

Installment Financing Agreement Not to Exceed \$584,065,000

Public Hearing &
Approving Resolution
June 21, 2021



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Background for Today's Request

- Board approval required for proposed Installment Financing Agreement (“2021 Schools Draw Program”)
- 2021 Schools Draw Program to fund Schools FY2022/FY2023 capital
- Prior Board action at June 7, 2021 BOC meeting:
 - Authorized Findings Resolution
 - Scheduled public hearing for today's BOC meeting
 - Request LGC approval of 2021 Schools Draw Program
- Today is final required Board action: Conduct Public Hearing and consider final authorization of 2021 Schools Draw Program

Board Elects Use of LOBs over GO Bonds

- Schools last 2018 Bond of \$548 million funded FY2020 and FY2021 capital needs of Schools
- No GO authorization remains for FY2022 or FY2023 capital needs
- In 2020 BOC elected not to pursue new GO bond on Nov 2020 ballot
- Necessitates instead pursuing limited obligation bonds (“LOBs”) as permanent funding source for Schools upcoming FY2022 and FY2023 capital needs

Short Term Draw Programs in Use Since 2016

- County utilizes draw programs as a first interim step before issuing permanent GO bonds or LOBs
 - Short-term and temporary initial funding source
 - Utilized for sustained large capital needs – Schools and Wake Tech
 - Each draw program has about 4-yr duration
 - Draws made only as expense incurred; greatly reduces near term debt service
 - Slows or reduces necessary tax increases for capital
- Proposed 2021 Schools Draw Program is LOBs based and will fund Schools Capital for FY2022 and FY2023
- Over duration of 4-yr draw program, periodic LOBs take-outs are planned to convert drawn amounts to long-term permanent debt

Schools Capital Program FY2022 - FY2023

School CIP Projects	FY2022		FY2023		2-yr Total
New Construction*					
Woods Creek ES (E-51)	\$	51,500,111	\$	-	\$ 51,500,111
Hilltop Needmore ES (E-44)	\$	46,883,053	\$	-	\$ 46,883,053
Fuquay Varina MS (M-15)	\$	44,542,830	\$	35,440,000	\$ 79,982,830
Rex Road ES (E-52)	\$	-	\$	48,872,767	\$ 48,872,767
Felton Grove HS (H-12)	\$	84,404,815	\$	60,000,000	\$ 144,404,815
E-53	\$	3,508,561	\$	-	\$ 3,508,561
ES (TBD)	\$	3,508,561	\$	-	\$ 3,508,561
HS-15 (Capital Blvd Site)	\$	4,518,815	\$	-	\$ 4,518,815
MS-12	\$	-	\$	6,600,000	\$ 6,600,000
Subtotal	\$	238,866,746	\$	150,912,767	\$ 389,779,513
Renovation*					
Swift Creek ES	\$	-	\$	49,411,113	\$ 49,411,113
Baucom ES	\$	-	\$	42,722,667	\$ 42,722,667
Subtotal	\$	-	\$	92,133,780	\$ 92,133,780
Program Requirements					
Life Cycle Building	\$	18,744,300	\$	20,503,629	\$ 39,247,929
Life Cycle Furniture	\$	2,076,000	\$	2,138,000	\$ 4,214,000
Education Equipment	\$	2,592,000	\$	2,700,000	\$ 5,292,000
Technology Devices	\$	19,258,000	\$	19,986,000	\$ 39,244,000
Technology Infrastructure	\$	6,556,000	\$	6,753,000	\$ 13,309,000
Security	\$	8,114,000	\$	4,753,000	\$ 12,867,000
Temporary Classrooms	\$	2,718,000	\$	2,799,170	\$ 5,517,170
Assessments	\$	546,364	\$	562,754	\$ 1,109,118
Land Acquisition	\$	9,255,088	\$	4,592,741	\$ 13,847,829
SNAP-Space Needs Analysis Prioritization	\$	17,500,000	\$	20,000,000	\$ 37,500,000
Partial Renovations & Improvements	\$	4,370,908	\$	4,500,000	\$ 8,870,908
Program Contingency	\$	6,871,462	\$	6,531,379	\$ 13,402,841
Program Management	\$	9,871,462	\$	9,731,379	\$ 19,602,841
Subtotal	\$	108,473,583	\$	105,551,053	\$ 214,024,636
Total	\$	347,340,329	\$	348,597,600	\$ 695,937,929
*does not necessarily represent total project cost of respective projects					

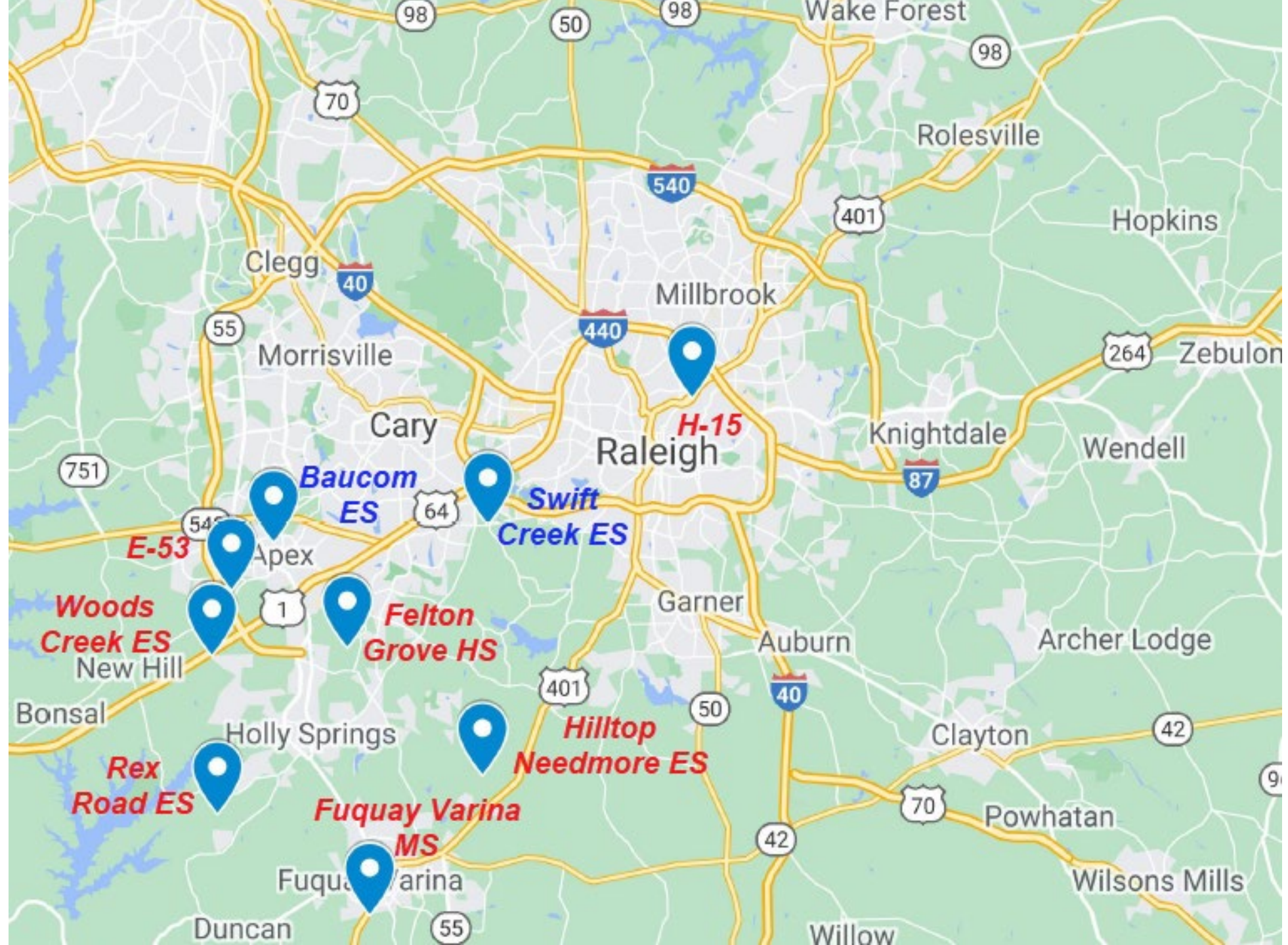
Major School Projects FY2022 - FY2023

New Construction

Woods Creek ES
Hilltop Needmore ES
Fuquay Varina MS
Rex Road ES
Felton Grove HS
E-53
H-15

Renovations

Swift Creek ES
Baucom ES



Major School Projects - Location & Timing

School	Construction Type	Location	Projected Completion	Projected in Use for School Year
Felton Grove HS	New	Apex	May 2024	Aug 2024
E-53	New	Apex	May 2025	Aug 2025
Hilltop Needmore ES	New	Fuquay Varina	May 2023	Aug 2023
Fuquay Varina MS	New	Fuquay Varina	Feb 2024	Aug 2024
Woods Creek ES	New	Holly Springs	Jan 2023	Aug 2024*
Rex Road ES	New	Holly Springs	May 2024	Aug 2024
HS-15	New	Raleigh	Apr 2026	Aug 2026
Baucom ES	Renovation	Apex	Jun 2024	Aug 2024
Swift Creek ES	Renovation	Raleigh	Apr 2024	Aug 2024

**interim swing space for Baucom ES*

County Funding & Appropriation Timing

County Funding Source	FY 2022 (Rounded)	FY 2023 (Rounded)	2-yr Total (Rounded)
Cash	\$58,229,000	\$53,648,000	\$111,877,000
Debt	\$289,111,000	\$294,950,000	\$584,061,000 *
Total	\$347,340,000	\$348,598,000	\$695,938,000

**round up nearest \$5k is \$584,065,000 = amount of proposed 2021 Schools Draw Program*

BOC Appropriation	FY 2022	FY 2023
Cash	June 2021	June 2022
Debt	August 2021	August 2022

Sampling of New Construction Renderings

Fuquay Varina Middle School



Felton Grove High School



2021 Schools Draw Program Specifics

- Truist Bank, lowest cost RFP bidder, to provide \$584,065,000 funding for Schools FY2022 and FY2023 capital needs
- Collateral required to support the debt
- In joint School / County effort, 5 School properties identified as collateral pledge
- Schools will leaseback all 5 School properties through lease arrangement with County (no cost)
- Properties to be held in a Deed of Trust to support Draw Program over next ~ 4-yr
- Properties to be moved to a new Deed of Trust to support new County LOBs at time of future bond take-outs over next ~ 4-yr

School Properties Pledged as Collateral

School	Construction Type	Estimated Collateral Value
Hilltop Needmore ES	New	\$ 47,809,294
Swift Creek ES	Renovation	\$ 50,214,309
Rex Road ES	New	\$ 51,226,967
Woods Creek ES	New	\$ 52,133,382
Fuquay Varina MS	New	\$ 83,376,699
Total		\$ 284,760,651

Fiscal Impact Already Anticipated

- Proposed 2021 Schools Draw Program has been long anticipated in the County's Debt and Capital Model as a matter of due course
- County continues to maintain its debt policies at desired metrics
- Associated closing costs and future debt service of proposed 2021 Schools Draw Program have already been incorporated into the County's FY 2022 Adopted Budget

Relevant Board Goal

- Proposed 2021 Schools Draw Program complements objectives of the 2021 Board Goal E4:

Maintain a long-term funding plan for capital needs at the Wake County Public School System and Wake Technical Community College

Take Aways – 2021 Schools Draw Program

- BOC elected not to pursue GO bond on 2020 ballot / to pursue LOBs
- County continues to utilize draw program strategy as interim step
- As low-cost bidder in RFP process, Truist Bank selected to administer 2021 Schools Draw Program over next ~ 4-years
- Collateral required on LOBs; 5 School facilities to be pledged long-term
- Proposed County funding of FY2022-FY2023 School capital needs:
 - \$584,061,000 debt appropriation over 2-years (via 2021 Schools Draw Program)
 - \$111,877,000 cash appropriation over 2-years
 - \$695,938,000 total funding as per rolling seven-year CIP FY2022-FY2028
- Fiscal impact already anticipated in County's FY 2022 Proposed Budget; Debt policy metrics remain at desired levels

Board Questions

- Proposed Installment Financing Agreement Not to Exceed \$584,065,000

Conduct Public Hearing

- Proposed Installment Financing Agreement Not to Exceed \$584,065,000

Requested Board Action

- Staff recommends the Board of Commissioners adopts a resolution authorizing the execution and delivery of an installment financing agreement, a deed of trust, and related documents in connection with the financing of the construction and equipping of certain public school facilities for the County of Wake, North Carolina in an amount not to exceed \$584,065,000.