

WILLIAMS MULLEN

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May 24, 2017

VIA FEDERAL EXPRESS

Joint Legislative Committee on Local Government
ATTN: Committee Chairs, Committee Assistant
North Carolina General Assembly
16 West Jones Street
Raleigh, North Carolina 27601

Fiscal Research Division
ATTN: Director
North Carolina General Assembly
300 North Salisbury Street – Suite 610
Raleigh, North Carolina 27603

Notice to the Joint Legislative Committee on Local Government Concerning Proposed Financing by the Brunswick Regional Water and Sewer H2GO, Brunswick County, North Carolina

To the Committee:

As bond counsel to the Brunswick Regional Water & Sewer H2GO, Brunswick County, North Carolina (the “District”), and as required under N.C. Gen. Stat. Section 120-157.2, we are providing this notice of a proposed local government capital project that requires approval of the North Carolina Local Government Commission (the “LGC”), since the District proposes to issue debt in an amount exceeding \$1,000,000, and therefore notice is required to be provided to the Joint Legislative Committee on Local Government at forty five (45) days prior to the meeting at which the LGC will consider a request for approval of the District’s bond issues. Here is information about the proposed financing.

Project description – Improvements to the District’s water and sewer system, specifically consisting of the acquisition, construction and equipping of a reverse osmosis water treatment plant facility and related system expenditures (the “Project”). The Project is expected to increase water capacity, address risk management considerations related to accessing water supply for the District’s customers and improve system performance.

Local Government Committee meeting for consideration – July 11, 2017.

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Amount to be financed – Estimated as up to approximately \$23,500,000.

Type of financing – Revenue bonds.

Description of other sources of financing – The District expects that the amount borrowed will pay substantially all the costs of the Project. To date, \$3,685,758 has been spent on the Project from the deposit account established for such purpose. District expenditures on Project related costs commenced in the Summer of 2011. A balance of approximately \$4,972,378 remains in the Project account and is available to fund development costs. An additional \$785,000 has been expended from the District's general operating account for Project related costs.

Estimated financing term – The District expects a financing term of approximately 15 years, which is less than the expected useful life of the property being financed.

Estimated interest rate – Under current market conditions, the District expects a true interest cost of the financing of approximately 2.59%.

Expected source of repayment – Water and sewer system revenues.

Please let me know if you have any questions or comments about this proposed financing.

Very truly yours,


Douglas L. Sbertoli

DLS:rt

cc: Greg C. Gaskins, Secretary of the
Local Government Commission
Bob Walker, Executive Director of
Brunswick Regional Water & Sewer H2GO
Scott Hook, Finance Director of
Brunswick Regional Water & Sewer H2GO