

**Item Title:** Public Hearing on Proposed 2025 Installment Financing Agreement for Schools not to exceed \$703,647,000

**Specific Action Requested:**  
**That the Board of Commissioners:**

- 1. Holds a public hearing at the July 7, 2025, Board of Commissioners meeting on the proposed installment financing agreement and the transfer of certain school property to the County; and**
- 2. Adopts an authorizing resolution providing for the issuance of Series 2025 Installment Financing Agreement for Schools not to exceed \$703,647,000.**

**Item Summary:**

**Purpose:** State statute (NC G.S.160A-20) requires Board approval of certain types of debt, including installment financing agreement bank draw programs.

**Background:** This Board action is the final of two required Board actions for the issuance of the Proposed 2025 Installment Financing Agreement for Schools not to exceed \$703,647,000 ("2025 Schools Draw Program") which will provide short-term construction period financing through a Bank for certain WCPSS ("Schools") projects. Prior Board action was taken at the Board's June 16, 2025 regular meeting, where the Board adopted a Findings Resolution and called for a Public Hearing on the 2025 Schools Draw Program to be held at the Board's regular meeting on July 7, 2025. The 2025 Schools Draw Program will be the initial temporary debt funding source for certain Schools projects to be appropriated in FY2026 and FY2027. Those Schools projects will include several new school facilities, major renovations, partial renovations, life cycle improvements, and other programmatic needs.

**Board Goal:** The proposed action complements Wake County's Strategic Plan, Lifelong Learning Goal 4: *By 2029, three out of four residents asked will share that Wake County has high-quality education-based facilities, including schools, libraries, and other educational resources.*

**Fiscal Impact:** The proposed 2025 Schools Draw Program has been anticipated in the County's Debt and Capital Model and the associated closing costs and future debt service have been incorporated into the County's proposed FY2026 Budget.

**Additional Information:**

Since 2016, as need arose for County to issue debt to provide for Schools and Wake Tech major capital needs (the two largest and most robust capital programs supported by County), the County has utilized a temporary short-term Bond Anticipation Note (BAN) strategy whereby a bank-issued BAN, or loan, is secured in the short-term to allow the County to make draws under the BAN to initially reimburse for capital project expense incurred during the 4 to 5 year lifecycle of the BAN. Then, from time to time at appropriate intervals during the lifecycle of the BAN, the County will convert to permanent debt the accumulated draw balance under the BAN by issuing permanent bonds ("take-out"), whether by issuing General Obligation ("GO") bonds or Limited Obligation Bonds ("LOBs"). A bond take-out typically occurs 3 or 4 times during the lifecycle of each BAN.

Now is the appropriate time for the County to issue the 2025 Schools Draw Program to be the initial temporary debt source to fund certain Schools capital projects to be appropriated in FY2026 and FY2027.

## Schools CIP Projects for FY2026 and FY2027

School CIP Projects		FY2026	FY2027	2-yr Total
<b>New Construction*</b>				
	Morrisville HS	\$ 30,379,000	\$ -	\$ 30,379,000
	Parkside MS	\$ 76,221,000	\$ 55,122,344	\$ 131,343,344
	Poole Rd ES	\$ -	\$ 5,500,000	\$ 5,500,000
		<b>\$ 106,600,000</b>	<b>\$ 60,622,344</b>	<b>\$ 167,222,344</b>
<b>Major Renovation*</b>				
	North Garner MS	\$ 56,275,913	\$ -	\$ 56,275,913
	Lockhart ES	\$ 51,500,000	\$ 17,602,243	\$ 69,102,243
	Brentwood ES	\$ 42,700,000	\$ 25,047,485	\$ 67,747,485
	Athens Drive HS	\$ -	\$ 74,798,947	\$ 74,798,947
	Briarcliff ES	\$ -	\$ 66,000,000	\$ 66,000,000
	Cary HS	\$ -	\$ 6,300,000	\$ 6,300,000
		<b>\$ 150,475,913</b>	<b>\$ 189,748,675</b>	<b>\$ 340,224,588</b>
<b>Program Requirements</b>				
	Life Cycle Building Components	\$ 45,900,000	\$ 46,800,000	\$ 92,700,000
	Life Cycle Furniture	\$ 2,300,000	\$ 2,400,000	\$ 4,700,000
	Educational Equipment	\$ 4,000,000	\$ 4,200,000	\$ 8,200,000
	Environmental / ADA	\$ 1,200,000	\$ 1,300,000	\$ 2,500,000
	Temporary Classrooms / Mobiles	\$ 3,000,000	\$ 3,100,000	\$ 6,100,000
	Partial Renovation Improvement Projects (PRIMP)	\$ 20,000,000	\$ 20,000,000	\$ 40,000,000
	Program Contingency	\$ 10,900,000	\$ 10,100,000	\$ 21,000,000
	Program Management	\$ 10,900,000	\$ 10,100,000	\$ 21,000,000
	Technology Devices	\$ 27,300,000	\$ 28,100,000	\$ 55,400,000
	Technology Infrastructure	\$ 7,400,000	\$ 7,600,000	\$ 15,000,000
	Security	\$ 5,200,000	\$ 5,400,000	\$ 10,600,000
	Assessments	\$ 600,000	\$ 600,000	\$ 1,200,000
	Land/ Property Acquisition	\$ -	\$ 13,000,000	\$ 13,000,000
	Space Needs Analysis & Prioritization (SNAP)	\$ 17,000,000	\$ 17,500,000	\$ 34,500,000
		<b>\$ 155,700,000</b>	<b>\$ 170,200,000</b>	<b>\$ 325,900,000</b>
<b>Total Schools Projects</b>		<b>\$ 412,775,913</b>	<b>\$ 420,571,019</b>	<b>\$ 833,346,932</b>
<i>*does not necessarily represent total project cost of respective projects</i>				

## County Funding & Timing

Funding Sources & Appropriation Timing		FY2026	FY2027	2-yr Total
<b>County Funding Sources</b>				
	Cash	\$ 57,500,000	\$ 72,200,000	\$ 129,700,000
	Debt	\$ 355,275,913	\$ 348,371,019	\$ 703,646,932
<b>Total County Funding</b>		<b>\$ 412,775,913</b>	<b>\$ 420,571,019</b>	<b>\$ 833,346,932</b>
<b>BOC Appropriation</b>				
	Cash	June 2025	June 2026	
	Debt	August 2025	July 2026	

## Location of Major School Projects

School	Construction Type	Location
Morrisville HS	New	Morrisville
Parkside MS	New	Morrisville
Poole Road ES	New	Raleigh
North Garner MS	Major Renovation	Garner
Lockhart ES	Major Renovation	Knightdale
Brentwood ES	Major Renovation	Raleigh
Athens Drive HS	Major Renovation	Raleigh
Briarcliff ES	Major Renovation	Cary
Cary HS	Major Renovation	Cary

## Collateral Pledge Required

Since the 2025 Schools Draw Program is a non-GO based installment financing agreement, with corresponding planned future LOBs take-out financings, collateral is required to be pledged to support the debt. The generally accepted collateral pledge amount is 50% of the maximum value of the Draw Program. The County collaborated and worked in close partnership with Schools staff to identify five school sites to be pledged as collateral to support the 2025 Schools Draw Program. Estimated value upon completion of all collateral pledge School facilities far exceeds the 50% valuation threshold. After the Board of Education conveys these five properties to the County, they will be held in a Deed of Trust to support the 2025 Schools Draw Program and then subsequently moved to support associated future LOBs take-out financings:

School	Construction Type	Current Tax Value	Est. Project Cost
North Garner MS	Major Renovation	\$ 26,431,815	\$ 114,595,277
Lockhart ES	Major Renovation	\$ 14,695,421	\$ 81,006,610
Brentwood ES	Major Renovation	\$ 14,206,450	\$ 73,997,485
Athens Drive HS	Major Renovation	\$ 72,108,109	\$ 82,798,847
Briarcliff ES	Major Renovation	\$ 14,092,196	\$ 76,090,522
		\$ 141,533,991	\$ 428,488,741

The future LOBs take-out financings, which will convert to permanent debt the drawn amount under the 2025 Schools Draw Program, are currently anticipated to occur four times for the 2025 Schools Draw Program – that being annually each Spring beginning in Spring 2026 and concluding in Spring 2029. Concurrent with each respective planned future LOBs issuance, the County intends to systematically release one or more of the collateral-pledge School sites from the Deed of Trust supporting the 2025 Schools Draw Program and move the associated collateral-pledge School site(s) to a new Deed of Trust to support the associated planned future LOBs issuance.

## **Bank Provider Selected**

In collaboration with its Financial Advisor, a few weeks ago the County conducted a public RFP process in which banks had the opportunity to submit a proposal to be provider of the 2025 Schools Draw Program. After in depth analysis of all proposals and the multiple terms, features, options, and costs presented therein, the County awarded the 2025 Schools Draw Program to Truist Bank, submitter of the lowest-cost proposal.

## **Remaining Steps and Proposed Board Action**

The proposed action is the final of two board actions required for issuance of the 2025 Schools Draw Program. The Board of Education will consider a resolution at their July 15, 2025, regular meeting to convey to the County the five School sites to be pledged as collateral and authorize a lease arrangement to lease back from the County (at no cost) the same five School sites for the continued or future operation of a school on each respective site. The Local Government Commission will consider authorization of the 2025 Schools Draw Program at their August 5, 2025, regular meeting and the closing of the 2025 Schools Draw Program is planned for August 12, 2025. The Board is scheduled to consider the FY2026 debt appropriation of Schools capital projects (to be funded by Proposed 2025 Schools Draw Program) at its August 18, 2025, Board meeting.

Upon the conclusion of today's scheduled Public Hearing on the Proposed 2025 Schools Draw Program, the Board of Commissioners is asked to adopt the attached authorizing resolution for issuance of Proposed 2025 Installment Financing Agreement for Schools not to exceed \$703,647,000.

## **Attachments:**

1. Presentation
2. Draft Authorizing Resolution prepared by County's Bond Counsel