

2019 Limited Obligation Bonds

Public Hearing & Authorizing Resolution
June 3, 2019



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Background for Today's Request

- *NC G.S. 160A-20* requires Board approval of LOBs
- Prior April 15, 2019 Board action:
 - Authorized Findings Resolution
 - Scheduled today's public hearing
 - Directed staff to submit application to LGC for approval
- Today's request is last of two required Board actions
 - Conduct public hearing
 - Adopt authorizing resolution

Purpose of 2019 LOBs

- Converts portions of 2017 Wells Fargo and 2018 Bank of America draw programs to permanent bonds
- Transfers certain collateral currently supporting draw programs to support County LOBs

Willow Spring
High School

Parkside
Elementary

***Willow Spring High School
Opens Fall 2019***



***Parkside Elementary
Opens Fall 2019***



Funding Needs Summary

Prior Authorized Projects – Wells Fargo / Drawn Amount	\$ 122,315,521
Prior Authorized Projects – Wells Fargo / Under Construction	<u>47,684,479</u>
	170,000,000
Prior Authorized Projects – Bank of America / Drawn Amount	26,107,457
Prior Authorized Projects – Bank of America / Under Construction	<u>40,892,543</u>
	67,000,000
Total Funding Needs for Proposed 2019 LOBs	\$ 237,000,000

Financing Structure

- Local Government Commission to consider at June 4, 2019 meeting
- LOBs sold to investors on June 11-12, 2019
 - Wells Fargo as Senior Managing Bank
 - PNC Bank and Raymond James as Co-Managing Banks
- Semi-annual fixed interest rate; Level principal repayment
 - Interest payments March and September
 - Annual principal payments beginning September 1, 2020
- 19 year maturity as planned in Debt and Capital Model
- Financing to close June 27, 2019

Timing & Fiscal Impact Anticipated

Timing

Proposed 2019 LOBs are matter of due course; long anticipated in County's Debt and Capital Model

Costs

Associated closing costs included in FY 2019 Adopted Budget; associated new debt service included in proposed FY 2020 Budget

Relevant Board Goal

2019 Board of Commissioners *Initiative E2.1*

Implement financing strategies to address needs identified in the Capital Improvement Plan

Takeaways

- Replaces short-term financing with long-term financing
- Associated projects already authorized (no new projects)
- Two School properties (i.e., collateral) to be transferred from Deed of Trust on draw programs to Master Deed of Trust supporting County's LOBs
- Timing & associated fiscal impact were anticipated in County Model; incorporated in County's FY2019 and FY2020 Budgets

Questions

Public Hearing

Requested Board Action

Adopt a resolution authorizing the execution and delivery of Limited Obligation Bonds of the County in an amount not to exceed \$240,000,000 and related documents in connection with the financing and refinancing of certain public school and community college improvements