



### **Agenda Action Form Overview**

The Board is requested to adopt the attached resolution (the “Initial Resolution”) related to a not to exceed \$75,000,000 Limited Obligation Bond, Series 2020A and 2020B, directs the publication of a public hearing and a public hearing to be held on May 26, 2020.

### **Background/Justification**

The Board is requested to adopt the attached resolution (the “Initial Resolution”) which authorizes the negotiation of an amendment to an installment financing contract in connection with the execution and delivery of not to exceed \$75,000,000 Limited Obligation Bonds (the “Bonds”). The resolution makes certain findings of fact, directs the Chief Financial Officer to make application to the North Carolina Local Government Commission, hires a financing team and calls a public hearing on the delivery of a contract amendment and the related projects to be financed thereby. The resolution directs the publication of a notice of public hearing and a public hearing to be held on May 26, 2020.

The Bonds will be used to finance (1) the costs of additions and capital improvements to, or the acquisition, renewal or replacement of capital assets of, or purchasing and installing new equipment relating to, the operation and maintenance of sewer facilities located within the County’s jurisdiction, (2) the construction, equipping and furnishing of certain public school facilities and equipment, (3) the capital costs of the acquisition, construction, and equipping of parking facilities, (4) a portion of the cost of the redevelopment of Park Center in the Research Triangle Park pursuant to an agreement between the Research Triangle Foundation of North Carolina and the County, (5) the acquisition of land for use by Durham Technical Community College, (6) the construction, equipping and furnishing of a public safety facility for juveniles, and (7) such additional projects as may be identified by the Chief Financial Officer of the County (collectively, the “2020 Projects”), pursuant to a Third Supplemental Installment Financing Agreement dated as of June 1, 2020 (the “*Third Amendment*” and together with the 2009 Agreement, the First Amendment, and the Second Amendment, the “*Agreement*”) in a principal amount not to exceed \$75,000,000, under which the County will make certain installment payments in order to make the 2020 Projects available to the County.

In addition, the resolution authorizes the County Manager, the Chief Financial Officer, and the Deputy Chief Financial Officer, including anyone serving as such in an interim capacity, or their respective designees, individually and collectively (the “Authorized Officers”), with advice from the County Attorney and Special Counsel to proceed and negotiate on behalf of the County for financing the 2020 Projects under the Third Amendment in a principal amount not to exceed \$75,000,000 to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended.

### **Policy Impact**

There is no policy impact. The resolution is consistent with past actions. It does not require an exception to Board policy.

### **Procurement Background**

N/A



### **Fiscal Impact**

For nearly 20 years, Durham County has used short-term variable rate financing through Bond Anticipation Notes (BANs) for a period of time up front (approximately 2 to 3 years depending on how quickly the funding is spent) with the issuance of long-term fixed rate debt, GO Bonds or LOBs, to pay off the BANs. Durham was the first jurisdiction in North Carolina to use this finance strategy typically seen in the private sector. The method is more efficient in managing project funding and eliminates the risk of negative arbitrage occurring due to slower than expected actual spending patterns. In addition, the short-term variable rates have been low and thus very favorable. This strategy has significantly saved the County dollars by mitigating premature borrowing.

### **Recommendation**

The County Manager and the CFO recommends that the Board adopt the attached resolution, hire the financing team as identified in the resolution and call a public hearing for May 26, 2020.