



### **Agenda Action Form Overview**

Adoption of Resolution related to Authorization of a Not to Exceed \$70,000,000 General Obligation (GO) Bond, Series 2019

### **Background/Justification**

The Board is requested to adopt the attached resolution (the “*Resolution*”) which authorizes the issuance of a not to exceed \$70,000,000 General Obligation Bond (the “*Bond*”), issued pursuant to bond orders for community college, library, museum and school purposes adopted by the Board on August 8, 2016 and made effective on the affirmative vote of a majority of the qualified voters of the County at a referendum held on November 8, 2016. The Bond, which will be purchased by PNC Bank, National Association (the “*Purchaser*”), is short-term in nature and expected to be taken out with long-term general obligation bonds before the end of the fiscal year ending June 30, 2022. In addition to authorizing the issuance of the Bond, the Resolution also authorizes the County to enter into the Bond Purchase and Advance Agreement to be dated as of June 12, 2019 among the County, the Purchaser and the Local Government Commission of North Carolina (the “*LGC*”), a copy of which is attached to the Resolution for the Board’s information, pursuant to which the LGC will sell the Bond to the Purchaser in accordance with the Local Government Bond Act.

The \$70,000,000 General Obligation (GO) Bond is the second tranche being issued from the \$170,000,000 referendum approved on November 8, 2016. If recall, the first tranche was in the amount of \$50,000,000 which was spent. The County issued long-term GO Bonds in the amount of \$50,000,000 in February of 2019 (with a closing date of March 6, 2019) to pay off the short-term financing. The County anticipates that this second tranche (also called “draw program”) to be spent by June 30, 2022. When this occurs, we will issue long-term GO Bonds to pay off the short-term financing. After this occurs, County staff will come to the Board requesting the third and final tranche of funding in the amount of \$50,000,000 of the \$170,000,000 November 8, 2016 bond referendum.

### **Policy Impact**

This request has no impact on County current policy. This request is consistent with past actions and does not require an exception to Board policy.

### **Procurement Background**

N/A

### **Fiscal Impact**

In approving this request, the County will continue as we have in the past with issuing short-term debt establishing a “draw program” with a financing institution. In this request, the financing institution is PNC Bank, National Association. This short-term financing will be in an amount not to exceed \$70,000,000. As in the past, the County will spend on the approved projects in the \$170,000,000 November 8, 2016 bond referendum and repay ourselves from this financing on a



reimbursement basis. This eliminates any risk of arbitrage issues as well. Once the \$70,000,000 has been spent and drawn down from the short-term financing, County staff will come back to the Board requesting approval for the issuance of long-term fixed rate financing of GO Bonds.

**Recommendation**

The County Manager and Chief Financial Officer recommend that the Board adopt the attached resolution and authorize the issuance of a not to exceed \$70,000,000 General Obligation Bond.