

County debt restructured

By Billy Ball

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MONROE In one of the last official actions of this Union County Board of Commissioners before new members take office, officials took steps to restructure Union County's vast sums of debt in the current financial storm.

Commissioner Parker Mills compared it to "buying stability," as the board heeded its financial advisors and agreed to issue its debt from Winston-Salem-based bank BB&T instead of a pair of European institutions.

Union has \$530 million in outstanding debt built up from three passed bond referendums in 2004, 2005 and 2007, all going to pay for the county's overburdened school system.

The panel also opted Monday to switch its debt from variable to fixed interest rates.

The sliding variable rates, while historically carrying lower interest rates than long-term fixed arrangements, have become markedly more volatile since the Wall Street collapse in September, spiking as high as 8 percent this fall.

"When the rates spiked in September, it was very painful," said Walter Goldsmith, vice president of Union County financial advisor First Southwest Company.

Goldsmith and county Finance Officer Kai Nelson recommended that the county issue debt, or guarantee its liquidity, from BB&T instead of flagging European banks Dexia and Depfa, which have been fetching higher interest rates in the current market.

"They've now got a weaker bank in charge of that liquidity and (investors) are going to charge a penalty," Goldsmith said.

Goldsmith said BB&T emerged from the financial crisis "unscathed," while giants like Wachovia struggled.

A portion of the county's 2005 bond, with total outstanding debt at \$79.2 million, will switch from variable to fixed rates now.

Nelson said county officials scrambled to work with leading banks in recent weeks to secure a more financially beneficial debt arrangement, including talks with Wachovia, Bank of America and SunTrust before settling with BB&T.

"They all said, "Please come to us for capacity in the new year," Nelson said. "But we're looking for a change right now."

BB&T has committed to provide up to \$146 million in liquidity for the county.

In other board news:

Monday was the last regularly scheduled meeting for commissioners Kevin Pressley and Roger Lane, who will be replaced by Kim Rogers and Tracy Kuehler next month.

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