

Item Title: Proposed Series 2020A and 2020B General Obligation Refunding Bonds not to exceed \$77,000,000

Specific Action Requested:
That the Board of Commissioners:

- 1. Adopts a Resolution making certain findings and determinations and authorizing and ratifying the filing of an application with the Local Government Commission in connection with the proposed issuance of General Obligation Refunding Bonds by the County of Wake, North Carolina;**
- 2. Introduces and adopts a Bond Order authorizing \$77,000,000 General Obligation Refunding Bonds;**
- 3. Directs filing of Sworn Statement of Debt and Statement of Estimated Interest with the Board Clerk;**
- 4. Adopts a Resolution providing for the sale and issuance of not to exceed \$59,600,000 County of Wake, North Carolina General Obligation Refunding Bonds, Series 2020A; and**
- 5. Adopts a Resolution providing for the sale and issuance of not to exceed \$17,400,000 County of Wake, North Carolina General Obligation Refunding Bonds, Series 2020B.**

Item Summary:

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

Background: In 2010 the County issued Series 2010A, 2010B, and 2010F GO Bonds (the “Callable Bonds”) to fund certain capital projects of WCPSS and WTCC. The proposed Series 2020A and 2020B GO Refunding Bonds (the “Proposed Bonds”) will refund and reissue the Callable Bonds at a lower market rate. Today’s action is the only Board action required to authorize issuance of the Proposed Bonds.

Board Goal: This action supports routine County operations.

Fiscal Impact: Issuance of the Proposed Bonds will yield economic savings and reduce County’s existing debt service.

Additional Information:

Callable Bonds to be Refunded

In its public bond issuances, the County typically includes a “call feature” which allows the County, after a 10-year period from the date of bond issuance, the option to refund and reissue the remaining outstanding bonds given favorable market conditions. At this time \$76,465,000 Callable Bonds are eligible to be refunded. The Callable Bonds issued in 2010 were authorized under prior referenda as follows:

Bond Series	BOC Adopted	Bonds Issued	Purpose of Bonds	Associated CIP	Bond Proceeds Remaining	Bonds Issued	Referenda Authorized	Referenda
						Under Referenda		Authorization Remaining
2010A	2/15/2010	\$60,495,000	Schools	2006	\$0	11/11/2006	\$970 million	\$0
		\$25,800,000	Wake Tech	2005; 2007	\$0	10/9/2007	\$92 million	\$0
2010B	2/15/2010	\$39,505,000	Schools	2006	\$0	11/11/2006	\$970 million	\$0
2010F	6/21/2010	\$17,055,000	Wake Tech	2007	\$0	10/9/2007	\$92 million	\$0

The Callable Bonds funded several WCPSS and WTCC capital projects, such as:

Bond Series	Purpose of Bonds	Project Sampling (not exhaustive)	Type of Project	Amount of Bonds*
2010A	Schools	Wake Forest High	Renovation	\$19.6m
		Holly Grove Middle	New	\$6.3m
		Mills Park Middle	New	\$5.3m
		Heritage High	New	\$4.1m
		Alston Ridge Elementary	New	\$2.2m
		Bugg Elementary	Renovation	\$1.4m
		Lockhart Elementary	Life Cycle	\$992k
		Wakefield High	Life Cycle	\$987k
		West Lake Middle	Life Cycle	\$731k
		Wendell Middle	New	\$603k
	Wake Tech	North Campus - Bldg E	New	\$13.1m
		North Campus - Parking Deck	New	\$4.3m
		Health Sciences Bldg - Parking Deck	New	\$2.8m
		South Campus - Pucher/LeMay Hall	Renovation	\$1.5m
		Health Sciences Bldg - Phase 2	New	\$1.2m
2010B	Schools	Walnut Creek Elementary	New	\$15.4m
		Wilburn Elementary	Renovation	\$13.7m
		Carnage Middle	Life Cycle	\$3.1m
		Zebulon Middle	Life Cycle	\$2.9m
		West Cary Middle	Life Cycle	\$1.9m
2010F	Wake Tech	Health Sciences Bldg - Phase 2	New	\$9.5m

**not indicative of total project costs*

Estimated Savings of Proposed Bonds

As part of an ongoing effort to seek cost-saving measures, the County, along with its Financial Advisor, continually monitors opportunities whereby it can achieve cost savings by refunding existing debt at a lower market rate than originally issued. By issuing the Proposed Bonds, County estimates achieving total economic savings of \$7.3 million.

Proposed Bonds Series	Callable Bonds Series to Refund	Callable Bonds Amount to Refund	Proposed Bonds Estimated Total Savings*	Proposed Bonds Estimated Annual Savings*
	2010A	\$19,905,000		
	2010B	\$39,505,000		
2020A		\$59,410,000	\$5,823,827	\$647,092
	2010F	\$17,055,000		
2020B		\$17,055,000	\$1,511,646	\$151,165
2020A and 2020B		\$76,465,000	\$7,335,473	\$798,257

**Savings estimate at 1/28/2020 is subject to change with market fluctuation through 4/14/2020, date of Bond sale. Final maturity of Proposed 2020A and 2020B Bonds is 4/1/2029 and 8/1/2029, respectively. Estimated net present value (NPV) of savings is \$6.75 million or 8.83%.*

Economic savings will be realized annually over the remaining life of the Proposed Bonds. Debt service of the Proposed Bonds will be less than existing debt service of the Callable Bonds, thus increasing available capacity in the Debt and Capital Model.

The Proposed Bonds are scheduled to be sold to investors on April 14, 2020 through a competitive bid process managed by the Local Government Commission with closing scheduled for April 29, 2020 (Series 2020A) and May 12, 2020 (Series 2020B).

Staff Recommendation

At this time, Staff recommends the Board of Commissioners (1.) adopts a Resolution making certain findings and determinations and authorizing and ratifying the filing of an application with the Local Government Commission in connection with the proposed issuance of General Obligation Refunding Bonds by the County of Wake, North Carolina; (2.) introduces and adopts a Bond Order authorizing \$77,000,000 General Obligation Refunding Bonds; (3.) directs filing of Sworn Statement of Debt and Statement of Estimated Interest with the Board Clerk; (4.) adopts a Resolution providing for the sale

and issuance of not to exceed \$59,600,000 County of Wake, North Carolina General Obligation Refunding Bonds, Series 2020A; and (5.) adopts a Resolution providing for the sale and issuance of not to exceed \$17,400,000 County of Wake, North Carolina General Obligation Refunding Bonds, Series 2020B.

Attachments:

1. Findings Resolution; Bond Order; and Issuance Resolutions
2. Sworn Statement of Debt
3. Statement of Estimated Interest
4. Preliminary 1/28/2020 Market Sizing of 2020A GO Refunding Bonds
5. Preliminary 1/28/2020 Market Sizing of 2020B GO Refunding Bonds