

**ORANGE COUNTY  
BOARD OF COMMISSIONERS**

**ACTION AGENDA ITEM ABSTRACT**

**Meeting Date:** February 2, 2010

**Action Agenda**

**Item No.** 4-0

**SUBJECT:** Authorization and Issuance of General Obligation Refunding Bonds, Including Bonds Previously Authorized and Up to \$7,000,000 of Additional Bonds

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**DEPARTMENT:** Financial Services Department

**PUBLIC HEARING:** (Y/N)

No

**ATTACHMENT(S):**

Bond Order  
Resolution Regarding Publication of  
Bond Order  
Amendment to Bond Resolution

**INFORMATION CONTACT:**

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**PURPOSE:** To authorize the issuance of additional general obligation refunding bonds in the maximum amount of \$7,000,000 to refund public improvement bonds issued in 2004, to amend a previous authorization for the sale of refunding bonds to allow for the refunding of the 2004 bonds and to adjust the schedule for the bond sale, and to take other appropriate action.

**BACKGROUND:** On December 15, 2009, the Orange County Board of Commissioners adopted a resolution (the "Prior Bond Resolution") to approve the issuance of County general obligation refunding bonds in the maximum amount of \$27,000,000 to refinance County bonds issued in 2001 and 2003. In this resolution, the Board approved the sale of the refunding bonds not later than March 1, 2010.

The County's Financial Advisor recently prepared an analysis which demonstrated that the County can still achieve debt service savings from the planned refunding that exceeds the 3% present value savings threshold recommended by the Local Government Commission. The savings to be achieved from the refunding will continue to change based on changing market conditions.

Market rates and conditions have now made it possible for the County also to refinance a portion of its general obligation public improvement bonds issued in 2004 (the "2004 Bonds"). To include these bonds in the refunding, the Board is requested to adopt an appropriate Bond Order that will authorize the refunding of the 2004 Bonds. The Board is also requested to adopt a resolution providing for the required publication of a notice of the publication of this Bond Order.

The Prior Bond Resolution would then be amended to include the 2004 Bonds among the County bonds eligible for refinancing through the issuance of the refunding bonds. The total amount of refunding bonds that may be sold will remain unchanged at \$27,000,000. The final

maturity date for the refunding bonds will not extend beyond December 31, 2011. In addition, the eligible dates for sales of refunding bonds provided for in the Prior Bond Resolution will be extended from March 1, 2010 to April 15, 2010.

The current scheduled date for the refunding bond sale is February 24, 2010, but this date is subject to change based on market conditions, among other matters.

**FINANCIAL IMPACT:** The resulting financial impact of this action is a savings in future debt service costs related to the 2004 bonds which will be determined when the bonds are sold. Under current market conditions, cumulative savings of refunding the 2001, 2003 and a portion of the 2004 General Obligation Bonds is approximately \$450,000.

**RECOMMENDATION(S):** The Manager recommends that the Board:

- 1) Adopt the Bond Order authorizing the issuance of General Obligation Refunding Bonds in the maximum amount of \$7,000,000 to refund a portion of the 2004 Public Improvement Bonds, in the form presented;
- 2) Adopt the Resolution regarding the publication of the Bond Order and the Amendment to the Bond Resolution, in the forms presented; and
- 3) Authorize and direct staff to take the actions contemplated in such proceedings to complete the proposed refunding bond issue.

Bond Order for Refunding Bonds

**BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION  
REFUNDING BONDS IN THE MAXIMUM AMOUNT OF \$7,000,000 TO  
REFUND A PORTION OF THE 2004 PUBLIC IMPROVEMENT BONDS**

**WHEREAS –**

Orange County, North Carolina (the "County"), has previously issued its General Obligation Public Improvement Bonds, Series 2004A and Series 2004B, in the original aggregate principal amount of \$25,140,000. Based on the current state of the municipal bond market, the County has determined that refinancing a portion of the outstanding balance of the 2004 could provide savings to the County.

The County has applied to the North Carolina Local Government Commission for its approval of the issuance of County refunding bonds to carry out the refinancing of the 2004 Bonds. The LGC has accepted the County's application.

**BE IT ORDERED** by the Board of Commissioners of Orange County, North Carolina, as follows:

1. There are hereby ordered to be issued general obligation refunding bonds of the County to provide for the refinancing of all or a portion of the outstanding balance of the 2004 Bonds, including paying related financing costs and other necessary or incidental costs.
2. The maximum aggregate principal amount of the bonds issued for such purpose will be \$7,000,000.
3. Taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds so issued.
4. A sworn statement of debt prepared by the County's Finance Officer has been filed with the Clerk to this Board and is available for public inspection.
5. This Bond Order takes effect immediately.

**Resolution Regarding Publication of Bond Order**

WHEREAS, there has been adopted at this meeting a bond order entitled as follows:

**BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS IN THE MAXIMUM AMOUNT OF \$7,000,000 TO REFUND A PORTION OF THE 2004 PUBLIC IMPROVEMENT BONDS**

AND WHEREAS, the General Statutes require the publication of a notice to complete the process of authorizing the bonds;

BE IT THEREFORE RESOLVED by the Board of Commissioners of Orange County, North Carolina, that the Clerk to this Board is authorized and directed to publish a notice of the adoption of such Bond Order, in the form provided for in Section 159-58 of the General Statutes, one time in a newspaper having general circulation in the County.

**Amendment to Bond Resolution*****WHEREAS --***

By a resolution adopted on December 15, 2009, the Orange County Board of Commissioners approved the issuance of County general obligation refunding bonds in the maximum amount of \$27,000,000 to refinance County bonds issued in 2001 and 2003. In this resolution, the Board approved the sale of the refunding bonds not later than March 1, 2010.

Changing market conditions have now made it possible for the County also to refinance a portion of its General Obligation Public Improvement Bonds, Series 2004 (the "2004 Bonds"). The Board desires to provide for contemplated refunding bond sale to include bonds to refund the 2004 bond issue. In addition, the Board desires to grant staff the flexibility to provide for the bond sale at any time up to April 15, 2010.

**Therefore, be it resolved by the Board of Commissioners of Orange County, North Carolina, as follows:**

1. The County's "Resolution for the Sale of Refunding Bonds" as adopted on December 15, 2009 (the "Prior Resolution"), is hereby amended to include the 2004 Bonds among the County bonds eligible for refinancing through the issuance of the refunding bonds provided for in the Prior Resolution. The total amount of refunding bonds that may be sold shall be unchanged at \$27,000,000. The final maturity date for the refunding bonds shall not extend beyond December 31, 2021.
2. The eligible dates for sales of refunding bonds provided for in the Prior Resolution are extended from March 1, 2010, to April 15, 2010.
3. Except as expressly amended by this resolution, the Prior Resolution is ratified and confirmed. This amending resolution takes effect immediately.