

City Council – Action Request Form

Date: February 10, 2020

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Lisa M. Saunders, Chief Financial Officer

Council Action Requested:

Bond Order Authorizing the Issuance, Directing the Application to the Local Government Commission, and Requesting Local Government Commission Approval of Water and Sewer System Revenue Refunding Bonds, Series 2020A and Taxable Water and Sewer Revenue and Revenue Refunding Bonds, Series 2020B of the City of Winston-Salem, North Carolina

Strategic Focus Area: Service Excellence

Strategic Objective: Maintain City’s Financial Strength

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

An analysis of current municipal market interest rates indicates that the City of Winston-Salem may be able to realize debt service savings by refunding three fixed rate bond series; Water and Sewer Revenue Bonds Series 2010B and 2010C (the “2010BC Bonds”) and Water and Sewer Revenue Refunding Bonds, Series 2014A. The following are their estimated savings based on current market rates on January 22, 2020:

Series	Bonds Outstanding	Savings
2010B	\$42,895,000	\$6,277,558
2010C	\$37,000,000	\$2,633,854
2014A	\$18,825,000	\$1,529,765

Market conditions have also created an opportunity for the City to restructure the variable rate Water and Sewer Revenue Refunding Bonds, Series 2015, amounts outstanding of \$108,940,000, with a fixed rate issue of bonds and terminate the existing Swaps associated with the Series 2015 Bonds. The Series 2020AB Water and Sewer Revenue and Revenue Refunding Bonds would, collectively, refund the 2010BC Bonds, 2014A Bonds and 2015 Bonds.

Committee Action:

Committee Finance 2/10/2020 **Action** Approval

For Unanimous **Against** _____

Remarks:

The City intends to sell the 2020 Bonds in the public market via negotiated sale on March 5, 2020. Robert W. Baird and Co. will be the Senior Underwriter with Rice Financial Products Co. and Wells Fargo Securities serving as Co-Underwriters.

The Bond Order makes certain findings of fact, directs application to the North Carolina Local Government Commission, authorizes engaging the Financing Team (as defined in therein), establishes the not-to-exceed amount of Water and Sewer System Revenue Refunding Bonds, Series 2020A and Series 2020B at \$240,000,000 and approves the form and execution of certain documents.

The Bonds are special obligations of the City and will be paid from the pledged revenue of the Water and Sewer System. The Bond Order approves the form and authorizes the execution of the following documents, which have been made available and are on file with the City Secretary:

1. the Amended and Restated General Indenture;
2. the Series Indenture;
3. the Purchase Agreement;
4. the Escrow Agreement;
5. the Preliminary Official Statement; and
6. Authorizes, directs, and designates the Mayor, City Manager, Chief Financial Officer, and City Secretary of the City, and their designees, to do any and all acts to execute any and all documents, which they, in their discretion, deem appropriate and necessary to consummate the transactions contemplated by the Bond Order, and other documents mentioned above.

We recommend approval of the Bond Order.