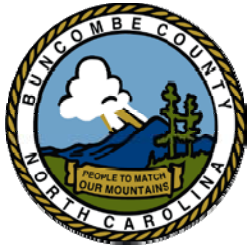


Overview of 2018 LOBs Financing

Buncombe County, North Carolina



February 6, 2018

Review of School Capital Project Funding Awards



<u>Projects Ordinances Adopted</u>			<u>Amount for 2018 LOBS</u>
10/18/2016	-	\$44,161,525 (SY 2017)	\$60,416,308
3/21/2017	-	\$28,009,899 (SY 2018 & 2019)	<u>Remaining Obligations</u>
1/9/2018	-	\$1,225,000 (SY 2019)	\$12,980,116
<hr/>			
		<u>\$73,396,424</u>	<u>Total Obligations for Potential Financing</u>

Debt service paid from dedicated Article 39 sales tax revenues

¹ Preliminary and subject to change.

Review of School Capital Project Funding Awards



Major Projects - \$46,732,033

School	Project	Total Amount
Asheville High School	Major renovations	\$25,266,250
Community High School	Addition & major renovations	\$12,300,000
Montford North Star Academy	Major renovations	\$5,998,000
Ira B. Jones	Roofing & HVAC	\$2,145,000
Buncombe County Schools	2018 LED Retrofit	\$828,391
Asheville City Schools	2018-19 LED Retrofit	\$194,392

Other Projects - \$13,684,275

Project Type	Number of Projects	Total Amount
Roofing	7	\$6,124,275
Canopies, Walkways, Other	4	\$2,265,000
Track, Turf, & Lighting	3	\$2,075,000
American Disability Act & Office of Civil Rights Compliance	3	\$1,415,000
Major Equipment & Systems Replacements	6	\$1,215,000
Paving & Roads	3	\$590,000

¹ Preliminary and subject to change.

2018 LOBs Issuance Overview



2018 LOBs - Various School Projects

- Limited Obligation Bonds (“LOBs”) are subject to annual appropriation by the County and are secured by the pledge of one or more assets.
- The County plans to fund the projects through a Limited Obligation Bond secured by the County’s 2015 Deed of Trust. The County plans to add additional collateral to the existing 2015 package by including the Montford North Star Academy and Asheville High School.
- The County anticipates issuing the Bonds under the following assumptions:
 - Issuance Type: Public Sale
 - Issuance Date: March 2018 (FY 2018)
 - Term: 20 Years
 - Amortization: Level Principal
 - Par Amount¹: \$54,555,000
 - Project Fund Deposit: \$60,416,308
- Issuer: Buncombe County, NC
- Financial Advisor: Davenport & Company LLC
- Bond Counsel: Parker Poe Adams & Bernstein LLP
- Senior Manager: R.W. Baird
- Co-Manager: Wells Fargo Bank N.A.
- Underwriter’s Counsel: McGuire Woods
- Trustee: Regions Bank

2018 LOBs Preliminary Amortization Schedule

Maturity	Par Amount ¹
6/1/2019	\$ 2,730,000
6/1/2020	2,730,000
6/1/2021	2,730,000
6/1/2022	2,730,000
6/1/2023	2,730,000
6/1/2024	2,730,000
6/1/2025	2,730,000
6/1/2026	2,730,000
6/1/2027	2,730,000
6/1/2028	2,730,000
6/1/2029	2,730,000
6/1/2030	2,725,000
6/1/2031	2,725,000
6/1/2032	2,725,000
6/1/2033	2,725,000
6/1/2034	2,725,000
6/1/2035	2,725,000
6/1/2036	2,725,000
6/1/2037	2,725,000
6/1/2038	2,725,000
Total	\$ 54,555,000

¹ Preliminary and subject to change.



Method of Sale Considerations

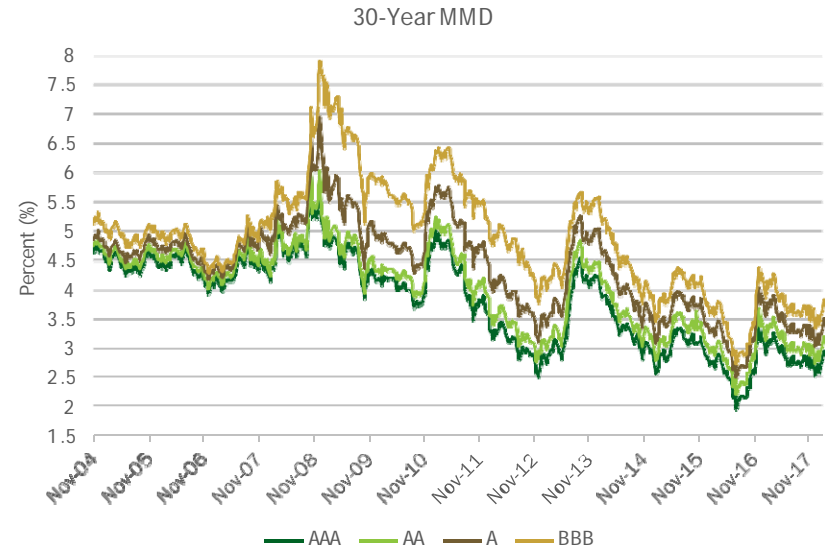
Public Offering vs. Bank Loan

- In evaluating a preferred method of sale between a public offering and a bank loan, some of the key considerations include:
 - Size
 - Term
 - Structure
 - Collateral
 - Prepayment Provisions
 - Interest Rate

Historical Credit Spreads



- The County's credit rating has a direct impact on the cost of borrowing.
 - The credit spread is the premium an issuer pays to the purchaser of their bonds (i.e. higher interest rate) as compensation for increased credit risk.
 - Since the financial downturn in September 2008, credit quality of issuers has taken on a renewed importance to investors.
 - The average spread for an AA rated borrower has increased from 0.10% from Nov 2004–Dec 2008 to 0.23% since Dec 2008.



- Using current estimates for the 2018 LOBs Financing, a 0.10% change in rates translates into a \$571,421 change in total debt service.

Credit Spreads (%) vs the 30 -yr AAAMMD

Nov 2004 -Dec 2008

Rating	Min	Max	Average
AA	0.04	0.19	0.10
A	0.15	1.26	0.33
BBB	0.30	2.52	0.60

Dec 2008 -Jan 2018

Rating	Min	Max	Average
AA	0.09	0.53	0.23
A	0.46	1.11	0.69
BBB	0.69	2.58	1.29

Financing Schedule Summary



Date	Task
By February 1 st	<ul style="list-style-type: none"><li data-bbox="579 483 957 514">▪ Submit LGC Application<li data-bbox="579 532 1251 570">▪ Conference Call with LGC to discuss financing
Month of February	<ul style="list-style-type: none"><li data-bbox="579 634 1031 665">▪ February 6th - Public Hearing<li data-bbox="579 683 1289 714">▪ Draft document distribution and review with LGC<li data-bbox="579 732 930 763">▪ Credit Rating Process<li data-bbox="579 781 1919 821">▪ February 20th - County Board Meeting to consider authorizing resolution and related documents
Month of March	<ul style="list-style-type: none"><li data-bbox="579 886 1415 917">▪ March 6th - LGC Meeting to consider approval of financing<li data-bbox="579 935 942 966">▪ Receive Credit Ratings<li data-bbox="579 984 814 1015">▪ Bond Pricing<li data-bbox="579 1032 852 1063">▪ Close on Bonds

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