



Agenda Action Form Overview

The Board is requested to adopt the attached resolution (the “Initial Resolution”) related to a not to exceed \$225,000,000 Limited Obligation Bond, Series 2021A and 2021B, directs the publication of a public hearing and a public hearing to be held on March 22, 2021.

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 \$225,000,000 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 and refinanced thereby. The resolution directs the publication of a notice of public hearing and a public hearing to be held on March 22, 2021.

The Bonds will be used to (1) finance (a) the construction, equipping and furnishing of certain public school facilities and equipment, including, among other school facilities, Northern High School located in the County, (b) 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 storm water facilities located within the County’s jurisdiction, (c) the renovation, improvement and expansion of the County’s Public Safety Service Center, including renovation of the County Sheriff Department’s firing range, (d) construction, equipping and furnishing of a new youth home located in the County, and (e) acquisition, construction, and development of a consolidated solid waste and recycling convenience site located in the County (collectively, the “2021 Projects”) and (2) refinance the 2020 Projects, pursuant to a Third Supplemental Installment Financing Agreement dated as of June 1, 2020 (the “*Fourth Amendment*” and together with the 2009 Agreement, the First Amendment, the Second Amendment, and the Third Amendment, the “*Agreement*”) in a principal amount not to exceed \$225,000,000.

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 (1) proceed and negotiate on behalf of the County for financing the 2021 Projects and the refinancing of the 2020 Projects under the Fourth Amendment in a principal amount not to exceed \$225,000,000 to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended, and (2) provide in connection with the Fourth Amendment, as security for the County’s obligations thereunder, the Fourth Modification, conveying a lien and interest in the site of Northern High School and the improvements thereon, as may be required by the entity, or its assigns, providing the funds to the County under the Fourth Amendment.

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 March 22, 2021.