

# FORSYTH COUNTY

## BOARD OF COMMISSIONERS

BRIEFING DRAFT

MEETING DATE: May 21, 2020

AGENDA ITEM NUMBER: 8

**SUBJECT: RESOLUTION RATIFYING AND AUTHORIZING EXECUTION OF A STANDBY PURCHASE AGREEMENT RENEWAL WITH WELLS FARGO BANK, NATIONAL ASSOCIATION, FOR THE 2004A AND 2004B VARIABLE RATE GENERAL OBLIGATION BONDS (FINANCE DEPARTMENT)**

**COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:**

### SUMMARY OF INFORMATION:

The 2004A and 2004B Variable Rate General Obligation Bonds require a standby purchase agreement to be in place so that investors will purchase the bonds when remarketed as designed. Wells Fargo Bank has provided this standby purchase agreement since the issuance of the bonds, and this will be the fifth renewal of this agreement. The agreement is for three years at a rate of 0.40%. Due to the Bank's request to have this renewal agreed upon by May 1, 2020, and the uncertainty of the credit markets, it was in the best fiscal interest of the County to agree to the renewal as quickly as possible.

ATTACHMENTS:  YES  NO

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
COUNTY MANAGER

**RESOLUTION RATIFYING AND AUTHORIZING EXECUTION OF A STANDBY  
PURCHASE AGREEMENT RENEWAL WITH WELLS FARGO BANK, NATIONAL  
ASSOCIATION, FOR THE 2004A AND 2004B VARIABLE RATE  
GENERAL OBLIGATION BONDS  
(FINANCE DEPARTMENT)**

**WHEREAS** on April 30, 2020, Forsyth County committed to the fifth renewal of a standby purchase agreement with Wells Fargo Bank, National Association, for the 2004A and 2004B Variable Rate General Obligation Bonds, due to a May 1, 2020, bank deadline and uncertainty in the credit markets;

**WHEREAS** Wells Fargo Bank, National Association, has provided the County with standby purchase services since the issuance of the aforementioned bonds in June of 2004 to provide for a liquidity facility pursuant to which the Bank would purchase Bonds under certain circumstances, and the Bank is willing to purchase the Bonds, on the terms and conditions set forth in the original agreement as last amended by this renewal; and

**WHEREAS** Forsyth County has requested and received an agreement extension to June 23, 2023, from Wells Fargo Bank, National Association at the same terms as the prior agreement extension, where the County pays a commitment fee at a rate per annum equal to 0.40% multiplied by the par amount of the bonds still outstanding at each quarterly due date;

**NOW, THEREFORE, BE IT RESOLVED**, that the Forsyth County Board of Commissioners ratifies and authorizes the County Manager's execution, on behalf of Forsyth County, a renewal of the 2004A and 2004B Variable Rate General Obligation Bonds Standby Purchase Agreement and associate Fee Letter, both of which are attached hereto and incorporated herein by reference, with Wells Fargo Bank, National Association at a rate per annum equal to 0.40%, subject to a pre-audit certificate thereon by the County Chief Financial Officer, where applicable, and approval as to form and legality by the Forsyth County Attorney.

Adopted this 21<sup>st</sup> day of May, 2020.









April 29, 2020

Paul L. Fulton, Jr., Chief Financial Officer  
Lee Plunkett, Assistant Chief Financial Officer  
Forsyth County  
201 North Chestnut Street  
Winston-Salem, North Carolina 27101

Re: Standby Purchase Agreements, dated June 1, 2004, as supplemented and amended, regarding County of Forsyth, North Carolina Variable Rate General Obligation School Bonds, Series 2004A and 2004B

Gentlemen:

Reference is hereby made to those certain Standby Purchase Agreements, dated as of June 1, 2004, as supplemented and amended (the "**Agreement**"), between the County of Forsyth, North Carolina (the "**County**") and Wells Fargo Bank, National Association (formerly Wachovia Bank, National Association) (the "**Bank**"). The purpose of this letter (the "**2020 Amendment**") is to amend the Agreement according to the following terms and conditions. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

Revised Definitions. The following definitions are hereby amended and restated in their entirety to read as follows:

"Expiration Date" means, initially, the Initial Expiration Date and, thereafter, such later date as provided for in Section 2.11(b) or as may be otherwise agreed to in writing by the Bank and the County. The Expiration Date is hereby extended to June 23, 2023.

"Prime Rate" means that annual interest rate set by the Bank from time to time as an interest rate basis for borrowings. If the Prime Rate shall be less than 1.0%, such rate shall be deemed to be 1.0% for all purposes of this Agreement. The Prime Rate is one of several interest rate bases used by the Bank. The Bank lends at rates above and below the Prime Rate. For purposes of computing interest, each change in the Prime Rate shall be effective on the date of such change.

Revised Provision. Sections 2.8(a) and 2.8(b) of the Agreement are hereby amended and restated in their entirety to read as follows:

- (a) Except as otherwise provided in subsection (b) of this Section, as provided in the Bond Resolution, each Bank Bond (including any Bank Bonds purchased by











