

Item Title: Proposed 2018 Installment Financing Agreement not to exceed \$385,000,000

Specific Action Requested:
That the Board of Commissioners:

- 1. Adopts a resolution making certain findings and determinations regarding the financing of the construction and equipping of certain public school and community college facilities pursuant to an installment financing agreement; and,**
- 2. Calls for a public hearing at the July 23, 2018 Board of Commissioners meeting on the agreement and the transfer of certain school property to the County; and**
- 3. Requests the Local Government Commission to approve the financing arrangement.**

Item Summary:

Purpose:	State statute (160a-20) requires Board approval of certain types of debt, including installment financing agreement bank draw programs. The current Board action is the first of two required authorizations for the issuance of the proposed installment financing agreement ("2018 Draw Program") which will provide short-term construction period financing thru a Bank for certain WCPSS and Wake Tech projects.
Background:	The proposed 2018 Draw Program will fund fiscal year 2019 capital needs for WCPSS and Wake Tech.
Board Goal:	The current Board action complements Education Initiative E2.2 - In partnership with WCPSS and Wake Tech, support a 2018 WCPSS bond referendum, and continue implementing financing strategies to address needs identified in the 7-year CIP.
Fiscal Impact:	Since the proposed 2018 Draw Program has been anticipated in the County's Debt and Capital Model, the associated closing costs and future debt service are already incorporated into the County's FY2019 Proposed Budget.

Additional Information:

The County last held a bond referendum for Schools and Wake Tech, respectively, in October 2013 (\$810 million) and November 2012 (\$200 million). Because no GO bond authorization remains from those prior approved referenda for Schools or Wake Tech, the

County authorized funding Schools and Wake Tech capital needs for fiscal years 2017 and 2018 capital needs through the issuance of limited obligation bonds (LOBs). The County's current practice to issue short-term construction period bank financing before issuing permanent takeout LOBs achieves savings for benefit of the County and its citizens. The proposed 2018 Draw Program will fund WCPSS and Wake Tech's fiscal year 2019 capital needs, with ultimate intent for the 2018 Draw Program to be taken out with permanent LOBs at the appropriate time(s) in the future.

The 2018 Draw Program will be awarded to a Bank subsequent to the conclusion of an RFP process currently underway. The specific terms and conditions of the 2018 Draw Program are not yet known but are anticipated to be commensurate to recent Bank draw programs authorized by the County.

The fiscal year 2019 capital needs for the WCPSS and Wake Tech, respectively, is \$305,599,000 and \$74,919,000, for a total of \$380,518,000. Rounding up to nearest \$5 million for a not to exceed amount of \$385,000,000 is customary for a bank draw program RFP. It should be noted the County will only draw against the 2018 Draw Program in the amounts of the respective Schools and Wake Tech capital project funding appropriations.

FY2019 Capital Needs: An attachment is included in the Board packet denoting the FY2019 Schools and Wake Tech respective capital projects and amounts.

At this time, the Board of Commissioners is asked to adopt the attached resolution making findings and determinations regarding the proposed debt issuance, schedule a public hearing for the July 23, 2018 meeting of Board of Commissioners regarding the proposed Bond issuance, and approve the filing of an application to the Local Government Commission for approval of the proposed debt issuance.

Attachments:

1. Draft Preliminary Resolution prepared by County's Bond Counsel
2. Notice of Public Hearing to be Published
3. FY2019 Capital Needs List – Schools and Wake Tech