

City Council – Action Request Form

Date: December 2, 2019

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

From: Lisa M. Saunders, Chief Financial Officer

Council Action Requested:
Resolution of the City of Winston-Salem, North Carolina, Approving an Amendment to an Installment Purchase Contract with the North Carolina Municipal Leasing Corporation to Refinance Certain Facilities and Capital Assets and Related Matters

Strategic Focus Area: Service Excellence
Strategic Objective: Maintain City’s Financial Strength
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:
Due to current low interest rates, the City has an opportunity to refinance the Series 2004C Certificates of Participation (COPS); Series 2006B, Series 2013 A&B, and Series 2014A Limited Obligation Bonds; Series 2009, Series 2011A Special Obligation Bonds (SOBS) and Series 2011 Installment Purchase Contract (IPC). Among the projects financed or refinanced by these debt obligations were: improvements to the Benton Convention Center, construction of Lowery Street facility, acquisition of Bryce A. Stuart Building, construction of the firearms training facility and police evidence storage and training facility, acquisition of land and purchase of a baseball stadium, acquisition of investment securities to reduce the unfunded liability of the Police Officers’ Retirement System.

The Limited Obligation Refunding Bonds, Series 2020 will be sold on January 9, 2020 if market conditions are favorable to refinance bonds previously issued at higher rates. At the current rates, the projected interest savings is over \$2.7 million. Also, several of the current bonds have variable interest rates, and the Limited Obligation Refunding Bonds will be a fixed rate eliminating the interest rate risk of variable rate debt.

Committee Action:

Committee	Action
_____	_____
For	Against
_____	_____
Remarks:	

The Resolution establishes the not to exceed amount of Limited Obligation Refunding Bonds, Series 2020 at \$78,000,000.

In addition, the Resolution makes certain findings of fact necessary for consideration by the North Carolina Local Government Commission and approves the proposed Financing Team.

The Resolution approves and authorizes the execution (where appropriate) and delivery of the following documents, which are available and on file with the City Secretary:

1. Amendment Number Seven to the 2001 Contract dated as of January 1, 2020;
2. A Supplemental Indenture, Number 7 dated as of January 1, 2020 between the Corporation and The Bank of New York Mellon Trust Company, N.S., as trustee;
3. the Contract of Purchase to be dated on or about January 9, 2020 between the City and the Underwriter of the Bonds and the related Letter of Representation;
4. the Forward Delivery Contract of Purchase to be dated on or about January 9, 2020 between the City and the Underwriter of the Bonds and the related Forward Letter of Representation;
5. an Escrow Agreement dated as of January 1, 2020 between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent;
6. a Preliminary Official Statement to be delivered in connection with the sale of the Bonds.

We recommend approval of the Resolution.