

***WARREN COUNTY
BOARD OF COMMISSIONERS***

April 6, 2015

5:00 PM

SPECIAL WORK SESSION

***WARREN COUNTY
ARMORY CIVIC CENTER
COMMISSIONERS' MEETING ROOM
WARRENTON, NC***

April 6, 2015
Special Work Session Agenda

===

1 – Moment of Silence

2 - Clerk Read Notice of Special Work Session

**3 – Discussion of potential refunding opportunities
for Warren County Public Utilities Debt.**

4 – Comments

5 - Adjourn Special Work Session

April 6, 2015
Special Work Session Agenda

Item # 1

===

Moment of Silence

April 6, 2015
Special Work Session Agenda

Item # 2

===

Clerk Read Notice of
Special Work Session

NOTICE

Special Work Session Warren County Board of Commissioners

Notice is hereby given that the Warren County Board of Commissioners will hold a Special Work Session on Monday, April 6, 2015 at 5:00 pm in the Warren County Armory Civic Center Meeting Room, 501 US Highway 158 Business, East, Warrenton, NC 27589.

The purpose of this Special Work Session is for the discussion of potential refunding opportunities for Warren County Public Utilities Debt.

All interested persons are encouraged to attend this meeting.

**Barry Richardson, Chairman
Warren County Board of Commissioners**

April 6, 2015
Special Work Session Agenda

Item # 3

**Discussion of potential refunding
opportunities for
Warren County
Public Utilities Debt**

Entire 34 paged
document
is located at:

www.warrencountync.com

Go to:
Online Forms &
Downloads

Click on:
Public Utilities

Or you may get
an e-mailed copy
by requesting one
from the
Warren County
Manager's office
(252) 257-3115.

Discussion Materials – Potential Refunding Opportunities

Warren County, North Carolina

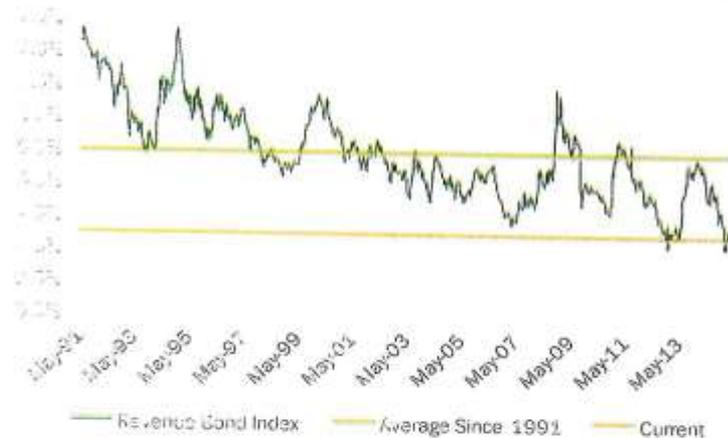


DAVENPORT & COMPANY
MEMBER NYSE FINRA SIPC

Municipal Market Overview



Revenue Bond Index

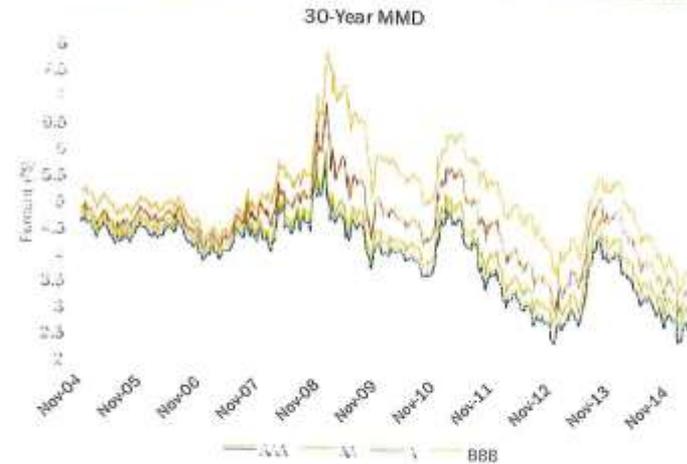


- The Revenue Bond Index ("RBI") is an estimate of yields compiled by the Bond Buyer using an index of revenue bonds maturing in 30 years, with a rating equivalent to Moody's A1 and Standard and Poor's A+.

■ Interest rate statistics since 1991:

— High:	7.37%
— Low:	4.06%
— Average:	5.45%
— Current:	4.19%

Historical Credit Spreads



Credit Spreads (%) vs the 30-yr AAA MMD

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 - Mar 2015

Rating	Min	Max	Average
AA	0.09	0.56	0.22
A	0.27	1.11	0.74
BBB	0.69	2.56	1.48

Note: credit spreads compared to the 'AAA' equivalent

Refunding Summary



Summary of Bonds Refunded

Series	Coupon(s)	Par Refunded	Call Date	Call Price	Maturities Refunded
2015 L30 (Demand II)	4.750%	1,294,000	Current	100%	6/1/2016 - 6/1/2038
2015 L30 (Demand II)	4.750%	2,271,000	Current	100%	6/1/2016 - 6/1/2041
2015 L30 (Demand II)	4.750%	2,590,000	Current	100%	6/1/2016 - 6/1/2045
2015 L30 (Demand II)	4.750%	612,000	Current	100%	6/1/2016 - 6/1/2045
2015 L50 (Demand II)	4.750%	4,873,000	Current	100%	6/1/2016 - 6/1/2046
Total		\$11,440,000			

Debt Service Comparison

Fiscal Year	Prior Net Debt Service	Refunding Debt Service	Savings
2015	0	0	0
2016	733,190	673,163	60,027
2017	737,164	652,750	54,414
2018	738,239	674,800	63,439
2019	737,799	674,200	63,599
2020	737,389	673,200	64,189
2021	736,988	671,800	65,187
2022	737,071	670,000	67,071
2023	736,593	672,800	63,792
2024	738,551	670,000	68,551
2025	737,308	666,800	70,507
2026	737,478	678,200	59,277
2027	737,469	668,600	68,869
2028	738,256	673,600	64,656
2029	738,270	677,100	61,170
2030	739,011	674,444	64,567
2031	737,410	676,475	60,935
2032	737,535	666,963	70,572
2033	736,770	672,281	64,489
2034	733,113	671,925	61,187
2035	725,663	656,062	69,600
2036	716,563	650,200	66,363
2037	709,860	641,000	68,860
2038	698,555	626,400	72,155
2039	618,550	556,600	59,950
2040	605,315	548,300	56,515
2041	592,008	535,000	57,008
2042	456,473	417,200	39,273
2043	439,753	402,800	36,953
2044	423,033	388,400	34,633
2045	406,313	364,000	42,313
2046	237,593	0	237,593
2047	227,713	0	227,713
2048	216,833	0	216,833

Summary of Refunding Results

Series	Gross Savings*	Present Value Savings*	Percent Net P.V. Savings	True Interest Cost	Final Maturity	Negative Arbitrage
2015 L30 (Demand II)	223,993	154,181	12.20%	3.3-139%	6/1/2038	0
2015 L30 (Demand II)	403,974	278,510	12.20%	3.4990%	6/1/2041	0
2015 L30 (Demand II)	394,710	234,431	9.20%	3.6097%	6/1/2045	0
2015 L30 (Demand II)	100,250	50,269	9.16%	3.5920%	6/1/2045	0
2015 L50 (Demand II)	1,340,167	623,023	13.38%	3.0210%	6/1/2045	0
Total	\$2,503,094	\$1,340,414	11.80%	3.9619%		\$0

*As of 3/23/15

*Net of estimated fixed cost of issuance of \$225,000 and underwriter's discount of \$126,806.99.

*Estimated as of 3/23/15. Preliminary and subject to change.

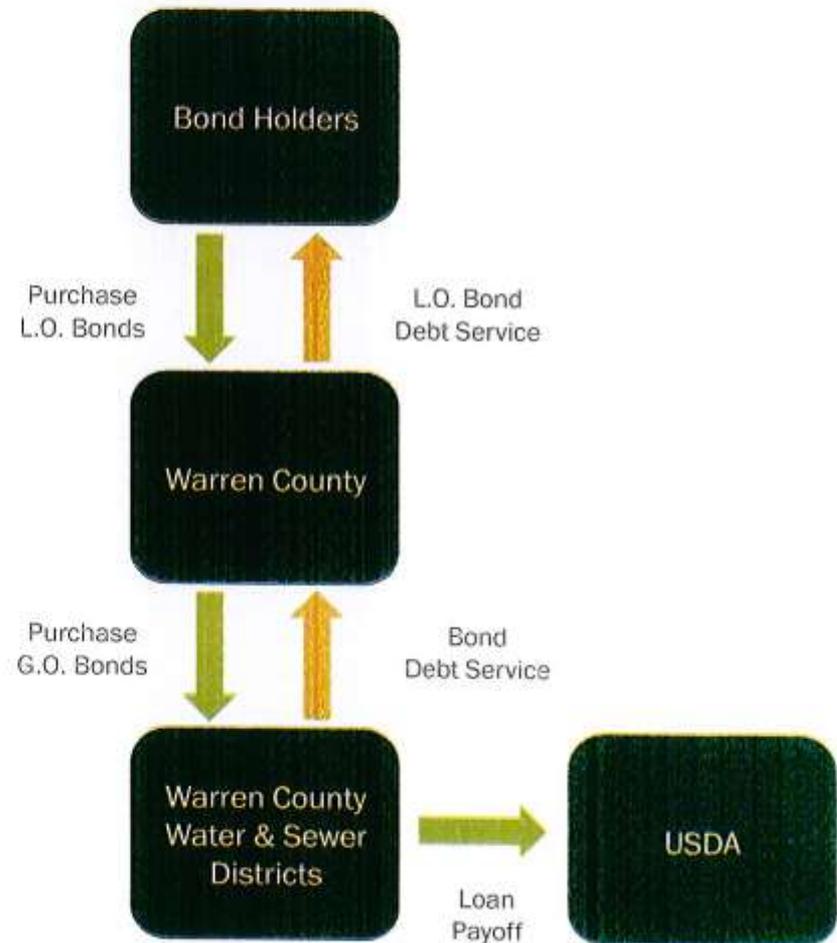
USDA Refinancing Flow of Funds



Current Flow of Funds



Resulting Flow of Funds



USDA Refinancing Structure



■ Loan Payoffs

- Bondholders purchase Limited Obligation Bonds issued by Warren County.
- Warren County purchases General Obligation Refunding Bonds issued by each of the Districts.
- Each of the Districts uses the proceeds to pay off the current loans with USDA.

■ Debt Service Payments

- Each of the Districts pays the debt service on the General Obligation Refunding Bonds to Warren County.
- Warren County pays the debt service on the Limited Obligation Bonds to the Bondholders.

■ Notes

- If a district does not pay, the County has the General Obligation Refunding Bonds (and the Districts' ad valorem taxing power) as collateral.
- Limited Obligation Bonds are appropriation-backed, and require the County Board to budget for the debt service annually.



Next Steps

Entire 34 paged
document
is located at:

www.warrencountync.com

Go to:
Online Forms &
Downloads

Click on:
Public Utilities

Or you may get
an e-mailed copy
by requesting one
from the
Warren County
Manager's office
(252) 257-3115.

- County Board to consider adopting an Initial Resolution to:
 - Direct staff to move forward with the transaction and submit an LGC Application;
 - Call for a Public Hearing ; and,
 - Approve the financing team:
 - Financial Advisor ("FA")
 - Bond Counsel ("BC")
 - Bond Underwriter ("UW")
 - Bond Underwriter's Counsel ("UC")
 - Bond Trustee ("TR")

- Working Group develops a detailed Financing Schedule and related Task List.

- Refunding Transaction unfolds over an approximate 90-day period.

April 6, 2015
Special Work Session Agenda

Item # 4

Comments

April 6, 2015
Special Work Session Agenda

Item # 5

Adjourn Special Work Session