the FY 2027 budget submission.

Legal Impact:
The adoption of this Resolution confirms “official intent” within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

Staff Recommendation/Next Steps:
Staff recommends adoption of the resolution.

Attachments:
1. Resolution (Proposed)