

March 27, 2023

The Washington County Board of Commissioners met in a Special Called Meeting on Monday, March 27 at 6:00 PM in the Commissioners' Room and using ZOOM for Facebook Live Streaming, 116 Adams Street, Plymouth, NC. Commissioners Tracey A. Johnson, Ann C. Keyes, Carol V. Phelps, John C. Spruill and Julius Walker, Jr. were present. Also present were County Manager/County Attorney Curtis Potter, Clerk to the Board Julie J. Bennett and County Finance Officer Missy Dixon

Chair Walker called the meeting to order.

**APPROVAL OF NEEDS-BASED PUBLIC SCHOOLS CAPITAL FUND (NBPSCP) ANNUAL REPORT:** Mr. Curtis Potter, CM/CA spoke to the Board. The abovementioned report is required to be turned in by April 1. This outlines how much money has been received from the grant. Mr. Potter stated that .014% has been spent so far, mostly on preconstruction and design fees. ESR fees have been used so far. Mr. Potter said this document needs approval for the Commissioners Chair to sign and then the Chair for the School Board.

**Commissioner Spruill made a motion to approve the NBPSCP Annual Report. Commissioner Keyes seconded. Motion carried unanimously.**

**APPROVAL OF CHANGE ORDER #2:** Mr. Potter, CM/CA spoke to the Board. *(The documents are incorporated by reference and hereby made part of these minutes.)* \$26,000.06 for Change Order #2: school location shifted – more trees had to be cut down and some drainage had to be moved. \$375,960.96 for Change Order #3: purchase of a modular classroom building. The estimate to rent a modular as Headquarters for the project was going to be \$100,000/yr. Also included in this Change Order is the purchase of an electrical switch board (the most back-ordered item) which needs to be ordered now to meet the completion of the school and it cost \$171,000. This Change Order also authorizes \$50,000 towards the greenhouse kit in the school design and there are grant funds that could pay for it; however, it must be purchased by the end of this FY in June.

Commissioner Spruill said he had some heartburn with the Change Orders. He thought everything was included in the original documentation for the design.

Mr. Potter said the main reason for tonight's meeting was to get the Change Order approved for the electrical switch board. Commissioner Spruill also said he wants more into before approving.

Commissioner Spruill also note that on Change Order #2-line item 2—they list “taking out the trees” in it twice.

Mr. Potter said he could get more information to the Board; however, he did say he would like the Board to authorize the electrical switch board tonight.

**Commissioner Keyes made a motion to approve the ordering of the Electrical Switch Board. Commissioner Phelps seconded. Motion carried unanimously.**

Mr. Potter said he will bring back information on the greenhouse and the cutting down of trees.

REVIEW OF PRE-K – 12 SCHOOL PROJECT BUDGET & LOCAL FINANCING OPTIONS: Mr. Potter, CM/CA spoke to the Board. Ted Cole of Davenport Financial & Bob Jessup, Bond Council, of Sanford Holshouser were also in attendance.

Mr. Potter stated that the GMP has to be approved by April 3 to go into the April 4 LGC package. There is one week left to work on this.

Ted Cole, Davenport Financial who is assisting the County spoke about the finances and went over the following documents based on the final cost of the school being estimated at \$70,700,000.

## School Project Funding Discussion Materials

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Washington County, North Carolina



March 27, 2023

# PreK-12 School Project Schedule and Budget Overview



## PreK-12 School Project

- The current estimated total project cost is \$78,442,500 as shown in the table to the right.
  - The County and Schools have been awarded two grants that will pay a portion of the total project cost:
    1. Needs Based Public School Capital Fund (“NBPSCF”) Grant of \$50,000,000
    2. DOT and Energy Conservation Grant of \$150,000.
  - The Board of Education anticipates utilizing \$3,500,000 of Elementary and Secondary School Emergency Relief Funding (“ESSER”) for this project.
  - Additionally, there is \$1,500,000 of School Capital outlay Funds that are anticipated to be available for project funding.

## Budget Overview

A	B
Description	Amount
<b>1 Project Costs</b>	
2 Pre-Construction	1,654,519
3 Construction	68,345,481
4 Architect	5,600,000
5 Contingency	2,100,000
<b>6 Subtotal</b>	<b>77,700,000</b>
<b>7 Soft Costs</b>	
8 Land	500,000
9 Technology <sup>1</sup>	-
10 FF&E <sup>2</sup>	-
11 Cost of Issuance Estimate	242,500
<b>12 Subtotal</b>	<b>742,500</b>
<b>13 Grand Total Project Cost Estimate</b>	<b>78,442,500</b>
<b>14 Less: Federal/State Grants and Appropriations</b>	
15 NBPSCF Grant	(50,000,000)
16 DOT / Energy Conservation Grant	(150,000)
17 ESSER	(3,500,000)
<b>18 Subtotal</b>	<b>(53,650,000)</b>
19 Less: Sales Tax Reimbursement (Estimate)	(1,595,009)
<b>20 Net Funding Requirement</b>	<b>23,197,491</b>
<b>21 Less: School Capital Outlay Fund Balance</b>	
22 FY 2022 Balance	(1,246,258)
23 FY 2023 Surplus <sup>3</sup>	(253,742)
24 Reserve For Debt Service	-
<b>25 Subtotal</b>	<b>(1,500,000)</b>
<b>26 Net Borrowing Requirement</b>	<b>21,697,491</b>

<sup>1</sup> Board of Education is providing Technology.

<sup>2</sup> Board of Education is using existing FF&E.

<sup>3</sup> Restricted Sales tax of \$653,742 less annual capital funding of \$400,000.

# Estimated Amortization Schedule



## Financing Assumptions and Amortization Schedule

Financing Assumptions:	
Closing Date:	Mid-May
Trust Acceptance Deadline:	March 28th
Trust Closing Deadline:	May 19th
First Interest Payment:	12/1/2023
First Principal Payment:	12/1/2024
Final Maturity:	12/1/2042

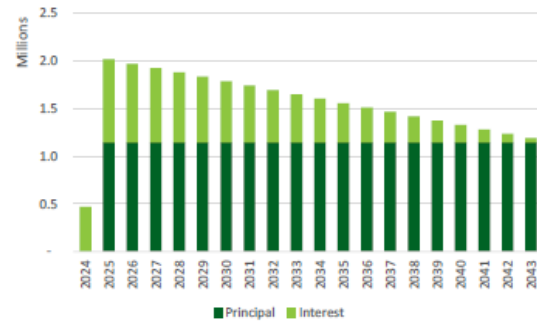
1-Year Interest Only Period				
Fiscal Year	Interest Rate	Principal	Interest	Total
2024	4.02%	-	470,051	470,051
2025	4.02%	1,142,000	872,260	2,014,260
2026	4.02%	1,142,000	826,351	1,968,351
2027	4.02%	1,142,000	780,443	1,922,443
2028	4.02%	1,142,000	734,534	1,876,534
2029	4.02%	1,142,000	688,626	1,830,626
2030	4.02%	1,142,000	642,718	1,784,718
2031	4.02%	1,142,000	596,809	1,738,809
2032	4.02%	1,142,000	550,901	1,692,901
2033	4.02%	1,142,000	504,992	1,646,992
2034	4.02%	1,142,000	459,084	1,601,084
2035	4.02%	1,142,000	413,176	1,555,176
2036	4.02%	1,142,000	367,267	1,509,267
2037	4.02%	1,142,000	321,359	1,463,359
2038	4.02%	1,142,000	275,450	1,417,450
2039	4.02%	1,142,000	229,542	1,371,542
2040	4.02%	1,142,000	183,634	1,325,634
2041	4.02%	1,142,000	137,725	1,279,725
2042	4.02%	1,142,000	91,817	1,233,817
2043	4.02%	1,142,000	45,908	1,187,908
<b>Total</b>		<b>21,698,000</b>	<b>9,192,647</b>	<b>30,890,647</b>

Note: Assumes Trust 10-Year Par Call Interest rate of 4.02%.  
 Note: Cost of Issuance Expenses would be deducted from loan proceeds.

## Sources and Uses Summary

Description	Amount
<b>1 Sources:</b>	
2 Par Amount	21,698,000
<b>3 Total Sources</b>	<b>21,698,000</b>
<b>4 Uses:</b>	
5 Capital Project Fund	21,454,991
6 Cost of Issuance	242,500
<b>7 Subtotal Project Funding</b>	<b>21,697,491</b>
8 Rounding	509
<b>9 Total Uses</b>	<b>21,698,000</b>

## Annual Debt Service Payments



# Debt Affordability Analysis

## School Capital Outlay Fund



### \$21,698,000 Financing – 1-Year Interest Only Period

No Tax Impact

FY	Proposed Debt Service	Annual Capital Contribution <sup>1</sup>	Project Equity Contribution <sup>2</sup>	Total	Restricted Schools Tax <sup>3</sup>	Lease Payments from School Board <sup>4</sup>	General Fund Contribution	Total Revenues Available	Debt Service Cash Flow Surplus (Deficit)				School Capital Outlay Fund Reserve Balance <sup>5</sup>	
									Surplus/ (Deficit)	Revenue From Prior Tax Impact	General Capital Reserve Utilized	Adjusted Surplus/ (Deficit)		Estimated Incremental Tax Equivalent
2023	-	400,000	500,000	900,000	653,742	-	-	653,742	(246,258)	-	(246,258)	-	-	1,246,258
2024	470,051	400,000	1,000,000	1,870,051	640,000	-	230,051	870,051	(1,000,000)	-	(1,000,000)	-	-	-
2025	2,014,260	100,000	-	2,114,260	640,000	400,000	1,074,260	2,114,260	-	-	-	-	-	-
2026	1,968,351	100,000	-	2,068,351	640,000	400,000	1,028,351	2,068,351	-	-	-	-	-	-
2027	1,922,443	100,000	-	2,022,443	640,000	400,000	982,443	2,022,443	-	-	-	-	-	-
2028	1,876,534	100,000	-	1,976,534	640,000	400,000	936,534	1,976,534	-	-	-	-	-	-
2029	1,830,626	100,000	-	1,930,626	640,000	400,000	890,626	1,930,626	-	-	-	-	-	-
2030	1,784,718	100,000	-	1,884,718	640,000	400,000	844,718	1,884,718	-	-	-	-	-	-
2031	1,738,809	100,000	-	1,838,809	640,000	400,000	798,809	1,838,809	-	-	-	-	-	-
2032	1,692,901	100,000	-	1,792,901	640,000	400,000	752,901	1,792,901	-	-	-	-	-	-
2033	1,646,992	100,000	-	1,746,992	640,000	400,000	706,992	1,746,992	-	-	-	-	-	-
2034	1,601,084	100,000	-	1,701,084	640,000	400,000	661,084	1,701,084	-	-	-	-	-	-
2035	1,555,176	100,000	-	1,655,176	640,000	400,000	615,176	1,655,176	-	-	-	-	-	-
2036	1,509,267	100,000	-	1,609,267	640,000	400,000	569,267	1,609,267	-	-	-	-	-	-
2037	1,463,359	100,000	-	1,563,359	640,000	400,000	523,359	1,563,359	-	-	-	-	-	-
2038	1,417,450	100,000	-	1,517,450	640,000	400,000	477,450	1,517,450	-	-	-	-	-	-
2039	1,371,542	100,000	-	1,471,542	640,000	400,000	431,542	1,471,542	-	-	-	-	-	-
2040	1,325,634	100,000	-	1,425,634	640,000	400,000	385,634	1,425,634	-	-	-	-	-	-
2041	1,279,725	100,000	-	1,379,725	640,000	400,000	339,725	1,379,725	-	-	-	-	-	-
2042	1,233,817	100,000	-	1,333,817	640,000	400,000	293,817	1,333,817	-	-	-	-	-	-
2043	1,187,908	100,000	-	1,287,908	640,000	400,000	247,908	1,287,908	-	-	-	-	-	-
									Total Tax Effect		0.00%			
<b>Total</b>	<b>30,890,647</b>	<b>6,400,000</b>	<b>1,500,000</b>	<b>38,790,647</b>			<b>12,790,647</b>	<b>Total</b>	-					

<sup>1</sup> Includes \$400,000 annual funding in FY 2023 and FY 2024 and \$100,000 thereafter per the Washington County School Funding agreement. Note, capital funding shown does not include annual accumulated lottery funding available to fund school capital and debt service that is currently planned to be made available for capital maintenance at other schools.

<sup>2</sup> FY 2023 includes \$500,000 for a land purchase and FY 2024 includes a \$1,000,000 County Contribution to the Project.

<sup>3</sup> FY 2023 Estimated Article 40 and 42 1/2 Cent Restricted Sales Tax was \$653,742. Assumes \$640,000 thereafter.

<sup>4</sup> County School Board has agreed to make lease payments to the County of \$400,000 per year to pay for 30 years beginning in FY 2025.

<sup>5</sup> FYE 2022 estimated School Capital Outlay Fund Balance per County Audit.

■ In addition to the capital outlay funding shown above, the County will provide an annual operating supplement funding of \$1,735,000 from General Fund Revenues.

# Debt Affordability Analysis

## School Capital Outlay Fund



### \$21,698,000 Financing – 1-Year Interest Only Period

#### Equivalent Tax Impact as Needed

FY	Proposed Debt Service	Annual Capital Contribution <sup>1</sup>	Project Equity Contribution <sup>2</sup>	Total	Restricted Schools Tax <sup>3</sup>	Lease Payments from School Board <sup>4</sup>	General Fund Contribution	Total Revenues Available	Debt Service Cash Flow Surplus (Deficit)				Estimated Incremental Tax Equivalent	School Capital Outlay Fund Reserve Balance <sup>5</sup>
									Surplus/ (Deficit)	Revenue From Prior Tax Impact	General Capital Reserve Utilized	Adjusted Surplus/ (Deficit)		
2023	-	400,000	500,000	900,000	653,742	-	-	653,742	(246,258)	-	(246,258)	-	-	1,246,258
2024	470,051	400,000	1,000,000	1,870,051	640,000	-	-	640,000	(1,230,051)	-	(1,000,000)	(230,051)	2.45¢	-
2025	2,014,260	100,000	-	2,114,260	640,000	400,000	-	1,040,000	(1,074,260)	232,352	-	(841,908)	8.87¢	-
2026	1,968,351	100,000	-	2,068,351	640,000	400,000	-	1,040,000	(1,028,351)	1,085,002	-	56,651	-	56,651
2027	1,922,443	100,000	-	2,022,443	640,000	400,000	-	1,040,000	(982,443)	1,095,852	-	113,409	-	170,060
2028	1,876,534	100,000	-	1,976,534	640,000	400,000	-	1,040,000	(936,534)	1,106,811	-	170,276	-	340,337
2029	1,830,626	100,000	-	1,930,626	640,000	400,000	-	1,040,000	(890,626)	1,117,879	-	227,253	-	567,590
2030	1,784,718	100,000	-	1,884,718	640,000	400,000	-	1,040,000	(844,718)	1,129,058	-	284,340	-	851,930
2031	1,738,809	100,000	-	1,838,809	640,000	400,000	-	1,040,000	(798,809)	1,140,348	-	341,539	-	1,193,469
2032	1,692,901	100,000	-	1,792,901	640,000	400,000	-	1,040,000	(752,901)	1,151,752	-	398,851	-	1,592,320
2033	1,646,992	100,000	-	1,746,992	640,000	400,000	-	1,040,000	(706,992)	1,163,269	-	456,277	-	2,048,596
2034	1,601,084	100,000	-	1,701,084	640,000	400,000	-	1,040,000	(661,084)	1,174,902	-	513,818	-	2,562,414
2035	1,555,176	100,000	-	1,655,176	640,000	400,000	-	1,040,000	(615,176)	1,186,651	-	571,475	-	3,133,890
2036	1,509,267	100,000	-	1,609,267	640,000	400,000	-	1,040,000	(569,267)	1,198,517	-	629,250	-	3,763,140
2037	1,463,359	100,000	-	1,563,359	640,000	400,000	-	1,040,000	(523,359)	1,210,503	-	687,144	-	4,450,284
2038	1,417,450	100,000	-	1,517,450	640,000	400,000	-	1,040,000	(477,450)	1,222,608	-	745,157	-	5,195,441
2039	1,371,542	100,000	-	1,471,542	640,000	400,000	-	1,040,000	(431,542)	1,234,834	-	803,292	-	5,998,733
2040	1,325,634	100,000	-	1,425,634	640,000	400,000	-	1,040,000	(385,634)	1,247,182	-	861,548	-	6,860,281
2041	1,279,725	100,000	-	1,379,725	640,000	400,000	-	1,040,000	(339,725)	1,259,654	-	919,929	-	7,780,210
2042	1,233,817	100,000	-	1,333,817	640,000	400,000	-	1,040,000	(293,817)	1,272,250	-	978,434	-	8,758,643
2043	1,187,908	100,000	-	1,287,908	640,000	400,000	-	1,040,000	(247,908)	1,284,973	-	1,037,065	-	9,795,708
									<b>Total Tax Effect</b>				<b>11.32¢</b>	
<b>Total</b>	<b>30,890,647</b>	<b>6,400,000</b>	<b>1,500,000</b>	<b>38,790,647</b>										

<sup>1</sup> Includes \$400,000 annual funding in FY 2023 and FY 2024 and \$100,000 thereafter per the Washington County School Funding agreement. Note, capital funding shown does not include annual accumulated lottery funding available to fund school capital and debt service that is currently planned to be made available for capital maintenance at other schools.

<sup>2</sup> FY 2023 includes \$500,000 for a land purchase and FY 2024 includes a \$1,000,000 County Contribution to the Project.

<sup>3</sup> FY 2023 Estimated Article 40 and 42 1/2 Cent Restricted Sales Tax was \$653,742. Assumes \$640,000 thereafter.

<sup>4</sup> County School Board has agreed to make lease payments to the County of \$400,000 per year to pay for 30 years beginning in FY 2025.

<sup>5</sup> FYE 2022 estimated School Capital Outlay Fund Balance per County Audit.

■ In addition to the capital outlay funding shown above, the County will provide an annual operating supplement funding of \$1,735,000 from General Fund Revenues.

# Debt Affordability Analysis

## School Capital Outlay Fund



\$21,698,000 Financing – 1-Year Interest Only Period														
Equivalent FY 2024 Upfront Tax Impact														
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
FY	Proposed Debt Service	Annual Capital Contribution <sup>1</sup>	Project Equity Contribution <sup>2</sup>	Total	Restricted Schools Tax <sup>3</sup>	Lease Payments from School Board <sup>4</sup>	General Fund Contribution	Total Revenues Available	Debt Service Cash Flow Surplus (Deficit)					School Capital Outlay Fund Reserve Balance <sup>5</sup>
									Surplus/ (Deficit)	Revenue From Prior Tax Impact	General Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	
2023	-	400,000	500,000	900,000	653,742	-	-	653,742	(246,258)	-	(246,258)	-	-	1,246,258
2024	470,051	400,000	1,000,000	1,870,051	640,000	-	-	640,000	(1,230,051)	836,600	(393,451)	-	8.90¢	1,000,000
2025	2,014,260	100,000	-	2,114,260	640,000	400,000	-	1,040,000	(1,074,260)	844,966	(229,294)	-	-	606,549
2026	1,968,351	100,000	-	2,068,351	640,000	400,000	-	1,040,000	(1,028,351)	853,416	(174,936)	-	-	377,255
2027	1,922,443	100,000	-	2,022,443	640,000	400,000	-	1,040,000	(982,443)	861,950	(120,493)	-	-	202,320
2028	1,876,534	100,000	-	1,976,534	640,000	400,000	-	1,040,000	(936,534)	870,569	(65,965)	-	-	81,827
2029	1,830,626	100,000	-	1,930,626	640,000	400,000	-	1,040,000	(890,626)	879,275	(11,351)	-	-	15,862
2030	1,784,718	100,000	-	1,884,718	640,000	400,000	-	1,040,000	(844,718)	888,068	-	43,350	-	4,511
2031	1,738,809	100,000	-	1,838,809	640,000	400,000	-	1,040,000	(798,809)	896,948	-	98,139	-	47,861
2032	1,692,901	100,000	-	1,792,901	640,000	400,000	-	1,040,000	(752,901)	905,918	-	153,017	-	146,000
2033	1,646,992	100,000	-	1,746,992	640,000	400,000	-	1,040,000	(706,992)	914,977	-	207,985	-	299,017
2034	1,601,084	100,000	-	1,701,084	640,000	400,000	-	1,040,000	(661,084)	924,127	-	263,043	-	507,002
2035	1,555,176	100,000	-	1,655,176	640,000	400,000	-	1,040,000	(615,176)	933,368	-	318,193	-	770,045
2036	1,509,267	100,000	-	1,609,267	640,000	400,000	-	1,040,000	(569,267)	942,702	-	373,435	-	1,088,237
2037	1,463,359	100,000	-	1,563,359	640,000	400,000	-	1,040,000	(523,359)	952,129	-	428,770	-	1,461,672
2038	1,417,450	100,000	-	1,517,450	640,000	400,000	-	1,040,000	(477,450)	961,650	-	484,200	-	1,890,442
2039	1,371,542	100,000	-	1,471,542	640,000	400,000	-	1,040,000	(431,542)	971,267	-	539,725	-	2,374,642
2040	1,325,634	100,000	-	1,425,634	640,000	400,000	-	1,040,000	(385,634)	980,979	-	595,346	-	2,914,366
2041	1,279,725	100,000	-	1,379,725	640,000	400,000	-	1,040,000	(339,725)	990,789	-	651,064	-	3,509,712
2042	1,233,817	100,000	-	1,333,817	640,000	400,000	-	1,040,000	(293,817)	1,000,697	-	706,880	-	4,160,776
2043	1,187,908	100,000	-	1,287,908	640,000	400,000	-	1,040,000	(247,908)	1,010,704	-	762,796	-	4,867,856
													<b>Total Tax Effect</b>	<b>8.90¢</b>
<b>Total</b>	<b>30,890,647</b>	<b>6,400,000</b>	<b>1,500,000</b>	<b>38,790,647</b>										

<sup>1</sup> Includes \$400,000 annual funding in FY 2023 and FY 2024 and \$100,000 thereafter per the Washington County School Funding agreement. Note, capital funding shown does not include annual accumulated lottery funding available to fund school capital and debt service that is currently planned to be made available for capital maintenance at other schools.  
<sup>2</sup> FY 2023 includes \$500,000 for a land purchase and FY 2024 includes a \$1,000,000 County Contribution to the Project.  
<sup>3</sup> FY 2023 Estimated Article 40 and 42 1/2 Cent Restricted Sales Tax was \$653,742. Assumes \$640,000 thereafter.  
<sup>4</sup> County School Board has agreed to make lease payments to the County of \$400,000 per year to pay for 30 years beginning in FY 2025.  
<sup>5</sup> FYE 2022 estimated School Capital Outlay Fund Balance per County Audit.

In addition to the capital outlay funding shown above, the County will provide an annual operating supplement funding of \$1,735,000 from General Fund Revenues.

# Debt Affordability Analysis

## School Capital Outlay Fund



**\$21,698,000 Financing – 1-Year Interest Only Period**

**Assumes a 4 Cent Tax Impact in FY 2024**

A	B	C	D	E	F	G	H	I	Debt Service Cash Flow Surplus (Deficit)				N	O
									J	K	L	M		
FY	Proposed Debt Service	Annual Capital Contribution <sup>1</sup>	Project Equity Contribution <sup>2</sup>	Total	Restricted Schools Tax <sup>3</sup>	Lease Payments from School Board <sup>4</sup>	General Fund Contribution	Total Revenues Available	Surplus/ (Deficit)	Revenue From Prior Tax Impact	General Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	School Capital Outlay Fund Reserve Balance <sup>5</sup>
2023	-	400,000	500,000	900,000	653,742	-	-	653,742	(246,258)	-	(246,258)	-	-	1,246,258
2024	470,051	400,000	1,000,000	1,870,051	640,000	-	-	640,000	(1,230,051)	376,000	(854,051)	-	4.00¢	145,949
2025	2,014,260	100,000	-	2,114,260	640,000	400,000	548,551	1,588,551	(525,709)	379,760	(145,949)	-	-	-
2026	1,968,351	100,000	-	2,068,351	640,000	400,000	644,794	1,684,794	(383,558)	383,558	-	-	-	-
2027	1,922,443	100,000	-	2,022,443	640,000	400,000	595,050	1,635,050	(387,393)	387,393	-	-	-	-
2028	1,876,534	100,000	-	1,976,534	640,000	400,000	545,267	1,585,267	(391,267)	391,267	-	-	-	-
2029	1,830,626	100,000	-	1,930,626	640,000	400,000	495,446	1,535,446	(395,180)	395,180	-	-	-	-
2030	1,784,718	100,000	-	1,884,718	640,000	400,000	445,586	1,485,586	(399,132)	399,132	-	-	-	-
2031	1,738,809	100,000	-	1,838,809	640,000	400,000	395,686	1,435,686	(403,123)	403,123	-	-	-	-
2032	1,692,901	100,000	-	1,792,901	640,000	400,000	345,747	1,385,747	(407,154)	407,154	-	-	-	-
2033	1,646,992	100,000	-	1,746,992	640,000	400,000	295,767	1,335,767	(411,226)	411,226	-	-	-	-
2034	1,601,084	100,000	-	1,701,084	640,000	400,000	245,746	1,285,746	(415,338)	415,338	-	-	-	-
2035	1,555,176	100,000	-	1,655,176	640,000	400,000	195,684	1,235,684	(419,491)	419,491	-	-	-	-
2036	1,509,267	100,000	-	1,609,267	640,000	400,000	145,581	1,185,581	(423,686)	423,686	-	-	-	-
2037	1,463,359	100,000	-	1,563,359	640,000	400,000	95,436	1,135,436	(427,923)	427,923	-	-	-	-
2038	1,417,450	100,000	-	1,517,450	640,000	400,000	45,248	1,085,248	(432,202)	432,202	-	-	-	-
2039	1,371,542	100,000	-	1,471,542	640,000	400,000	-	1,040,000	(431,542)	436,524	4,982	-	4,982	-
2040	1,325,634	100,000	-	1,425,634	640,000	400,000	-	1,040,000	(385,634)	440,890	55,256	-	60,238	-
2041	1,279,725	100,000	-	1,379,725	640,000	400,000	-	1,040,000	(339,725)	445,298	105,573	-	165,812	-
2042	1,233,817	100,000	-	1,333,817	640,000	400,000	-	1,040,000	(293,817)	449,751	155,935	-	321,746	-
2043	1,187,908	100,000	-	1,287,908	640,000	400,000	-	1,040,000	(247,908)	454,249	206,341	-	528,087	-
												<b>Total Tax Effect</b>	<b>4.00¢</b>	
<b>Total</b>	<b>30,890,647</b>	<b>6,400,000</b>	<b>1,500,000</b>	<b>38,790,647</b>			<b>5,039,588</b>		<b>Total</b>					

<sup>1</sup> Includes \$400,000 annual funding in FY 2023 and FY 2024 and \$100,000 thereafter per the Washington County School Funding agreement. Note, capital funding shown does not include annual accumulated lottery funding available to fund school capital and debt service that is currently planned to be made available for capital maintenance at other schools.  
<sup>2</sup> FY 2023 includes \$500,000 for a land purchase and FY 2024 includes a \$1,000,000 County Contribution to the Project.  
<sup>3</sup> FY 2023 Estimated Article 40 and 42 1/2 Cent Restricted Sales Tax was \$653,742. Assumes \$640,000 thereafter.  
<sup>4</sup> County School Board has agreed to make lease payments to the County of \$400,000 per year to pay for 30 years beginning in FY 2025.  
<sup>5</sup> FYE 2022 estimated School Capital Outlay Fund Balance per County Audit.

In addition to the capital outlay funding shown above, the County will provide an annual operating supplement funding of \$1,735,000 from General Fund Revenues.



# Debt Affordability Analysis

## School Capital Outlay Fund



\$21,698,000 Financing – 1-Year Interest Only Period														
Assumes a 5 Cent Tax Impact in FY 2024														
A	B C D			E F G H I				J K L M N O						
FY	Proposed Debt Service	Annual Capital Contribution <sup>1</sup>	Project Equity Contribution <sup>2</sup>	Total	Restricted Schools Tax <sup>3</sup>	Lease Payments from School Board <sup>4</sup>	General Fund Contribution	Total Revenues Available	Debt Service Cash Flow Surplus (Deficit)					
								Surplus/ (Deficit)	Revenue From Prior Tax Impact	General Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	School Capital Outlay Fund Reserve Balance <sup>5</sup>	
2023	-	400,000	500,000	900,000	653,742	-	-	653,742	(246,258)	-	(246,258)	-	1,246,258	
2024	470,051	400,000	1,000,000	1,870,051	640,000	-	-	640,000	(1,230,051)	470,000	(760,051)	5.00¢	1,000,000	
2025	2,014,260	100,000	-	2,114,260	640,000	400,000	359,611	1,399,611	(714,649)	474,700	(239,949)	-	239,949	
2026	1,968,351	100,000	-	2,068,351	640,000	400,000	548,904	1,588,904	(479,447)	479,447	-	-	-	
2027	1,922,443	100,000	-	2,022,443	640,000	400,000	498,201	1,538,201	(484,241)	484,241	-	-	-	
2028	1,876,534	100,000	-	1,976,534	640,000	400,000	447,451	1,487,451	(489,084)	489,084	-	-	-	
2029	1,830,626	100,000	-	1,930,626	640,000	400,000	396,651	1,436,651	(493,975)	493,975	-	-	-	
2030	1,784,718	100,000	-	1,884,718	640,000	400,000	345,803	1,385,803	(498,914)	498,914	-	-	-	
2031	1,738,809	100,000	-	1,838,809	640,000	400,000	294,906	1,334,906	(503,904)	503,904	-	-	-	
2032	1,692,901	100,000	-	1,792,901	640,000	400,000	243,958	1,283,958	(508,943)	508,943	-	-	-	
2033	1,646,992	100,000	-	1,746,992	640,000	400,000	192,960	1,232,960	(514,032)	514,032	-	-	-	
2034	1,601,084	100,000	-	1,701,084	640,000	400,000	141,912	1,181,912	(519,172)	519,172	-	-	-	
2035	1,555,176	100,000	-	1,655,176	640,000	400,000	90,811	1,130,811	(524,364)	524,364	-	-	-	
2036	1,509,267	100,000	-	1,609,267	640,000	400,000	39,659	1,079,659	(529,608)	529,608	-	-	-	
2037	1,463,359	100,000	-	1,563,359	640,000	400,000	-	1,040,000	(523,359)	534,904	11,545	-	11,545	
2038	1,417,450	100,000	-	1,517,450	640,000	400,000	-	1,040,000	(477,450)	540,253	62,802	-	74,348	
2039	1,371,542	100,000	-	1,471,542	640,000	400,000	-	1,040,000	(431,542)	545,655	114,113	-	188,461	
2040	1,325,634	100,000	-	1,425,634	640,000	400,000	-	1,040,000	(385,634)	551,112	165,478	-	353,939	
2041	1,279,725	100,000	-	1,379,725	640,000	400,000	-	1,040,000	(339,725)	556,623	216,898	-	570,837	
2042	1,233,817	100,000	-	1,333,817	640,000	400,000	-	1,040,000	(293,817)	562,189	268,373	-	839,210	
2043	1,187,908	100,000	-	1,287,908	640,000	400,000	-	1,040,000	(247,908)	567,811	319,903	-	1,159,112	
<b>Total Tax Effect</b>												<b>5.00¢</b>		
<b>Total</b>	<b>30,890,647</b>	<b>6,400,000</b>	<b>1,500,000</b>	<b>38,790,647</b>			<b>3,600,828</b>	<b>Total</b>						

<sup>1</sup> Includes \$400,000 annual funding in FY 2023 and FY 2024 and \$100,000 thereafter per the Washington County School Funding agreement. Note, capital funding shown does not include annual accumulated lottery funding available to fund school capital and debt service that is currently planned to be made available for capital maintenance at other schools.  
<sup>2</sup> FY 2023 includes \$500,000 for a land purchase and FY 2024 includes a \$1,000,000 County Contribution to the Project.  
<sup>3</sup> FY 2023 Estimated Article 40 and 42 1/2 Cent Restricted Sales Tax was \$653,742. Assumes \$640,000 thereafter.  
<sup>4</sup> County School Board has agreed to make lease payments to the County of \$400,000 per year to pay for 30 years beginning in FY 2025.  
<sup>5</sup> FYE 2022 estimated School Capital Outlay Fund Balance per County Audit.

■ In addition to the capital outlay funding shown above, the County will provide an annual operating supplement funding of \$1,735,000 from General Fund Revenues.



# Appendix

## Summary of Bank Proposals

# Summary of Bids Received



Lender	A	B	C	D	
	Prepayment Provisions		Option 1	Option 2	
1	Capital One Public Funding, LLC	No call until 12/01/2032, callable thereafter at par in whole or in part, prepayments applied in inverse order of maturity.		4.67% <sup>1</sup>	4.68% <sup>1</sup>
2	Truist Bank	Prepayment A: Prepayable in whole or in part subject to a "Make Whole Call" Prepayment B: Prepayable in whole or in part at any time after 9 years without penalty; subject to a "Make Whole Call" prior to 9 years Prepayment C: Prepayable in whole or in part at any time after 10 years without penalty; subject to a "Make Whole Call" prior to 10 years	Prepayment A: 3.95% Prepayment B: 4.07% Prepayment C: 4.02%	Prepayment A: 3.95% Prepayment B: 4.07% Prepayment C: 4.02%	
3	Public Sale (TIC)	Prepayable in whole or in part at any time after 10 years.		3.91% <sup>2</sup>	3.91% <sup>2</sup>


<sup>1</sup> COPF shall lock the rate when the Borrower provides a final debt service schedule and firm closing date. On such date (the "Lock Date"), the final interest rate on the Loan shall be determined by observing the then-yielding 10-year U.S. Treasury note (ticker USGG10YR on Bloomberg, the "Benchmark Rate") and comparing it to its yield of 3.95% (the "Base Date Rate") on February 28, 2023 (the "Base Date"). On the Lock Date, if the Benchmark Rate remains between 3.80% and 4.10% (i.e. within the "Collar"), there shall be no changes to the Loan rates quoted above. However, if the Benchmark Rate is above 4.10% or below 3.80% on the Lock Date, the Loan rate shall be adjusted by one basis point up or down for every basis point the Benchmark Rate is outside the Collar.

<sup>2</sup> Current market interest rates as of 2/28/2023. Preliminary and subject to change.

# Summary of Proposals

## Truist Bank Proposal



A Lender	B Truist Bank	C
		Public Sale
	Option 1 & 2	Option 1 & 2
1 Tax Exempt Interest Rate	A: 3.95% B: 4.07% C: 4.02%	3.91% (TIC)
2 Prepayment Language	Prepayment A: Prepayable in whole or in part subject to a "Make Whole Call" Prepayment B: Prepayable in whole or in part at any time after 9 years without penalty; subject to a "Make Whole Call" prior to 9 years Prepayment C: Prepayable in whole or in part at any time after 10 years without penalty; subject to a "Make Whole Call" prior to 10 years	Prepayable in whole or in part at any time after 10 years.
3 Acceptance / Rate Expiration	March 28th / May 19th	Mid-May / Late May
4 Escrow / Project Fund	-Truist will require that all proceeds be deposited in a Project Fund with Truist. The borrower will be required to submit a requisition request for each draw from the project fund. - The current earnings rate on the Truist Project Fund is 3.50%; subject to change based on market condition.	- A Project Fund will be established by the Trustee and will be invested as directed by the County. - The current NCCMT rate is 4.50%; subject to change based on market condition.
5 Bank Fees	Not to exceed \$10,000	Additional fees associated with Bond Underwriting, Official Statement, Bond Documents, Credit Ratings, etc.
6 Credit Approval	Fully Approved	n/a - Credit Ratings Required
7 Lender's Counsel	Pope Flynn, LLP (Matt Davis)	TBD
8 Other Considerations	-The Bank will require a security interest on the PreK-12 School Facility. -The Bank will require a flood certification and Title Search. The Bank will NOT require a Title Opinion or Title Insurance Policy.	- The Public Sale approach will require a Trustee and compliance with continuing disclosure requirements. - Typically a Title Insurance Policy will be obtained for a Public Sale. - A Public Sale will require annual principal payments and semi-annual interest payments.

# Preliminary Financing Schedule

## Direct Bank Loan Approach



### Recommendation

- Based upon our review of the proposals, related analyses and discussions with County Staff and Bond Counsel, Davenport recommends that the County select the Truist 10-year par call prepayment option with a 4.02% interest rate. Additional details regarding the loan, including a recommended amortization option, will be determined following the establishment of a final GMP.

### Next Steps

Date	Task
March 28 <sup>th</sup>	Truist Proposal Acceptance Deadline
April 3 <sup>rd</sup> at 6:00pm	County Board of Commissioners Meeting <ul style="list-style-type: none"><li>County Board selects a winning bank lender, if applicable</li></ul>
April 4 <sup>th</sup>	LGC Application Deadline
April 24 <sup>th</sup>	Agenda Deadline for May 1 <sup>st</sup> Board Meeting
May 1 <sup>st</sup> at 6:00pm	County Board of Commissioners Meeting <ul style="list-style-type: none"><li>County Board considers adopting a Final Resolution</li></ul>
May 2 <sup>nd</sup>	LGC considers approving the financing
By May 19 <sup>th</sup>	Close on Direct Bank Loan

# Municipal Advisor Disclosure



The enclosed information relates to an existing or potential municipal advisor engagement.

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March 27, 2023

Washington County, NC 13

Mr. Cole stated that a total tax increase of \$0.11+ cents would be the highest tax increase. The pages show different increases and costs.

Mr. Cole said he would recommend the County go with Truist Bank. Mr. Potter said the bank will hold the money. Mr. Cole said an account will be fully funded with the loan amount and will earn interest @ ~3.5%. The County has to close by May 19 and need to know by tomorrow, March 28, that they are the recommended lender for the lien/mortgage on new school. The Board can approve the funding agreement at the April 3 meeting and at the May meeting could approve the final resolution go to the LGC at their May 2 meeting and close by May 19.

Commissioner Spruill asked about Line Item 22--was this money we had in reserve. Mr. Potter said yes, it is in the audited fund balance from last year.

- A quick pay to pay contractors would allow us to get back ~\$1M
- Liquidated damages could be eliminated to save money--~\$225,000K
- Could change the scope for the school--this has been beat to death
- Talk has already been is the school big enough....
- Could remove the 2<sup>nd</sup> gym...but not as easy as it sounds--could save over ~\$2M – but would place a hardship on the students
- Could remove Pre-K (but would not recommend) could save ~2M

Mr. Potter has requested more appropriation from the legislature of \$5M

Discussion ensued. The amount we could borrow without raising taxes would be: \$9M

PRELIMINARY APPROVAL TO PURSUE LOAN FOR PRE-K – 12 SCHOOL PROJECT: Mr. Potter, CM/CA spoke to the Board and said the Board can make a decision on the abovementioned subject tonight or wait until the April 3 Board meeting. The consensus of the Board was to discuss it at the April 3 meeting.

**Commissioner Keyes made a motion to adjourn the meeting. Commissioner Phelps seconded. Motion carried unanimously.**

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Julius Walker, Jr.  
Chair

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Julie J. Bennett, MMC, NCMCC  
Clerk to the Board