

# CITY OF HIGH POINT

## AGENDA ITEM



<b>TITLE:</b> Resolutions to approve Piedmont Triad Regional Water Authority Financing	
<b>FROM:</b> City Manager's Office	<b>MEETING DATE:</b> September 16, 2024
<b>PUBLIC HEARING:</b> n/a	<b>ADVERTISED DATE/BY:</b> n/a
<b>ATTACHMENTS:</b> Resolutions	

**PURPOSE:** Consider resolutions to approve the Piedmont Triad Regional Water Authority ("PTRWA") financing for upcoming expansion and treatment upgrades.

**BACKGROUND:** In 1987, the City entered into a Joint Governmental Agreement ("JGA") along with other local governments to provide funds to the PTRWA to acquire land to construct the Randleman Dam and related facilities. The JGA also provided that financing of the first phase of a water treatment plant and related facilities that would be financed with revenue bonds of the PTRWA and that debt service on these bonds, as well as PTRWA's operating costs would be funded through payments from the members to PTRWA. The Agreement was amended and restated to provide for this. In 2016, the Agreement was amended and restated again in connection with an expansion of the treated water production capacity of the water treatment plant.

PTRWA has now decided to issue revenue bonds designated as the Water System Revenue Bond Anticipation Note, Series 2024 (the "2024 Note") and to use the proceeds thereof to finance the expansion of the water treatment plant and to accomplish the removal and elimination of per- and polyfluoroalkyl substances ("PFAS") and other emerging compounds. The 2024 Note shall be in an amount not to exceed \$130,000,000. In order to facilitate the issuance of the 2024 Note, it is necessary for members of PTRWA to pass a resolution authorizing and approving the bond anticipation notes in an amount not to exceed \$130,000,000 and approving an amended and restated interlocal agreement setting forth, among other things, the debt service obligations of the members with respect to the 2024 Note. Each member must also pass a resolution acknowledging its obligations under the 2024 Note.

**BUDGET IMPACT:** The city's portion of advanced treatment costs are currently estimated at \$16,150,00.00. 30-year bond payments on this estimated amount are \$1,045,014.00 annually. To support this debt, staff is anticipating an approximate 2% rate increase will be required after the final bond sale numbers and expenses are compiled. This increase will be in addition to our annual rate recommendations.

**RECOMMENDATION/ACTION REQUESTED:** City Council is required to approve (1) the Resolution Authorizing and Approving Bond Anticipation Notes and the Amendment and Restatement of a Joint Governmental Agreement and (2) the Resolution Concerning the City's Obligations under its "Joint Governmental Agreement" among the City, Piedmont Triad Regional Water Authority and other Local Governments.



**EXTRACTS FROM MINUTES OF CITY COUNCIL**

The City Council for the City of High Point, North Carolina held a regular meeting in in the Council Chambers located on the 3<sup>rd</sup> floor of 211 South Hamilton Street, High Point, North Carolina 27261 at 5:30 P.M. on September 16, 2024. The following Council Members were:

Present:

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Absent:

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**RESOLUTION AUTHORIZING AND APPROVING BOND ANTICIPATION NOTES AND THE AMENDMENT AND RESTATEMENT OF A JOINT GOVERNMENTAL AGREEMENT**

**WHEREAS**, the City of High Point, North Carolina (the “City”) previously entered into an Amended and Restated Joint Governmental Authority dated August 4, 2016 (as amended and supplemented from time to time, the “Interlocal Agreement”), among the Piedmont Triad Regional Water Authority (the “Authority”) and the following local governments: the City, the City of Archdale, North Carolina, the City of Greensboro, North Carolina, the Town of Jamestown, North Carolina, the City of Randleman, North Carolina and the County of Randolph, North Carolina (collectively, the “Members”);

**WHEREAS**, the Interlocal Agreement sets forth, among other things, the Debt Service Obligations (as defined in the Interlocal Agreement) of Members with respect to Revenue Bonds (as defined in the Interlocal Agreement), as well as the other Payment Obligations (as defined in the Interlocal Agreement) of Members;

**WHEREAS**, pursuant to Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the “Act”), a Bond Order Authorizing the Issuance of Water System Revenue Bonds adopted on June 10, 2008 (as amended and supplemented from time to time, the “Bond Order”) and a series resolution adopted June 10, 2008 (the “2008 Series Resolution”), the Authority previously issued its \$22,178,485 Piedmont Triad Regional Water Authority Water System Revenue Bond dated June 12, 2008 (the “2008 Bond”) for the purpose of providing funds, together with other available funds, to construct a 12 MGD water treatment plant and facilities related thereto (the “2008 Project”);

**WHEREAS**, pursuant to the Act, the Bond Order and a series resolution adopted June 8, 2012 (the “2012 Series Resolution”), the Authority previously issued its \$22,178,485 Piedmont Triad Regional Water Authority System Revenue Refunding Bond dated June 14, 2012 (the “2012 Bond”) for the purpose of providing funds, together with other available funds, to prepay and

refund the entire outstanding principal amount of the 2008 Bond and pay certain expenses of issuing the 2012 Bond;

**WHEREAS**, pursuant to the 2012 Series Resolution, Article III of the Bond Order was amended to provide for the issuance, from time to time, of Additional Bonds (as defined in the Bond Order) payable from the same funds as previously-issued Bonds (as defined in the Bond Order) for the purpose of providing funds, with any other available funds, for paying the cost of System Improvements (as defined in the Bond Order);

**WHEREAS**, pursuant to Section 7 of Article III of the Authority’s bylaws (the “Bylaws”), alterations of the allocation of water or the level or percentage of financial participation of Members must be approved by the governing boards of each Member;

**WHEREAS**, the Authority has determined to finance the costs of the acquisition, construction, reconstruction, improvement, enlargement and betterment of a 26.7 MGD water treatment plant and facilities related thereto (the “2024 Project”), and such 2024 Project will constitute System Improvements under the Bond Order;

**WHEREAS**, the Authority has determined to authorize the issuance of its Piedmont Triad Regional Water Authority Water System Revenue Bond Anticipation Note, Series 2024 (the “2024 Note”), to be issued in anticipation of water system revenue bonds, in an amount not to exceed \$130,000,000, pursuant to Section 159-161 et. seq. of the North Carolina General Statutes, as amended, the Act and the Bond Order, for the purpose of (a) financing a portion of the cost of the 2024 Project and (b) paying certain costs and expenses incurred in connection with the issuance of the 2024 Note;

**WHEREAS**, the 2024 Note will constitute Additional Bonds under the Bond Order and Revenue Bonds under the Interlocal Agreement;

**WHEREAS**, the Authority and some or all of the Members are involved in litigation and other disputes or claims concerning per and polyfluoroalkyl substances (PFAS) and other emerging compounds (collectively, the “PFAS Claims”);

**WHEREAS**, pursuant to Section 7 of the Interlocal Agreement, the Authority has determined to amend and restate the Interlocal Agreement (a) in connection with the issuance of the 2024 Note and (b) in order to provide that any proceeds resulting from the settlement or other disposition of PFAS Claims related to the Authority’s source water and water treatment facilities are the property of the Authority and shall be paid and delivered to the Authority whether or not initially received by any Member;

**WHEREAS**, there have been available at this meeting, forms of the following:

- (1) a series resolution to be adopted by the Authority in connection with the issuance of the 2024 Note (the “2024 Series Resolution”), including the form of 2024 Note contained therein; and
- (2) an Amended and Restated Joint Governmental Agreement to be dated as of October 1, 2024 (the “Amended and Restated Interlocal Agreement”), including the exhibits thereto; and

**WHEREAS**, the City Council (the “City Council”) for the City wishes to approve (a) the issuance of the 2024 Note, (b) the corresponding alterations of allocation of water and level or percentage of participation of the City pursuant to the Interlocal Agreement and (c) the amendment and restatement of the Interlocal Agreement;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City as follows:

1. The City Council hereby approves the issuance and sale of the 2024 Note, to be issued in anticipation of water system revenue bonds, by the Authority. The 2024 Note shall mature in such amounts at such times and shall bear interest at such rates as provided in the 2024 Series Resolution; provided, however, that the aggregate principal amount of the 2024 Note shall not exceed \$130,000,000. The 2024 Note shall be issued in fully registered form in such denominations as set forth in the 2024 Series Resolution and payments of principal and interest with respect to the 2024 Note shall be made by the Authority to the registered owner of the 2024 Note at such times and in such manner as is set forth in the 2024 Series Resolution.
2. The Amended and Restated Interlocal Agreement, including the exhibits thereto, in the form submitted to this meeting, is hereby approved, and the Mayor, the City Manager, the City Clerk and the Finance Officer for the City (each, an “Authorized Officer”) are hereby authorized and directed to execute and deliver such document, on behalf of the City, with such changes, insertions or omissions as may be approved, the execution thereof by an Authorized Officer to constitute conclusive evidence of such approval.
3. The 2024 Series Resolution, in the form submitted to this meeting, is hereby approved in substantially such form, with such changes, insertions or omissions as may be approved by the Authority.
4. The Mayor, the City Manager, the Finance Officer, the City Clerk and the City Attorney are each hereby authorized to take any and all such further action and to execute and deliver such other documents as may be necessary or advisable to carry out the intent of this Resolution.
5. All actions of the City effectuating the purposes of this Resolution are hereby approved, ratified and authorized pursuant to and in accordance with the transaction contemplated by the documents referred to above.
6. This Resolution shall become effective immediately upon its adoption.

Adopted this the 16th day of September, 2024.

\_\_\_\_\_  
Cyril Jefferson, Mayor

ATTEST:

\_\_\_\_\_  
Sandra Keeney, City Clerk

Council Member \_\_\_\_\_ made a motion, seconded by Council Member \_\_\_\_\_, and the motion was adopted by the following vote:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

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**EXTRACTS FROM MINUTES OF CITY COUNCIL**

The City Council for the City of High Point, North Carolina held a regular meeting in the Council Chambers located on the 3<sup>rd</sup> floor of 211 South Hamilton Street, High Point, North Carolina 27261 at 5:30 P.M. on September 16, 2024. The following Council Members were:

Present:

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Absent:

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**RESOLUTION OF THE CITY OF HIGH POINT CONCERNING THE CITY'S OBLIGATIONS UNDER ITS "JOINT GOVERNMENTAL AGREEMENT" AMONG THE CITY, PIEDMONT TRIAD REGIONAL WATER AUTHORITY AND OTHER LOCAL GOVERNMENTS**

**WHEREAS**, the City of High Point, North Carolina (the "City") previously entered into an Amended and Restated Joint Governmental Agreement dated August 4, 2016 (the "2016 Interlocal Agreement"), among the Piedmont Triad Regional Water Authority (the "Authority") and the following local governments: the City, the City of Archdale, North Carolina, the City of Greensboro, North Carolina, the Town of Jamestown, North Carolina, the City of Randleman, North Carolina and the County of Randolph, North Carolina (collectively, the "Members"); and

**WHEREAS**, the Authority is preparing to issue its up to \$130,000,000 Water System Revenue Bond Anticipation Note, Series 2024 (the "2024 Note") to Truist Commercial Equity, Inc. as the purchaser thereof (the "Bank") and such 2024 Note constitutes "Revenue Bonds" within the meaning of the 2016 Interlocal Agreement; and

**WHEREAS**, the proceeds of the 2024 Note will be used to finance the costs of the acquisition, construction, reconstruction, improvement, enlargement and betterment of a 26.7 MGD water treatment plant and facilities related thereto (the "2024 Project") and pay certain expenses in connection with the issuance of the 2024 Note; and

**WHEREAS**, in connection with the issuance of the 2024 Note and the financing of the 2024 Project, the Authority has determined to amend and restate 2016 Interlocal Agreement (as amended and restated, the "Interlocal Agreement"), and such Interlocal Agreement has been approved by the City Council and shall be executed and delivered in connection with the issuance of the 2024 Note;

**BE IT RESOLVED** by the City Council of the City of High Point, North Carolina, as follows:

1. At the request of the Bank, and to induce the Bank to purchase the 2024 Note, the City confirms its approval of the Interlocal Agreement and confirms its commitment to the Interlocal Agreement.

2. At the request of the Bank, and to induce the Bank to purchase the 2024 Note, the City acknowledges the following aspects of its obligations under the Interlocal Agreement:

(a) Total estimated interest cost payable by the Authority over the life of the 2024 Note is \$6,816,195. The City is required to pay a percentage of this debt service. The City's share of the 2024 Note interest cost under the Interlocal Agreement is 9.16%, or a total of \$624,063 with respect to the 2024 Note (assuming the entire \$130,000,000 principal amount of the 2024 Note is issued). The average annual interest cost payable by the Authority on the 2024 Note is approximately \$2,820,494; the City's 9.16% share of average annual interest cost is approximately \$258,233. This is only an estimate; the actual annual payments may be higher or lower. It is anticipated that payment of the outstanding principal amount of the 2024 Note will be financed with revenue bonds. In the event such revenue bonds are not issued, the City would be responsible for 9.16% of the net debt service (including principal and interest) of the 2024 Note.

(b) In addition, the City is contingently liable to pay up to 150% of its annual debt service requirement on the 2024 Note upon a failure to pay by any other Member. Increasing the City's average annual interest cost to the 2024 Note to 150% produces the annual amount of approximately \$387,349. This is only an estimate; the actual annual payments may be higher or lower.

(c) The Interlocal Agreement also calls for the City to pay other amounts toward the operation and maintenance of the Authority's water utility facilities, as more fully defined in the Interlocal Agreement.

(d) The Interlocal Agreement provides that the City cannot make a pledge or other commitment of its water and sewer system revenues to other debt service that would take precedence over the commitment of those revenues to payments under the Interlocal Agreement.

(e) Under the Interlocal Agreement, the City is required to operate its water and sewer system as an enterprise fund, to charge rates and fees related to the water and sewer system such that sufficient revenues are generated to pay all costs of operating and financing the City's own water and sewer system and to satisfy the City's Payment Obligations (as defined in the Interlocal Agreement) to the Authority. Under the Interlocal Agreement, the City's Payment Obligations include both the requirements for debt service on the 2024 Note as described above, and also payments to provide for the Authority's operating expenses.

(f) The Bank, as the owner of the 2024 Note, is authorized as a third-party beneficiary under the Interlocal Agreement to enforce the City's covenants and obligations under the Interlocal Agreement, including those described in the preceding paragraph. This means, for example, that the Bank could require the City to raise rates, fees and charges for the City's water and sewer system if the City was not operating the system as required by the Interlocal Agreement.

3. This resolution shall become effective immediately upon its adoption.

Adopted this the 16th day of September, 2024.

\_\_\_\_\_  
Cyril Jefferson, Mayor

ATTEST:

\_\_\_\_\_  
Sandra Keeney, City Clerk

Council Member \_\_\_\_\_ made a motion, seconded by Council Member \_\_\_\_\_, and the motion was adopted by the following vote:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

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