

## City Council – Action Request Form

**Date:** September 17, 2018

**To:** The City Manager

**From:** Lisa M. Saunders, Chief Financial Officer

**Council Action Requested:**

Resolution of the City Council of the City of Winston-Salem, North Carolina, Authorizing the Execution and Delivery of a Supplemental Series Indenture in Order to Modify Terms of Bonds Previously Issued by the City.

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** Maintain City's Financial Strength

**Strategic Plan Action Item:** No

**Key Work Item:** No



**Summary of Information:**

In July, 2015, City Council approved the refunding of Series 2002 B&C and Series 2007B Water & Sewer Revenue Bonds with a direct bank purchase from BB&T for an amount not to exceed \$125,850,000. The interest rate charged on the loan with BB&T was 69% of LIBOR plus interest rates between .436% and .468%. The current amount outstanding is \$115,830,000.

The 2018 Tax Reform Act reduced the corporate tax rate. The legal agreements with BB&T contained language that allowed the interest rate to be increased if the corporate tax rate was reduced. In January, 2018, the bills for interest due had been increased by the 22%.

BB&T has agreed to modify the original agreements and reduce the rate currently being charged by .10%. This results in an annual savings of \$115,830.

The attached resolution is recommended for approval.

**Committee Action:**

**Committee** Finance 9/10/18 **Action** Approval

**For** Unanimous **Against** \_\_\_\_\_

**Remarks:**