

**Item Title:** Proposed 2019 Limited Obligation Bonds not to exceed \$240,000,000

**Specific Action Requested:**

**That the Board of Commissioners adopts the attached resolution which:**

- 1. Makes certain findings and determinations regarding the proposed issuance of Limited Obligation Bonds (“2019 LOBs”) not to exceed \$240,000,000; and,**
- 2. Schedules a public hearing for June 3, 2019 regarding the County’s proposed bond issuance; and**
- 3. Approves the filing of application to the Local Government Commission for the approval of the financing arrangement.**

**Item Summary:**

**Purpose:** When the County seeks to issue limited obligation bonds, Board approval is required under *NC G.S. 160a-20*. This is first of two required Board actions for authorization of proposed 2019 LOBs with final action to be considered at June 3, 2019 Board meeting.

**Background:** In 2017 the Board authorized a \$334,349,000 short-term draw program with Wells Fargo to fund certain and respective WCPSS and WTCC capital needs for FY2017 and FY2018. In 2018 the Board authorized a \$55,317,000 extension to the draw program (increasing total authorization to \$389,666,000) to fund certain and respective WCPSS and WTCC capital needs for remainder of FY2018.

In 2018 the Board authorized a separate \$385,000,000 short-term draw program with Bank of America to fund certain and respective WCPSS and WTCC capital needs for entirety of FY2019.

Proposed 2019 LOBs is a take-out financing to convert drawn portions, and certain undrawn portions, of both Wells Fargo and Bank of America draw programs to permanent bonds. Because the County’s draw programs and LOBs financings each require pledged collateral, deeds for Willow Springs High School and Parkside Elementary will be transferred from the County’s Deed of Trust for draw programs to the County’s Deed of Trust for LOBs.

Proposed 2019 LOBs is commensurate with current County practice of utilizing short-term construction period draw programs and then, from time to time and as appropriate, converting to permanent bonds. This will be the second of three planned take-out bond financings for the 2017 Wells Fargo draw program (2018A LOBs in June 2018), and the first of three planned take-out bond financings for the 2018

Bank of America draw program. There are no new projects associated with proposed 2019 LOBs as all projects were previously authorized and appropriated with respective draw programs.

Board Goal: Proposed Board action complements the Board's Education initiative **E2.1.** - *Implement financing strategies to address needs identified in the Capital Improvement Plan.*

Fiscal Impact: Proposed 2019 LOBs are anticipated in the County's Debt and Capital Financial Model and associated future debt service has been incorporated into proposed FY 2020 Debt Service Fund Budget.

**Additional Information:**

The proposed 2019 LOBs will convert drawn portions, and certain undrawn portions, of both the 2017 Wells Fargo draw program and 2018 Bank of America draw program to permanent bonds.

**2017 Wells Fargo Draw Program Capital Projects**

Capital projects originally identified to be funded by the \$389,666,000 authorized under the Wells Fargo draw program are as follows:

<b>WCPSS</b>	<b>Amended Budget</b>
<b><u>NEW SCHOOLS</u></b>	
South Lake Elementary	\$ 1,000,000
Alston Ridge Middle	60,365,156
Willow Spring High	89,211,346
High School -H15 (Capital Blvd)	65,213
Parkside Elementary	2,000,000
Barton Pond Elementary	36,087,976
<b><u>REPAIRS &amp; RENOVATIONS</u></b>	
Apex High	95,386,246
Vandora Springs Elementary	33,679,000
East Wake Middle	1,000,000
Fuquay Varina High	2,200,000
Fuller Elementary	2,000,000
York Elementary	2,000,000
West Millbrook Middle	1,934,787
Wiley Elementary	7,388,112

**OTHER**

Public Infrastructure	5,495,291
Property Acquisition	10,000,000
Program Contingency	199,849

<b>Total WCPSS</b>	<b>350,013,000</b>
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**WTCC****Amended Budget****NEW FACILITIES**

RTP Classroom Building 2	6,926,220
Renovation of Power Mechanics	2,495,380
NWC Automotive & Collision Repair	6,270,060

**REPAIRS & RENOVATIONS**

Campuswide R&R, Alterations, Minor Capital	6,172,589
Campuswide Infrastructure Upgrades	14,937,900

**OTHER**

Main Facilities Mgmt. & Warehouse Building	2,849,610
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<b>Total WTCC</b>	<b>39,652,000</b>
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<b>Total Projects - 2017 Wells Fargo Draw Program</b>	<b>\$ 389,665,000</b>
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The proposed 2019 LOBs will convert to permanent bonds the drawn amount of \$110,687,663 plus undrawn amount of \$59,312,337 under the 2017 Wells Fargo draw program authorization. The deed for Willow Springs High School will be released as collateral to the draw program, reflecting the reduced authorization remaining under the draw program, and transferred as collateral to support the proposed LOBs.

**2018 Bank of America Draw Program Capital Projects**

Capital projects originally identified to be funded by the \$385,000,000 authorized under the Bank of America draw program are as follows:

**WCPSS****Amended Budget****NEW SCHOOLS**

Southlake Elementary	\$ 39,877,488
Parkside Elementary	22,087,796
Northridge Elementary	25,955,711

**REPAIRS & RENOVATIONS**

East Wake Middle	57,932,814
Fuquay-Varina High School	32,654,126
Conn Elementary	21,533,023
Wiley Elementary	18,000,000
Stough Elementary	11,669,486

**OTHER**

Technology Devices	22,200,000
Technology Infrastructure	6,000,000
Program Management	10,244,003
Property Acquisition	10,300,000
School Designs	4,000,000
Life Cycle Improvements	7,000,000
Life Cycle Furniture	1,900,000
Educational Equipment	1,000,000
Environmental / ADA	4,000,000
Program Contingency	9,244,003

<b>Total WCPSS</b>	<b>305,598,450</b>
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**WTCC****Amended Budget****FACILITIES CONSTRUCTION**

RTP - Classroom Building 2	37,068,580
Main Facilities Mgmt & Warehouse Bldg.	16,147,790
Technology Acquisitions & Facility Alterations	10,033,000
Advance Industries Bldg / Parking Deck	3,954,561
SWC Renovation of Power Mechanics	311,520

**REPAIRS & RENOVATIONS**

Mech Equip Replacement	800,000
HVAC Controls	637,911
Elevator Repairs HSB, SSB Passenger, PLM	816,386
Envelope Upgrades	886,500
Electrical Repairs	836,849
Life Safety Equipment	465,257
PHSC Miscellaneous Renovations	210,270

**INFRASTRUCTURE**

Security Camera Upgrades	1,400,000
Accessibility Upgrades & Ped Bridge	467,931
S. Loop/Tech Road/HWY 401 Imp. & Paving	882,240

<b>Total WTCC</b>	<b>74,918,795</b>
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<b>Total Projects - 2018 Bank of America Draw Program</b>	<b>\$ 380,517,245</b>
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The proposed 2019 LOBs will convert to permanent bonds the drawn amount of \$15,287,771 plus undrawn amount of \$51,712,229 under the 2018 Bank of America draw program authorization. The deed for Parkside Elementary will be released as collateral to the draw program, reflecting the reduced authorization remaining under the draw program, and transferred as collateral to support the proposed LOBs.

### **Total Funding Needs**

Total needs for the proposed 2019 LOBs not to exceed \$240,000,000 are as follows:

Prior Authorized Projects – Wells Fargo / Drawn Amount	\$110,687,663
Prior Authorized Projects – Wells Fargo / Under Construction	59,312,337
Prior Authorized Projects – Bank of America / Drawn Amount	15,287,771
<u>Prior Authorized Projects – Bank of America / Under Construction</u>	<u>51,712,229</u>
<b>Total Funding Needs for Proposed 2019 LOBs</b>	<b>\$237,000,000</b>

Additional detail and current project status for projects funded by both 2017 and 2018 draw programs is included as attachment in the Board packet. The second and final action for proposed 2019 LOBs will be considered at June 3, 2019 Board meeting.

At this time, the Board of Commissioners is asked to adopt the attached resolution making certain findings and determinations regarding the proposed issuance of Limited Obligation Bonds to refinance a portion of the County's obligations under installment financing agreements, providing for the financing of the construction and equipping of certain public school and community college facilities, and to finance additional public school improvements; calling a public hearing; and requesting the Local Government Commission to approve the financing arrangement.

### **Attachments:**

1. Draft Resolution
2. Notice of June 3, 2019 Public Hearing to be published
3. Status of capital projects under Wells Fargo / Bank of America Draw Programs