

Item Title: Amendment to Bond Sale Approach Utilized for Proposed Series 2020A and 2020B General Obligation Refunding Bonds not to exceed \$77,000,000

Specific Action Requested:

That the Board of Commissioners adopts a resolution making certain amendments to resolutions adopted by the Board regarding the proposed issuance of General Obligation Refunding Bonds by the County of Wake, North Carolina.

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: The Board’s prior action of February 17, 2020 authorized the issuance of Proposed Series 2020A and Series 2020B General Obligation Refunding Bonds (“the Bonds”) in April 2020 by using competitive bid sales process. Since that time, the COVID-19 crisis has disrupted the bond market, requiring the County to change its approach. This proposed Board action will amend the prior February 17th Board action to allow County to consider other bond sale options for the Bonds. Issuance of the Bonds is being pursued for sole purpose of achieving economic savings for County. As sale of the Bonds are not a necessary source of funding for either (a.) new projects or (b.) anticipated takeout of balances drawn under construction loans, proceeding with sale of the Bonds will continue to be pursued only inasmuch as County continues to meet desired level of economic savings.

Board Goal: This action supports routine County operations.

Fiscal Impact: Issuance of the Bonds is projected to yield economic savings and reduce County’s existing debt service. As an economic savings-only type of debt transaction, if County did not sell the Bonds there would be no negative consequence to County.

Additional Information:

Amendment to Prior Board Action

At its February 17, 2020 meeting, the Board authorized the sale and issuance of the Bonds through competitive bid process to occur in April 2020. During normal market conditions, a competitive bid type of bond sale has proven to yield pricing results at or better than other types of bond sales utilized by Triple-A rated issuers like Wake County.

Due to the onset and spread of COVID-19 since the February Board action, there has been massive disruption to the bond market and, as such, an inability for issuers to sell bonds on competitive bid basis. Most nationwide competitive bid bond sales began to be postponed during March due to bond market disruption.

Based on recent and developing bond market conditions, County staff, in collaboration with County's Financial Advisor, now recommends the County expand its available bond sale options for the Bonds.

In addition to competitive bid bond sale authorized by Board's February action, the proposed Board action will allow County to consider other types of bond sale including: (a.) negotiated sale process, (b.) direct purchase by Bank, or (c.) some combination of above.

By expanding the County's bond sale options for the Bonds, the County can continue to monitor the Bond market and decide on the best sale approach which (a.) remains viable, and (b.) yields greatest level of economic savings for the County.

In the event (a.) no bond sale approach is viable, or (b.) no bond sale approach yields a desired level of refunding savings for the County, the sale of the Bonds would be suspended without detriment to the County.

Recommendation:

Staff recommends the Board of Commissioners adopts the attached Resolution which allows the County to pursue other viable means to sell the Bonds.

Attachments:

1. Amending Resolution allowing for alternate bond sale approach
2. County Financial Advisor statement advising on alternate bond sale approach