Office of the City Manager
City of Greensboro

GREENSBORO

October 22, 2010

IFYI HIGHLIGHTS

- Contact Center Feedback
- Crime Reduction Strategies
- Library Action Plan for Internet Filtering
- Economic Development Bonds
- Sale of General Obligation Bonds

TO: Mayor and Members of Council

FROM Rashad M. Young, City Manager

SUBJECT: Items for Your Information

Contact Center Feedback
Attached is the weekly report generated by our Contact Center for the week of 10/11/10 – 10/17/10.

Crime Reduction Strategies
As a follow up from the October 19, 2010, City Council Meeting, attached is a memorandum from Chief Ken Miller, Greensboro Police Department, dated October 21, 2010, providing crime reduction strategies for residential burglaries and individual robberies as well as dates for upcoming Community Meetings.

Library Action Plan for Internet Filtering
Attached is a memorandum from Sandy Neerman, Director of the Greensboro Public Libraries, dated October 11, 2010, providing an action plan for Council's directive in providing internet filtering for the children areas and the WiFi areas.

Economic Development Bonds
As a follow-up from the October 19, 2010, City Council Meeting, regarding Councilmember Zack Matheny's request for the exact figures of the remaining Economic Development Bonds, attached is a memorandum from John Shoffner, Economic Development Manager, dated October 22, 2010, providing the requested information as well as the projects that are funded with these bonds.

Sale of General Obligation (GO) Bonds
Attached is a memorandum from Rick Lusk, Director of Finance, dated October 21, 2010, regarding the GO bonds that were sold on October 13, 2010, to finance street improvements, parks and recreational facilities, economic development projects, neighborhood redevelopment projects, and a portion of the Natural Science Center and Greensboro Aquatic Center projects. Also included are the reports issued by all three rating agencies. The GO Bonds were approved by City Council at the September 7, 2010, meeting.

Public Affairs Department
Contact Center Weekly Report
Week of 10/11/10 - 10/17/10

Contact Center
5435 calls answered this week

Top 5 calls by area

Water Resources
Balance Inquiry – 1152
New Signup – 217
Bill Extension – 187
Const. & Maint. – 158
General Info – 157

Field Operations
Holiday Schedule – 98
Bulk Guidelines – 90
No Service/Garbage – 65
General Info – 62
Repair Can/Garbage – 52

All others
Police/Watch Operations – 399
Courts/Sheriff – 120
Landfill/Transfer/HHW – 106
Police Records - 57
Guilford Metro - 48

Comments

We received a total of **6** comments this week:

Field Operations – 5 comments:

- Caller wants to pay a complement to our driver. Customer had called us and a supervisor and a driver came out within 10 minutes and took care of his items. He already complimented the supervisor and now wants to be sure the driver is complimented also.

- Caller just wants to say "Thank you for prompt service"....everyone he has had contact with is just great, thanks again...

- Caller wants to thank the Solid Waste crew for doing such a great job cleaning up in her area after A&T's homecoming.

- Customer had cartons at curb for pickup today. Cartons were not picked up and the customer feels she pays taxes to have Solid Waste services and we should pick up cartons.

- Customer called and said "I just want to say thank you again to the driver of our green can truck for helping us with a mirror we had on the curb for pickup. My green can was so full it would not fit in it. He emptied the can and then helped me to fit the mirror in the can. He then emptied my can again. He went out of his way to do his job and help me. I just want his supervisor to know what a good job he did today."

Water Resources – 1 comment:

- Customer is very upset that he is receiving a $20 penalty on a $29.30 past due bill. Says this is pure profit for the City of Greensboro. The City should be more flexible when it comes to penalties because people are having a hard time right now. He is a realtor and he is struggling at this time also. States he has always paid his bills on time. Thinks the City needs to change this policy. It is making it harder on people that are already struggling to make payments.

Overall

Calls about the Holiday Collection Schedule for Solid Waste increased last week as customers thought the City was closed last Monday in observance of Columbus Day. Callers were pleasantly surprised to find we were open. Otherwise, we received the normal mix of calls last week.

Police Department
City of Greensboro

GREENSBORO

October 21, 2010

TO: Rashad M. Young, City Manager

FROM: Kenneth C. Miller, Chief of Police

SUBJECT: IFYI Crime Reduction Strategies

While Greensboro is fortunate to be experiencing an overall decline in crime, a select few crime types have continued to be a primary source of concern for both citizens and the department. For three of four police districts residential burglaries and larcenies from automobiles are the most significant issue while in Eastern Division both residential burglaries and individual robberies are the most troubling. To address those concerns we are engaged in proactive strategies aimed particularly at combating crimes unique to each neighborhood in the four districts.

In the Council meeting of October 19, 2010, Councilperson Bellamy-Small asked that specific resources be devoted to residential burglaries, specifically in Eastern and Southern Police Divisions. She additionally asked for a Burglary Summit to allow for the exchange of information between citizens and Police. I am pleased to tell you that we were already engaged in, or are planning for, both of those same issues identified by Councilperson Bellamy-Small.

In early October we set aside, non-budgeted funding to establish operational teams composed of off-duty resources. These "strike teams" are focused solely on the two highest priority crimes for the division and already they have proven to be successful. The Eastern team produced 18 key arrests of top offenders in 19 days. More importantly, many of the arrests were for crimes in progress which results in no loss of property to homeowners. On the border of Southern and Western, two juveniles were apprehended while attempting to burglarize a home. Simply put, aligning resources along problem areas and giving officers the resources they need to combat crime is effective in reducing crime.

We are also developing a keener focus on repeat offenders. Following the arrest of those individuals that are plaguing neighborhoods, we are following through with the court system to express our desire, and the communities' desire, to keep these offenders off the street. We are still in the infancy of honing this strategy but it will play a major part in our success in driving crime down in the future.

In the October 19th meeting Councilperson Matheny also expressed concern for residential burglaries and asked for information on our larger plan for that particular problem. While our initial strategies and tactics have proven successful, the funding source is not long-term. To

accomplish our long-term goals we will conduct a comprehensive review of our organizational structure in November. This will allow us to determine where resources can be consolidated or moved in order to place staff resources where the need is the greatest. Pairing resources with priority needs may mean that some services will be reduced or eliminated but in the interest of crime reduction and stewardship is a necessity. As we prepare for the FY 11/12 budget I expect to have a more refined determination of agency needs in order to continue the strategies that prove to be the most effective in crime reduction.

As I have stated previously our focus as a department will be on preventing the next crime from occurring. To that end, command staff has been engaged in refining our stated values and mission as an agency. That clear mission will guide us in developing strategies and tactics we employ as we combat crimes at a neighborhood level.

My commitment is to actively engage neighborhoods in the business of policing and provide timely information about changes to the department. A series of community events have been scheduled across the City with the intent of exchanging information with residents about our focus as an agency, our enforcement strategies in place in neighborhoods, and effective preventive measures citizens can employ to prevent victimization. All meetings are scheduled for 6:30 pm until 8:30 pm. Locations will be announced as soon possible.

November 4th	Southern Division
November 10th	Eastern Division
November 11th	Western Division
November 16th	Central Division

KCM/alh

Libraries
City of Greensboro

GREENSBORO

October 22, 2010.

TO: Rashad Young, City Manager

FROM: Sandy Neerman, Library Director

SUBJECT: Council Directive and Action Plan

On October 19, 2010, City Council directed the Greensboro Public Library "To filter the Internet in Children areas and for children 17 and under and WiFi areas, but in all other areas, the bandwidth shaping technology will remain in place."

The Library estimates that implementation of this directive will be complete within five months with an estimated cost of $8,000 to $10,000. The purchase of an additional device is required to enable all computers in all areas of all library locations to default to filtered internet access for children 17 and under.

Actions to be taken and estimated completion dates:

Library Board of Trustees approves 18 years of age for an adult library card.
To be completed by October 26, 2010

WiFi internet access will be filtered.
To be completed by October 25, 2010

All computers used by adults (outside children's areas) will continue to be shaped with the Cymphonix bandwidth shaping device.
Completed

Computers in library children's areas will be filtered.
To be completed by November 5, 2010

Computers in all areas of all library locations will default to filtered internet access for children 17 and under.
To be completed by February, 2011

SN

cc: Denise Turner, Assistant City Manager

219 N. Church Street, PO Box 3178, Greensboro, NC 27402-3178 336-373-2474

City Manager's Office
City of Greensboro

GREENSBORO

October 22, 2010

TO: Rashad M. Young, City Manager

FROM: John Shoffner, Economic Development Manager

SUBJECT: Interim Economic Development Bond Projects Update

The voters of Greensboro approved issuing $10 Million of bonds at a November 2006 referendum for the purpose of furthering economic development efforts in Greensboro. These bonds provide a source of funds to advance efforts in the areas of job creation, capital investment and neighborhood revitalization. Each project is evaluated on its own merits and considered for approval by City Council on a case-by-case basis. Staff is preparing a more comprehensive report on economic development, which will be presented to Council in December.

The major categories in which the bond funds will be invested in include:

1) **Sites for Industrial/Commercial Projects**

Use of Funds:

- Installation of water, sewer and transportation infrastructure.
- Land Acquisition.

2) **[1]Urban Development Investment Guidelines Projects**

A portion of the funds will also enable funding of various neighborhood development and redevelopment projects in downtown and reinvestment areas and corridors as defined in the Urban Development Investment Guidelines.

Use of Funds:

- Installation of water, sewer, storm sewer and transportation infrastructure.
- Provision of off-street parking.
- Streetscape improvements.
- Environmental site assessment.
- Site Preparation.
- Affordable housing assistance.

As projects manifest themselves, the city will apply a thorough due diligence process to evaluate the merits of each investment. Projects must demonstrate financial viability and a need for public assistance. The community can expect projects moving forward with public participation to demonstrate an acceptable return

[1] The Urban Development Investment Guidelines have been adopted by Council and provide a consistent framework as to how projects will be evaluated and what types of projects are eligible for consideration.

on the public investment in the way of increased tax base, new/retained jobs, and enhanced quality of life. Greensboro will remain vital and well-positioned for the future.
It is noteworthy that should any of the bond funds be used for the acquisition of land, the City will recover its investment and replenish the fund over time upon the sale or lease of the land to a developer/tenant. Also, the types of infrastructure improvements as outlined above represent the types of projects city staff excels in and does in the normal course of business. Having bond funds available will enable the City to proactively make selected infrastructure investments in anticipation of new corporate relocation/expansion projects.

To date, the City has committed **$5,823,225** of the **$10,000,000** total authorized amount on seven economic development projects. (Four million in authorized bonds have been sold this budget year. An additional two million in authorized bonds are schedule to be sold in fiscal year 2011/2012.) These projects include:

- SCD I, LLC - Approved for an ED bond grant of **$542,920** to participate in transportation infrastructure improvement costs associated with creating a new development ready office park in Greensboro's Urban Progress Zone.

- Piedmont Triad Airport Authority - Approved for an ED bond grant of **$1,564,000** to participate in water & sewer infrastructure costs necessary to bring 200 additional acres of airport authority property with runway access to development ready status. This project was also approved for $1.218 Million from the City's Water & Sewer Capital Improvements Fund and $1.8 Million from the City-County Joint Water & Sewer Trust Fund.

- Boulder Road Industrial Development - Approved for an ED bond grant of **$500,000** to assist in water & sewer infrastructure improvements necessary to bring 41 additional acres (2 new industrial sites) to development ready status.

- McConnell Center Corporate Park - Approved for an ED bond grant of **$1,086,305** to participate in water, sewer, and transportation infrastructure improvements required to bring 140 acres in east Greensboro (4 new industrial sites) to development ready status.

- GTCC Northwest Campus - Approved for an ED bond grant of **$1,000,000** to participate in providing water and sewer infrastructure necessary for the development of Guilford Technical Community College's Northwest campus.

- Kisco Continuing Care Retirement Center - Approved for an ED bond grant of **$1,000,000** for participate in providing adequate sewer service for the development of a $107 Million continuing care retirement community and the creation of 125 new jobs.

- Western Area Infrastructure and Land Use Plan - Approved for ED bond funds of **$130,000** to fund an analysis that will encompass growth areas on the city's western fringe, following the boundaries for the proposed Water and Sewer Service Area Plan already being prepared by the City of Greensboro Water Resources Department. This area is experiencing extreme development pressure and this Plan for land use and infrastructure will provide more detailed analysis for land use allocations and the guidelines to implement the quality development required by the Comprehensive Plan.

JS

Financial & Administrative Services
City of Greensboro

GREENSBORO

October 21, 2010

TO: Rashad Young, City Manager

FROM: Rick Lusk, Finance Director

SUBJECT: October 13, 2010 sale of $40.0 Million Public Improvement General Obligation (GO) Bonds (including $16.0 Million Tax-Exempt Bonds and $24.0 Million Federally Taxable Direct Subsidy Build America Bonds)

October 13, 2010 sale of $15.505 Million Tax-Exempt GO Refunding Bonds

The City has sold $40.0 million GO Bonds to finance street improvements, parks and recreational facilities, economic development projects, neighborhood redevelopment projects, and a portion of the Natural Science Center and Greensboro Aquatic Center projects. **The Bonds are being issued with a 20 year term ($2 million maturing annually), with a final maturity of October 1, 2030 and a net interest cost of 2.64% (after federal interest rate subsidies). This is the City's lowest interest rate 20-year bond issue since the late 1950's and early 1960's.** The City will receive the bond proceeds at closing on November 2, 2010.

The City also sold $15.505 million GO refunding serial bonds, with a 9.25 year term ($2.215 million maturing annually), with a final maturity of February 1, 2013 and a net interest cost of 2.00%. **The bonds refinance $16.455 million outstanding GO bonds issued in 2003 and will reduce the City's interest expense by an average of $95,319 a year over the next 9.25 years, for a total savings of $881,700.**

Details of the credit ratings are provided in the attached reports from Standard & Poor's, Fitch Ratings and Moody's Investors Service, affirming the AAA bond ratings on the City's GO debt.

RL
Attachments

cc: Bob Morgan, Deputy City Manager

STANDARD
&POOR'S

Global Credit Portal
RatingsDirect

September 24, 2010

Summary:

Greensboro, North Carolina; Appropriations; General Obligation

Primary Credit Analyst:
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Richard J Marino, New York (1) 212-438-2058; richard_marino@standardandpoors.com

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Summary:

Greensboro, North Carolina; Appropriations; General Obligation

Credit Profile		
US$20. mil GO pub imp bnds (Build America Bnds) ser 2010B due 10/01/2030		
Long Term Rating	AAA/Stable	New
US$20. mil GO pub imp bnds ser 2010A due 10/01/2030		
Long Term Rating	AAA/Stable	New
US$15.54 mil GO rfdg bnds ser 2010C dtd 11/02/2010 due 02/01/2020		
Long Term Rating	AAA/Stable	New
Greensboro GO		
Long Term Rating	AAA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AAA' rating, and stable outlook, to Greensboro, N.C.'s series 2010A and 2010B general obligation (GO) public improvement bonds and its 2010C GO refunding bonds and affirmed its 'AAA' rating, with a stable outlook, on the city's existing GO debt.

Standard & Poor's also affirmed its 'AA+' rating on the city's certificates of participation.

The 'AAA' rating reflects the city's:

- Diverse and growing economy, anchored in the Piedmont Triad area;
- Strong financial position and performance; and
- Moderate debt burden with manageable additional capital needs.

Officials plan to use series 2010A and 2010B bond proceeds to fund various capital improvement projects for the city and series 2010C bond proceeds to refund all, or a portion, of the city's series 2003A bonds outstanding. The city's full faith and credit pledge secures the bonds. The city is issuing the series 2010B bonds as Build America Bonds, which the city has elected to receive subsidy payments equal to 35% of interest payable on the bonds. Officials have not pledged the subsidy payments to the bonds' repayment.

Greensboro, with a 2009 population estimate of 263,920, is Guilford County's seat. The city, which participates in the Piedmont Triad area, is a major center for services and trade activity. Once known for its manufacturing and textile industries, and despite the national recession, the city's economic diversification continues. American Express recently announced it plans to locate a new data center and backup center seven miles east of the city, an area the city plans to annex within the next few years. Construction is set to begin over the next few years with completion of the data center scheduled for 2013 and completion of the backup center scheduled for 2015. Furthermore, Honda Aircraft Co. Inc. is investing more than $100 million to expand the production of its HondaJet; Honda will add about 200 new jobs. Mack Trucks, a member of the Sweden-based Volvo Group, is relocating its headquarters and some support functions to Greensboro at an investment of $17.7 million over the next three years; this should create

500 professional jobs. Guilford County Schools, Moses Cone Health System, and the U.S. Postal System are still among the city's leading employers. Greensboro unemployment of 10.1% in 2009 was higher than the nation's rate but lower than the state's rate. Income levels are adequate with median household effective buying income at 84% of the national level.

A property revaluation in fiscal 2009 increased the city's assessed value (AV) by 7% to $24.2 million. AV increased by less than 1% in fiscal 2010 to $24.4 million, or, what we still consider, a very strong $92,256 per capita. No concentration remains in the taxpayer base with the 10 leading taxpayers accounting for just 7% of total AV.

The city's financial position remains strong. The city closed fiscal 2009 with a total general fund balance of $58.3 million, or 27.1% of expenditures. The unreserved, undesignated portion totaled $23 million, or 10.7% of expenditures, which we consider strong. In light of recessionary pressures, management adopted a balanced budget for 2010 that included a net reduction of 13 positions, the elimination of salary increases for employees, and the maintenance of vacant positions. Based on preliminary results, revenues came in lower than projected, resulting in a $1.8 million operating deficit that the fund balance will likely absorb in the capital reserve account. Projections have the undesignated general fund balance remaining at $23 million, in accordance with the city's adopted 9% fund balance policy.

Due to the recession, management implemented further cost-saving measures for fiscal 2011, including reducing services in residential bulk collection and recreation and maintaining vacant positions. The city also further reduced its staff by a net 30 positions, primarily in waste collection, planning, building inspections, and parks and recreation.

Standard & Poor's maintains that the city's financial management practices are "strong" under its Financial Management Assessment (FMA) methodology, indicating practices are strong, well embedded, and likely sustainable.

The city's debt burden is, in our opinion, moderate with overall net debt accounting for $2,286 per capita, or 3.6% of market value. Carrying charges continue to represent a moderate 9.6% of fiscal 2009 expenditures.

Outlook

The stable outlook reflects Standard & Poor's expectation that the city will likely maintain a strong financial position while continuing to address recessionary and capital pressures. The city's stable employment base and access to a strong regional economy provide additional rating stability.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Ratings Detail (As Of September 24, 2010)		
Greensboro taxable adj rate rfdg COPs (Greensboro Colliseum Complex) ser 99B		
Long Term Rating	AA+/A-1+/Stable	Affirmed
Greensboro variable rate GO street improvement bnds ser 2006		
Long Term Rating	AAA/A-1/Stable	Affirmed

Ratings Detail (As Of September 24, 2010) **(cont.)**

Greensboro var rate GO bnds ser 2003B dtd 02/19/2003 due 02/01/2021-2023		
Long Term Rating	AAA/A-1/Stable	Affirmed
Greensboro GO pub imp bnds ser 2008B		
Long Term Rating	AAA/A-1/Stable	Affirmed
Greensboro GO Ser 1998		
Long Term Rating	AAA/A-1/Stable	Affirmed

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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The McGraw-Hill Companies

FitchRatings

Fitch Rates Greensboro, NC's GOs 'AAA'; Outlook Stable Ratings

24 Sep 2010 3:59 PM (EDT)

Fitch Ratings-New York-24 September 2010: Fitch Ratings has assigned an 'AAA' rating to the following city of Greensboro, North Carolina's (the city) bonds:

--$40 million in general obligation bonds (GO), tax-exempt series 2010A and taxable Build America Bonds (BABs) series 2010B;

--Up to $18 million in GO refunding bonds, series 2010C.

The bonds are scheduled to sell via negotiation on Oct. 13, 2010.

In addition, Fitch affirms the following ratings:

--$161.2 million GO bonds at 'AAA';
--$10.8 million in special obligation bonds at 'AAA';
--$7 million in certificates of participation (COPs), series 2010 at 'AA'.

The Rating Outlook is Stable.

RATING RATIONALE:

--Conservative budgeting and cost saving measures have minimized the impact of the economic downturn and depressed revenue environment on Greensboro's financial profile to date.
--Reserves and liquidity remain healthy and serve to temper risk against budgetary pressures that are likely to persist over the next several years.
--Prospects for economic development and diversification remain sound buoyed by the university presence, a highly educated workforce, and a transportation infrastructure anchored by the Piedmont Triad International Airport.
--A declining yet still sizable manufacturing sector has served to limit income metrics and contributed to a high rate of unemployment presently slightly below the state but above the national average.
--Overall debt levels should remain moderate given the rapid amortization of outstanding principal, manageable additional issuance plans, and the city's continued adherence to conservative debt policies.
--For the special obligation bonds, the rating incorporates the general creditworthiness of the city in addition to very strong coverage from pledged revenues, the lack of additional issuance plans, and strong legal provisions.
--The 'AA' rating on the COPs reflects debt service being subject to appropriation, the non-essential nature of the mortgaged property as well as the general credit characteristics of the city.

KEY RATING DRIVERS:

--Fitch expects continued strong financial management will result in balanced operations that preserve existing reserve levels and financial flexibility in the near term.
--Although not planned, material coverage dilution resulting from the issuance of additional special obligation debt could have negative rating implications.

SECURITY:

The GO bonds are secured by the city's full faith and credit and unlimited taxing authority.

The special obligation bonds are secured by the city's portion of the proceeds of two 0.5% sales and use taxes (Articles 40 and 42) levied by Guilford County (the county).

The COPs were executed and delivered pursuant to a Trust Agreement, dated Sept. 1, 2010, between the Greensboro Center City Corporation ('the corporation') and U.S. Bank National Association, the trustee. The COPs evidenced

proportionate and undivided ownership interests in the installment payments, which are equal to debt service, to be made by the city pursuant to the agreement. The city's obligation under the agreement is secured by a Deed of Trust from the city to the trustee for the benefit of the corporation, granting a first lien on the mortgaged property, which consists of an aquatics center. In the event of non-payment, the trustee is able to foreclose on the mortgaged property. Pursuant to the Trust Agreement, the corporation assigned to the trustee all of its rights under the agreement, including the right to receive installment payments, and the deed of trust, for the benefit of bondholders.

CREDIT SUMMARY:

Greensboro is the county seat of Guilford County (GO bonds rated 'AAA', Outlook Stable by Fitch) and the third largest city in the state with a 2009 population of 250,642. Greensboro is located 90 miles northeast of Charlotte at the intersection of a comprehensive transportation network which includes three major interstates with a new beltway under construction and the Piedmont Triad International Airport. The recession has intensified job losses within a manufacturing sector in steady decline due to automation, technology and outsourcing, among other factors. As a result, income growth has lagged and unemployment rose to a peak of 11% in July 2009 before declining moderately to its current level of 10.4% for July 2010. Management anticipates a slow recovery but optimism exists due to a growing presence of high-tech, life sciences, and pharmaceutical companies. The University of North Carolina at Greensboro and North Carolina Agricultural and Technical State University are partnering in the development of the Gateway University Research Park and a joint school of nanoscience and nanoengineering that should have a positive impact attracting high-wage jobs in targeted industry clusters. Fitch notes a number of non-manufacturing businesses recently locating or expanding within Greensboro citing the city's central southeast location, proximity to multi-modal transportation infrastructure, and high quality of life. American Express recently announced plans to construct a major data center on land expected to be annexed by the city that would have favorable tax revenue and job implications for the city and its residents.

Strong financial management and adherence to fiscal policies continue to produce generally stable operating results and sound reserve levels. A third consecutive year of surplus year-end results contributed to an unreserved general fund balance totaling $28.8 million or 11.6% of total spending at the close of fiscal 2009. The city maintains an additional cushion of $14.9 million unreserved fund balance in the debt service fund, $19.2 million in state statute reserves for receivables, and $7.4 million in reserves established by city council for capital spending. Fitch regards these balances, which total $70.3 million or 28% of spending, available for operations if needed. Management expects to incur a net deficit of $1.8 million in fiscal 2010 due to shortfalls in budgeted sales and use tax receipts. The fiscal 2011 budget appropriates $4.9 million in general fund balance, an increase of $700,000 from fiscal 2010. However, the city has demonstrated very effective expenditure controls in recent years and management is optimistic there is sufficient flexibility within the budget to achieve break-even results without use of the appropriated fund balance.

Debt ratios remain moderate but have trended higher reflecting increased overlapping issuance by Guilford County. Debt service represents a manageable 6.5% of the city's total spending, which is below its 10% policy limit. The 2010-2016 capital improvement plan (CIP) totals $597.5 million which is a 25% decrease from the year prior. Funding sources include $214.6 million in authorized and unissued GO bonds. The city plans to sell up to $75 million in bonds through fiscal 2012 followed by issuances of approximately $40 million to $50 million every other year. Amortization is rapid (70% of outstanding principal is repaid within 10 years) minimizing risk to additional debt plans. Revenue bonds and enterprise fund pay-go capital spending constitute the largest source of funds in the CIP at $288 million. Fitch rates the city's combined enterprise fund revenue bonds 'AAA', Outlook Stable.

Sales and use tax pledged to the special obligation bonds are levied by the county and divided between incorporated municipalities within the county on the basis of ad valorem taxation. The levying of the sales and use tax is within the sole discretion of the county. The city has also covenanted to pledge additional unencumbered non-tax revenues if coverage from pledged sales and use tax revenues falls below 2.0 times (x). Additional parity special obligation indebtedness may be incurred if pledged revenues for the most recent audited fiscal year are not less than the greater of 2.0x maximum annual debt service (MADS) on parity indebtedness or 1.0x MADS on parity and subordinated indebtedness. Despite a 9.8% decrease in collections in fiscal 2009, coverage remained sound at 5.5x. Through 11 months of fiscal 2010, revenues have increased 4.3% with the city projecting 5.8x coverage for the year.

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Additional information is available at 'www.fitchratings.com'

In addition to the sources of information identified in the Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, LoanPerformance, Inc., IHS Global Insight, Underwriter and the US Federal Government.

Applicable Criteria and Related Research:

--'Tax-Supported Rating Criteria', dated Aug. 16, 2010.
--'U.S. Local Government Tax-Supported Rating Criteria', dated Dec. 21, 2009.

For information on Build America Bonds, visit www.fitchratings.com/BABs.

Applicable Criteria and Related Research:
Tax-Supported Rating Criteria
U.S. Local Government Tax-Supported Rating Criteria

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MOODY'S ASSIGNS Aaa RATING TO CITY OF GREENSBORO'S (NC) $40 MILLION G.O. BONDS, SERIES 2010A & B AND $15.5 MILLION G.O. REFUNDING BONDS SERIES 2010C

Aaa RATING APPLIES TO $211 MILLION OF OUTSTANDING G.O. DEBT, INCLUDING CURRENT ISSUANCE

Moody's Investors Service has assigned a Aaa rating to the City of Greensboro's (NC) $20 million General Obligation Public Improvement Bonds Series 2010 A (Tax-exempt), $20 million General Obligation Public Improvement Bonds Series 2010B (Federally Taxable Direct Subsidy Build America Bond) , and General Obligation Refunding Bonds Series 2010C (Tax-Exempt). The bonds are secured by the city's unlimited general obligation pledge. At the same time, Moody's has affirmed the Aaa rating on the city's $171 million of general obligation debt outstanding. The Series A and B bonds will finance the acquiring, constructing and equipping improvements to the City's streets, public transportation system, parks and recreation system, library facilities, fire stations and a natural science center and to the City's neighborhood redevelopment and economic development efforts. The series C Bonds will refund the Series 2003A Bonds with a net present value savings of approximately 5% and no extension of maturity.

RATINGS RATIONALE

The Aaa rating incorporates the city's stable and diversifying economy, healthy financial position, which has a track record of stability in times of local and national economic weakness, and modest debt burden. We have also affirmed the Aa2 rating on the city's 2005 sales tax supported Special Obligation Bonds and the Aa2 rating on the Series 2010 Certificates of Participation.

TAX BASE EXPECTED TO REMAIN STABLE

The City of Greensboro serves as a primary trade and service center for the Piedmont Triad region, along with the City of Winston-Salem (G.O. rated Aaa) and the City of High Point (G.O. rated Aa1). While traditional manufacturing remains an important component of the local economy, the employment base has become increasingly diversified as health care, service sector and transportation related industries expand. The city's property tax base is estimated at $23 billion in 2010 and has grown at an annual average of 2.2% over the last five years. The city's last revaluation was in 2005 when new growth and property appreciation led to 24% growth. The next revaluation is expected in 2012.

Recessionary contraction in the regional job base, including construction, information, and manufacturing, has contributed to the city's 9.8% unemployment rate as of May 2010. This rate is in line with the 9.9% state rate and a slightly elevated compared to the 9.3% national unemployment rate for the same time period. Resident wealth levels remain above statewide norms, with a per capita personal income (U.S. Bureau of Economic Analysis) equal to 113.2% of the state; however, wealth levels have declined relative to the state over the past 30 years and remain significantly below Aaa medians. Further, as reported by Moody's Economy.com, the drop in home prices is weighing on consumer spending, taking a toll on many consumer driven industries in the metro area. Credit conditions also remain weak, as delinquency rates across all lines of credit remain high, with mortgages in particularly poor shape. Positively, the city continues to benefit from the stabilizing presence of several institutions of higher education including UNC Greensboro (18,500 students), North Carolina A & T University (10,600 students) and Guilford Technical Community College (15,000 students).

Near-term economic growth will stem from a new mid-Atlantic hub for FedEx Corporation (Sr. Unsec. rated Baa2/stable) and a world headquarters facility for Honda Aircraft Company (subsidiary of Honda Motor Co. - Issuer rated A1/stable) at the airport, in addition to the headquarters relocation of Mack Trucks, Inc. (subsidiary of AB Volvo - Issuer rated Baa2/stable) to Guilford County and the expansion of American Express to the area with the opening of a $600 million data services center expected to employ an estimated 150 people.

STABLE FINANCIAL POSITION; MAINTENANCE OF HEALTHY RESERVES KEY TO CREDIT QUALITY

The maintenance of a strong financial position is key for the maintenance of the city's Aaa rating. The city has maintained strong General Fund balances, ranging between 23% and 31% of revenues, over the last six years supported by the city's conservative budgeting practices. Further, the Undesignated General Fund balance has been relatively constant at around 9.5% of revenues over the same period, above the city's formal policy to maintain a minimum of 9% of the subsequent year's budget in undesignated reserves.

The General Fund balance increased by $407,151 in 2009, the city's third consecutive fund balance increase. The city fully replenished its $8 million fund balance appropriation--despite a drop off in sales tax revenues--due to over $14 million of expenditure savings. At year-end the city's Unreserved General Fund balance totaled $28.8 million or 11.6% of revenues. Of note, the city maintains additional financial flexibility outside of the General Fund with a $14.9 million Debt Service Fund balance which increases the city's available reserve balance (combined unreserved fund balance and Debt Service Fund) to a solid 18% of revenues.

Following the recent close of fiscal 2010, the city expects to end with a modest General Fund balance reduction of $1.8 million (0.7% of budget), due primarily to lower than budgeted revenues, particularly continued sales tax revenue weakness relative to budget. The budget was balanced without salary increases for employees, a net reduction of 18 positions as well as a $4.6 million fund balance appropriation. The city expects undesignated fund balance to remain above 9% of the subsequent year's

budget, in accordance with city policy, with a decline expected in the city's reserve for capital projects, a designation within General Fund balance.

The fiscal 2011 General Fund budget, a .3% reduction from the fiscal 2010 budget, is balanced with a net reduction of 43 positions, with no salary increases for employees as well as a $5.3 million fund balance appropriation. The budget assumes modest 1% growth in the tax base ($230,000 of new property tax revenues) and a 3.1% reduction in sales tax revenues. General Fund sales tax revenue is conservatively budgeted at 1% below the fiscal 2009 actual amount.

The city is in a favorable position with regards to its OPEB liability. The city's most recent actuarial study indicated a $56 million total unfunded liability and a $4.9 million annually required contribution (ARC). The city made its full ARC payment in fiscal years 2008 and 2009.

CITY'S DEBT MANAGEMENT POLICIES PROVIDE SOUND MANAGEMENT OF MODERATE LEVERAGING; CITY'S TWO SWAPS SYNTHETICALLY FIX CERTAIN VARIABLE RATE BONDS

Moody's believes that the city's debt position remains manageable, and believes that the formally adopted policies for debt management and derivatives provide security for bondholders. Following the current issue, the city's net direct debt burden will be a modest 1.2% of full valuation. Amortization of principal is favorable with 68% repaid in 10 years and 91.4% within 15 years. Approximately $63.8 million, or 23% of total tax-backed indebtedness, is effectively variable-rate (netting out obligations that have been swapped-to-fixed). This is in line with the city's target of maintaining approximately 20% variable rate debt. While this creates a considerable exposure, Moody's believes this risk is mitigated the city's cash position; at the end of fiscal 2009, the city held $76.1 million in cash across the governmental funds, and has a practice of budgeting conservatively for variable rate debt service.

The city is party to two interest-rate swap agreements with Bank of America N.A. (Sr. Unsec. rated Aa3) that create synthetic fixed-rate obligations associated with the Series 1994B and Series 1998 General Obligation Bonds. Under the swap associated with the Series 1994B bonds, the city pays BOA a fixed rate of 2.92% and receives 67% of LIBOR. The notional amount of the swap declines proportionally with the amortization schedule on the Series 1994B bonds through 2014. As of August 13th, the first swap had a fair value of $390,000 against the city. The second swap's notional amount declines in proportion to the amortization of the Series 1998 bonds, and the city pays a fixed rate of 3.46% to BOA while receiving 67% of LIBOR. The mark-to-market value on the second swap was $875,000 against the city, also as of August 13, 2010. Moody's believes that in the unlikely event of a forced termination on the two swaps, the city's ample liquidity would be sufficient to meet its requirements.

WHAT COULD MAKE THE RATING GO DOWN:

- Deterioration of the city's financial position.
- Declining liquidity to offset variable rate exposure.
- Sustained weakness in the tax base.

KEY STATISTICS

2008 Population: 250,642 (+11.9% since 2000)

2010 Full valuation: $23.3 billion

2010 Full value per capita: $93,153

Direct Debt burden: 1.2%

Payout of principal (including COPs): 68% in 10 years

Unemployment rate (June 2010): 10.5%

FY09 General Fund balance: $58.3 million (23.5% of General Fund revenues)

FY09 Undesignated, unreserved General Fund balance: $23.0 million (9.3% of General Fund revenues)

1999 per capita income as % of state: 113.2% (106.5% of the nation)

1999 median family income as % of state: 108.3% (100.3% of the nation)

Post sale GO debt outstanding: $211 million