

Oversight Committee

Thursday, December 17, 2020

2:00 PM

Present: Allison Gant (ABSS), Patsy Simpson (ABSS), Dr. Bruce Benson (ABSS), Dr. Todd Thorpe (ABSS), Jimmy Russell (ABSS), Jeremy Teetor (ABSS), Misty Brown (ABSS), General Blake Williams (ACC), Dr. Algie Gatewood (ACC), Tom Hartman (ACC), Matt Banko (ACC), Commissioner John Paisley (Alamance County), Commissioner Steve Carter (Alamance County), Manager Bryan Hagood (Alamance County), Assistant Manager Sherry Hook (Alamance County), Susan Evans (Alamance County), Andrea Rollins (Alamance County), Josh Fernandez (Alamance County), Mimi Clemens (Alamance County), Mitch Brigulio (Davenport), Ted Cole (Davenport)

Introduction and Welcome – Bryan Hagood

Alamance County Manager Bryan Hagood welcomed all new members and explained the intention of the committee to keep all involved parties informed and on-track to deliver the capital items and investments voted upon by the citizens of the County.

The new OSC meeting calendar was presented and was emailed later in the day.

The next meeting will be joint between the Alamance County Board of Commissioners and the ABSS Board of Education.

The next OSC meeting date of February 25 was communicated to all members.

Bond Sale Timelines – Davenport

Mitch Brigulio of Davenport Financial Advisors presented the updated bond issuance calendar to all members. This calendar is a proposed timeline for issuing debt and bonds.

County General Obligation (GO) bonds will be sold in competitive public sale to investing public. That requires a disclosure “prospectus,” or “official statement” providing information relevant to investors who determine whether or not to purchase bond. This document is an overview on terms of bond, the County, details on the County’s tax base, financial information, economic development activity, and potential risks of buying bonds. This document is the main marketing tool for the County’s bonds. The investors and underwriters will both use this. The LGC will prepare the document on behalf of the County, but the bond council, County staff, and Davenport will provide the content of that document. LGC should have received input by early January.

A credit presentation will be prepared by Davenport in same time frame. One or more national rating agencies will need to rate the bonds. As part of the rating process, a detailed credit presentation will be made to rating analysts and provides county the opportunity to highlight its strengths for rating analyst. That document will come together in January-February time frame.

A Preliminary Statement draft will be available in mid-February. That will also include a notice of sale. This is a competitive sale, so on the sale date, at 11 AM, underwriters from around the country will bid to purchase the County’s bonds. Their bid will be summarized on an average interest rate “true interest rate,” and award will be given to the entity bidding the lowest average true interest rate. This is how

most GO bonds are sold in North Carolina, following a process established by the LGC for selling GO Bonds.

To set up that process, a notice of sale governing the bid process is created and includes parameters and limitations on the types of bids to be submitted. Then, feedback and communication can be had with LGC. In late February and early March, conference calls and meetings will be set up with rating agencies. At that time, they will have finalized the credit presentation, and will have good second drafts of official statements to share with rating agencies. In Mid-March, the next step will be the County Board of Commissioners approving an *issuance resolution*. This is the only action required by Board to issue bonds. This will set parameters for issuance, including the total amount to be issued. That will authorize moving forward with bond sale. By mid-March, they expect project bids in-hand for all ABSS projects (\$150M) and project bids from ACC for first project (Biotechnology Center of Excellence). In mid-April, the notice of sale and the official statement will go out to investing community and underwriters. After those are posted and sent out, Davenport will work with the “Parody” platform where the bond sale will be hosted. At 11 AM on April 20th, all bids will be revealed and the interest rates will be locked in at that time.

After that sale, the bond council and LGC will want to finalize official statement and gather signatures to close on bonds in early May. Funds will be in hand and ready to go at that time. There may be a second ACC project that will be in the bid process in late spring or early summer, which is the Student Services Center. This project is expected to receive bids in June-July timeframe, which could allow for a June 7 issuance resolution and a July 2021 bond sale. Closing and funds in-hand could be late July or early August.

Capital Financing Plan – Davenport

The Davenport funding plan explains the path of paying for projects and associated debt issuance and debt service. The plan includes a number of capital projects and series of issuances for bonds and installment financings for County. That plan was initially adopted in 2020 and identified targeted revenue sources to pay for projects and debt service. There was also an identified tax increase to pay for debt service.

All plans and projects fit into original plan and can be cash flowed by the originally intended revenues and timing. The plan projects revenues and expenditures for 20 years because that is how long it will take to pay the bonds back.

ABSS

Pay-Go CIP Projects (Seven-Year Plan)

The ABSS Seven-Year CIP plan is funded by PAY-Go funds of \$3.3 million each year from the County.

Every five years, a facility needs survey is required by the North Carolina Department of Public Instruction. The study currently demonstrates \$257,277,886 in needs, but maintenance needs addressed by the \$150M bond projects are still included, because the projects are not complete yet.

The estimated total needs in the 6-10 year time frame equal \$108,728,763.

Bond Projects

All ABSS bond project updates are included in the PowerPoint presentation given at the OSC meeting and uploaded to the capital projects website.

ACC

Pay-Go CIP Projects

CIP projects are moving forward, including a lot of HVAC updates. Other updates include upfits in existing building including print center, EMS program upfits, new student services space to serve disadvantaged populations, dental programs upfits, carpeting.

Bond Projects

Construction on the Biotechnology Center of Excellence is expected to begin in late April.

The Student Services Center will host student onboarding like financial aid and admissions.

The Public Safety Training Center is proposed for location on Martin Marietta property in Green Level. Lease negotiations are ongoing, and parties hope to have the lease done by January 2021.

The Childcare Center and Instructional Space Modernization project could also include technological enhancements.

East / West locations are way off in the future as the last projects to be completed.

Alamance County

Sherry Hook presented updates on the following Alamance County capital projects:

JB Allen Criminal Courts and Historic Courthouse roof replacements started in October and are recently completed.

JB Allen Courthouse Clerk of Court space renovation - There were issues with carpeting, people tripping, etc. Carpeting and cubicles have been replaced. This project started before Thanksgiving and was completed in November as well.

The replacement of HVAC units at the Human Services Center is completed.

Elevator modernization projects – The first replacement at the County Office Building started late last week and should be finished today. 3 more elevators will be replaced at the Human Services Center and will be done by end of January.

Demolition of the CSI building began this week. This is the site of the proposed future Court Administration building.

The Petree Building project is projected at 10 months to completion. This facility will house the Open Door Clinic, the Friendship Adult Day Center, and some Social Services functions.

Closing

The County-School joint meeting will be held on Monday, January 11 2020 at 2:00 PM.

The next OSC meeting will be held on Thursday, February 25 at 2:00 PM.

Public health protocols will determine whether these meetings will be held in-person or via videoconference.