

Item Title: Public Hearing and Adoption of Resolutions Authorizing the Issuance and Sale of \$190,000,000 of General Obligation Refunding Bonds

Specific Action Requested:
That the Board of Commissioners:

- 1. Conducts a public hearing regarding the issuance of \$190 million of general obligation refunding bonds; and**
- 2. At the close of the public hearing, adopts the attached bond order authorizing \$190 million general obligation refunding bonds.**

Item Summary:

On September 6, 2016, the Board of Commissioners introduced and passed on first reading an order authorizing \$190 million of general obligation refunding bonds for the purposes of refunding Series 2003 B & C and Series 2007 A & B variable rate school bonds. As required by The Local Government Bond Act, a public notice was published in *The News and Observer*. The Act also requires a public hearing regarding the issuance of \$190 million of general obligation refunding bonds. In order to proceed with issuing the refunding bonds, it is necessary for the Board of Commissioners to authorize the bond order on second reading, at the conclusion of the public hearing.

The County has reviewed the amortization schedule of its variable rate debt and a projection of interest rates for the variable rate program. Currently, the County is modeling a total cost for its variable rate program of 0.835% in FY 2017 increasing incrementally to 3.0% in FY 2023 as the fed fund rate increases over the next few years. The current amortization schedule has the last payment for the County's variable rate debt in FY 2026. Due to historic low interest rates for fixed rate debt, the County is in a position to refund its existing variable rate debt to fixed rate debt, and issue ten year fixed rate debt at a projected true interest cost of 1.10 percent.

The County has a policy that it will issue variable rate debt, however it shall generally not exceed 25 percent of the County's outstanding debt. As the County issues additional bond anticipation notes and draws down on these notes, the refunding of the County's existing variable rate debt will allow for the County to remain within its policies as it issues additional notes for new programs for WCPSS and Wake Tech and other county needs.

It is requested that the Board of Commissioners adopts the attached bond resolution authorizing the issuance and sale of \$190,000,000 of refunding bonds. The final amount of refunding bonds will be determined at the time of sale based upon the bids received to purchase the bonds. In addition to the bond resolution, a preliminary bond financing calendar is attached. The refunding bonds are scheduled for competitive sale through the Local Government Commission on October 18, 2016.

Attachments:

1. Bond Resolution
2. Bond Financing Calendar