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7/8/2020	1	City Council Work Session	presented	

Briefing on Environmental Impact Bonds (EIB)

PURPOSE/BACKGROUND:

The City's financial advisors will brief City Council on the strategy of issuing Environmental Impact Bonds (EIBs) for the upcoming sale of Stormwater backed bonds to fund the next set of Resilient Hampton Projects.

City staff and our financial advisors have been working with Quantified Ventures in partnership with the Chesapeake Bay Foundation to explore the viability of using EIBs to fund our Resilient Hampton Projects. EIBs are a new financing tool that appeals to environmentally conscientious investors who wish to support innovative projects that address sea level rise and other environmental issues.

The City's financial advisors have evaluated EIBs and recommended using them for our next series of Stormwater bonds. These EIBs will include additional disclosures on the performance of the projects being financed. Staff planned to evaluate the performance of these projects to inform future project design so the bonds will not incur additional costs beyond what the City planned to spend. These EIBs may achieve a lower interest rate if they attract buyers who are willing to accept a lower return to support their purpose. However, since this form of financing is so new, achieving a lower interest rate than standard General Obligation Bonds is uncertain.

Recommendation:

Receive the briefing.