

Item Title: Issuance of 2021 Limited Obligation Bonds not to exceed \$377,185,000

Specific Action Requested:

That the Board of Commissioners authorizes the issuance of Limited Obligation Bonds (“2021 LOBs”) not to exceed \$377,185,000.

Item Summary:

Purpose: When the County seeks to issue limited obligation bonds, Board approval is required under *NC G.S. 160A-20*. Previously, a Findings Resolution for proposed 2021 LOBs was authorized by the Board at its January 4, 2021 Board meeting, and a public hearing was conducted by the Board at its January 19, 2021 Board meeting. This is the final of three required Board actions for authorization of proposed 2021 LOBs.

Background: In 2017, the Board authorized a \$334,349,000 short-term draw program with Wells Fargo (aka “2017 Draw Program”) 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 2017 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 \$380,518,000 short-term draw program with Bank of America (aka “2018 Draw Program”) to fund certain and respective entire FY2019 capital needs for WCPSS and WTCC (the 2017 Draw Program and 2018 Draw Program referred to collectively as “the Draw Programs”).

Proposed 2021 LOBs is a take-out financing to convert drawn portions, and certain undrawn portions, of the Draw Programs to permanent limited obligation bonds. Because the County’s draw programs and LOBs financings each require pledged collateral as stipulated in *NC G.S. 160A-20*, Barton Pond Elementary School, Neuse River Middle School, and Fuquay Varina High School, which are now subject to the County’s existing Deed of Trust collateralizing the Draw Programs, will be made subject to the County’s Master Deed of Trust collateralizing its LOBs issuances.

Proposed 2021 LOBs is consistent with current County practice of utilizing short-term construction period draw programs and then, from time to time and as appropriate, converting into permanent bonds. This will be the final planned take-out bond financing for the 2017 Draw Program (prior 2018A LOBs in June 2018; 2019 LOBs in June 2019), and the final planned take-out bond financing for the

2018 Draw Program (prior 2019 LOBs in June 2019). As such, the Draw Programs will be retired. There are no new projects associated with proposed 2021 LOBs as all projects were previously authorized and appropriated under the 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 2021 LOBs are anticipated in the County's Debt & Capital Model and associated future debt service has been incorporated into existing FY 2021 Debt Service Fund Budget.

Additional Information:

Since 2016 the County has successfully executed the cashflow-saving strategy of utilizing short-term construction period draw programs for a 4 to 5-year period and then refunding the draw programs with permanent bonds at appropriate intervals along the way. Current estimates of total realized cashflow savings since 2016 exceed \$100 million. Proposed 2021 LOBs will convert drawn portions, and certain undrawn portions, of the Draw Programs to permanent bonds as planned in County's Debt & Capital Model.

2017 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:

WCPSS	Prior Amended
<u>NEW SCHOOLS</u>	Budget
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
<u>REPAIRS & RENOVATIONS</u>	
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

Total WCPSS	350,013,000
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WTCC**Prior Amended****NEW FACILITIES****Budget**

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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Total WTCC	39,652,000
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Total Projects - 2017 Draw Program (rounded)	\$ 389,666,000
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Prior Permanently Financed by 2018A & 2019 LOBs	\$ (326,000,000)
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Portion to be Permanently Financed by 2021 LOBs	\$ 63,666,000
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The proposed 2021 LOBs will convert to permanent bonds the drawn amount of \$42,940,918 plus undrawn amount of \$20,725,082 for a total of \$63,666,000 under the 2017 Draw Program authorization. The deed for Barton Pond Elementary School will be released as collateral to the draw program and transferred as collateral to support the proposed LOBs until which time the LOBs debt is fully repaid in FY2038.

2018 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**Prior Amended****NEW SCHOOLS****Budget**

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

Total WCPSS	305,598,450
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WTCC**Prior Amended****FACILITIES CONSTRUCTION****Budget**

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

Total WTCC	74,918,795
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Total Projects - 2018 Draw Program (rounded)	\$ 380,518,000
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Prior Permanently Financed by 2019 LOBs	\$ (67,000,000)
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Portion to be Permanently Financed by 2021 LOBs	\$ 313,518,000
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The proposed 2021 LOBs will convert to permanent bonds the drawn amount of \$235,085,722 plus undrawn amount of \$78,432,278 for a total of \$313,518,000 under the 2018 Draw Program authorization. The deeds for both Neuse River Middle School and Fuquay-Varina High School will be released as collateral to the draw program and transferred as collateral to support the proposed LOBs until which time the LOBs debt is fully repaid in FY2038.

Total Funding Needs

Total needs for the proposed 2021 LOBs are not to exceed \$377,185,000 as follows:

2017 Draw Program – Prior Authorized Projects / Drawn Expense	\$42,940,918 *
2017 Draw Program – Prior Authorized Projects / Under Construction	<u>20,725,082 *</u>
	63,666,000
2018 Draw Program – Prior Authorized Projects / Drawn Expense	235,085,722 *
2018 Draw Program – Prior Authorized Projects / Under Construction	<u>78,432,278 *</u>
	313,518,000
2021 LOBs Total Funding Needs (rounded up nearest \$5,000)	<u>\$377,185,000</u>

*Drawn Expense / Under Construction amounts are as of December 8, 2020 and will continue to fluctuate up / down until late January 2021. However, the not to exceed total funding needs for the 2021 LOBs will remain \$377,185,000.

The proposed action is the final of three required Board actions for the 2021 LOBs. Previously, the Findings Resolution for proposed 2021 LOBs was authorized by the Board at its January 4, 2021 Board meeting, and a Public Hearing was conducted by the Board at its January 19, 2021 Board meeting.

Upon consideration of any public comments received during the virtual public hearing conducted on January 19, 2021, the Board is asked to adopt a resolution authorizing the execution and delivery of Limited Obligation Bonds of the County in an amount not to exceed \$377,185,000 and related documents in connection with the financing and refinancing of certain public school and community college improvements for the County of Wake, North Carolina.

Attachments:

1. Authorizing Resolution