

# WATERS AND COMPANY, LLC

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March 22, 2020

Mr. Todd Taylor  
Debt Manager  
Wake County  
301 S. McDowell Street  
Raleigh, NC 27601

## **Re: Not-To-Exceed \$77,000,000 General Obligation Refunding Bonds**

Dear Todd:

Pursuant to our discussions, this letter documents our recommendation that the County take action permitting alternative sales approaches for the above-referenced financing. COVID-19 has disrupted the market for municipal bonds, and the market recently has been characterized by forced selling and lack of liquidity. Recent actions by the Fed have not yet resulted in a recovery of the municipal bond market. Published AAA bond yields have increased by about 200 basis points since March 9, and no competitive sales of the size of the County's offering came to market last week. The County typically sells its triple-A general obligation bonds to the lowest bidder at competitive sale, but under current conditions it may be desirable to consider a negotiated public offering or a direct purchase by a bank, as the additional approaches offer the potential under current conditions for improved flexibility and/or lower financing cost.

Sincerely yours,



G. Steven Waters  
President

Cc: Emily Lucas