

Item Title: Proposed 2019A GO Public Improvement Bonds (associated with the approved 2012 Wake Tech and 2013 School bond referenda) and 2019B GO Refunding Bonds

Specific Action Requested:

That the Board of Commissioners adopts the attached bond order and resolutions which:

- 1. Authorizes the sale and issuance of Series 2019A General Obligation Public Improvement Bonds (“2019A Bonds”) in an amount not to exceed \$169,240,000 to refinance the County’s Series 2016A&B Bond Anticipation Notes (“2016 Notes”) and 2017A&B Bond Anticipation Notes (“2017 Notes”) previously issued for school and community college capital needs and to provide additional funds for such purpose;**
- 2. Authorizes Series 2019B General Obligation Refunding Bonds (“2019B Bonds”) in an amount not to exceed \$125,000,000 to refinance certain maturities of the County’s Series 2009B General Obligation Bonds (“2009B Bonds”);**
- 3. Directs filing of Sworn Statement of Debt and Statement of Estimated Interest with the Board Clerk; and**
- 4. Authorizes the sale and issuance of the Series 2019B General Obligation Refunding Bonds described in item 2 above.**

Item Summary:

Purpose: State statute requires Board approval of voter authorized General Obligation debt (N.C.G.S. 159-54) and filing of related documents with Board Clerk (N.C.G.S. 159-55).

Background: In 2016 and 2017, the County authorized short-term draw programs for capital needs approved by voters in the 2012 Wake Tech and 2013 Schools referenda. The proposed Board actions will convert drawn balances of the 2016 Notes and 2017 Notes to permanent debt by issuing 2019A Bonds. Any funding authorized but not yet used under the 2016 Notes and 2017 Notes also will be funded from the proceeds of the 2019A Bonds.

The proposed Board actions also will refund certain maturities of the County’s existing 2009B Bonds to a lower interest rate by issuing 2019B Bonds.

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: The proposed 2019A Bonds are anticipated in the County's Debt and Capital Financial Model along with related future debt service. The 2019B Bonds will yield economic savings and reduce debt service currently programed in the Model.

Additional Information:

Proposed Series 2019A GO Public Improvement Bonds

2016 Notes and 2017 Notes Previously Authorized

As planned in the County's Debt and Capital Financial Model, the County funds certain school and community college capital needs during their construction period by using short-term draw programs. This method provides short-term economic savings over the upfront issuance of GO bonds for part or all the voter-approved funding.

The County previously authorized draw programs for capital needs approved by voters in the 2012 Wake Tech and 2013 Schools referenda via the 2016 Notes and 2017 Notes.

Portions of 2016 Notes and 2017 Notes Were Previously Converted to GO Bonds

Also, as planned in the model, from time to time, the County will take out the drawn balances of its short-term draw programs and convert to permanent GO bonds.

March 2017 - County issued \$82,415,000 Series 2017B GO Public Improvement Bonds to refund the drawn balance of 2016 Notes.

March 2018 - County issued \$197,745,000 Series 2018A GO Public Improvement Bonds to again refund the drawn balance of the 2016 Notes

Remaining Balance of 2016 and 2017 Notes to be Converted to Proposed 2019A Bonds

The proposed 2019A Bonds will generate proceeds sufficient to (a.) take out the drawn balances of both the 2016 Notes and 2017 Notes and convert to permanent bonds, and (b.) provide funding for any remaining unused note authorization, extinguishing both the 2016 Notes and 2017 Notes.

Proposed Series 2019B GO Refunding Bonds

As part of an ongoing effort to seek cost-saving measures, the County continually monitors opportunities whereby it can achieve savings by refunding existing debt at a lower interest rate than the rate at which it was originally issued.

The proposed 2019B Bonds will refund up to \$125 million of outstanding 2009B Bonds maturing in years 2020 – 2026 to achieve debt service savings for the County and its citizens. The County is projected to achieve gross savings exceeding \$8 million by pursuing this refunding opportunity. Actual gross savings achieved will not be known until

the date of the bond sale on January 15, 2019. Projected savings are subject to change with daily bond market fluctuation up to, and including, the date of the sale of bonds.

Proposed transactions will be considered for approval by Local Government Commission on December 4, 2018. Sale of the bonds will occur on January 15, 2019 by competitive bid basis with lowest-cost bidder to be awarded the bonds. Closing is expected to be January 30, 2019.

Also attached herein: a list of certain projects funded by 2016 and 2017 Notes to be converted to 2019A Bonds; and a form of Escrow Agreement required for proper retirement of the 2009B bonds upon being converted to 2019B Bonds.

At this time, Staff recommends the Board of Commissioners (1.) adopts attached resolution which provides for the sale and issuance of 2019A Bonds to refinance a like amount of bond anticipation notes previously issued for school and community college needs and to provide additional funds for such purposes; (2.) adopts attached Bond Order authorizing up to \$125,000,000 of 2019B Bonds; (3.) directs filing of attached Sworn Statement of Debt, and Statement of Estimated Interest with Board Clerk; and (4.) adopts attached resolution which provides for the sale and issuance of 2019B Bonds.

Attachments:

1. Presentation
2. Issuance Resolution – 2019A Bonds
3. Bond Order – 2019B Bonds
4. Sworn Statement of Debt
5. Statement of Estimated Interest
6. Issuance Resolution – 2019B Bonds
7. Projects Funded by 2016 and 2017 Notes
8. Form of Escrow Agreement for Retirement of 2009B Bonds