

Item Title: General Obligation Bond Referenda for Schools, Wake Tech, and Parks, Recreation, and Open Space for November 2018 Ballot

Specific Action Requested:
That the Board of Commissioners:

- 1. Adopts a resolution making certain findings and determinations;**
- 2. Directs the publication of a notice of intent to file an application with the Local Government Commission and the filing of said application; and**
- 3. Schedules a bond referendum date; all in connection with the proposed issuance of general obligation bonds by the County.**

Item Summary:

Purpose: State statute (*Chapter 159 Article 4*) requires a series of Board actions for the County to hold a bond referendum. The current Board action is the first of those required actions to take place over coming months, culminating with referenda questions appearing on the November 6, 2018 Wake County voter ballot.

Background: The proposed bond referenda are intended for the County's respective capital needs for Schools (not to exceed \$548 million for fiscal years 2020-2021); Wake Tech (not to exceed \$349.1 million for fiscal years 2020-2023); and Parks, Recreation and Open Space (not to exceed \$120 million for fiscal years 2020-2025).

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: Future bonds to be issued under the proposed respective bond referenda authorizations have been fully anticipated in the County's Debt and Capital Financial Model.

Additional Information:

A successful voter approved bond referendum authorizes the future issuance of General Obligation (GO) bonds by the County for specific respective designated purposes.

The County has modeled future capital expenditures for Schools, Wake Tech and PROS to be funded initially by short-term construction period GO BAN draw programs with ultimate intent to be taken out with future GO bond issuances. The practice to issue construction period financing before issuing permanent GO Bonds for Schools, Wake Tech and PROS capital needs is consistent with recent County practice and methodology, and achieves savings for benefit of the County and its citizens.

The current Board action is the first of several actions required for referenda questions to appear on the November 6, 2018 Wake County voter ballot. A calendar of relevant dates and events related to the Referendum is included in the Board packet as an attachment.

Schools - \$548 Million Proposed Bond Referendum

The County last held a bond referendum for Schools in October 2013. The \$810 million bond passed with 57.7% voter approval. Permanent GO bonds eligible to be issued under that authorization have either already been issued, or are committed to be issued in the near future upon takeout of short-term GO BANs draw programs currently underway. Due to the County not having held a voted Schools bond referendum since October 2013, the Board authorized the issuance of LOBS for Schools capital needs for fiscal years 2017, 2018 and 2019.

On May 15, 2018, the Wake County Board of Education adopted a resolution requesting and petitioning the Wake County Board of Commissioners to take all necessary steps by issuance of bonds or otherwise to provide funds totaling \$2,446,480,009 for Wake County Public School System (WCPSS) capital projects for fiscal years 2019 through 2025.

Bonds to be issued under the currently proposed Schools referendum total an amount not to exceed \$548 million and will fund the Schools capital needs for fiscal years 2020 and 2021 (2 years). The proposed bonds will be combined with an estimated \$104.587 million in cash funding. Proposed projects to be completed in this two-year program include, but are not limited to: construction of one new elementary and one new middle school; completion of renovations at six schools; design work for several future construction and renovation projects; land acquisition; and acquisition of technology, security, and educational equipment. An attachment is included in the Board packet which denotes specific School projects with funding levels.

Wake Tech - \$349 Million Proposed Bond Referendum

The County last held a bond referendum for Wake Tech in November 2012. The \$200 million bond passed with 72.9% voter approval. Permanent GO bonds eligible to be issued under that authorization have either already been issued, or are committed to be issued in the near future upon takeout of short-term GO BANs draw programs currently underway. Due to the County not having held a voted Wake Tech bond referendum since November 2012, the Board authorized the issuance of LOBS for Wake Tech capital needs for fiscal years 2017, 2018 and 2019.

Bonds to be issued under the currently proposed Wake Tech referendum total an amount not to exceed \$349.1 million and will fund Wake Tech's capital needs for fiscal years 2020 thru 2023 (4 years). The proposed bonds will be combined with an estimated \$35.066 million in cash funding. Proposed projects to be completed in this four-year program include, but are not limited to: completion of the North Wake Campus Automotive and Collision Repair facility; completion of parking decks for the North Wake, Southern Wake, and RTP campuses; completion of the PSEC Simulation Building; campus-wide renovations, repairs, and infrastructure upgrades; and acquisition of technology equipment. An attachment is included in the Board packet which denotes specific Wake Tech projects with funding levels.

Parks, Recreation and Open Space (PROS) - \$120 Million Proposed Bond Referendum

The County last held a bond referendum for Parks and Recreation in June 1993, and for Open Space in October 2007. The \$10 million and \$50 million respective bond referenda passed with 50.5% and 71.4% voter approval. Permanent GO bonds have already been issued for all prior Parks, Recreation and Open Space bond authorizations.

Future bonds to be issued under the currently proposed \$120 million PROS referendum will fund PROS capital needs for fiscal years 2020 thru 2025 (6 years). Projects to be funded with this program include future acquisition and development of open space and greenways for recreation purposes; improvements, repairs, and renovations to existing County park facilities; and acquisition and development of new County park facilities. County staff is still refining the list of proposed projects to be included in this capital program.

Recommendation

At this time, staff recommends the Board of Commissioners adopts a resolution making certain findings and determinations; directs the publication of a notice of intent to file an application with the Local Government Commission and the filing of said application; and schedules a bond referendum date; all in connection with the proposed issuance of general obligation bonds by the County.

Attachments:

1. Draft Preliminary Resolution prepared by County's Bond Counsel
2. Chart showing referenda levels, future tax impact, and timing of anticipated Board action on future tax impact
3. Schools projects for FY 2020-2021
4. Wake Tech projects for FY2020-2023
5. Fall 2018 Referendum Calendar