



RESOLUTION

Supporting an Application to the Local Government Commission for Approval of a Financing Agreement –

86 North Facility Renovation and Improvement

WHEREAS, the Hillsborough Board of Commissioners has previously determined to carry out a project to renovate and improve the town's 86 North Facility; and

WHEREAS, the board has also made a preliminary determination to finance this project through installment financing, as authorized under Section 160A-20 of the North Carolina General Statutes. In installment financing, the town's repayment obligation is secured by a mortgage-type interest in all or part of the property being financed, but not by any pledge of the town's taxing power or any specific revenue stream. In this case, the town expects that the 86 North Facility will serve as the collateral; and

WHEREAS, state law requires that the town's financing be approved by the North Carolina Local Government Commission, a division of the North Carolina State Treasurer's office. Under the Local Government Commission's guidelines, this governing body must make certain findings of fact to support the town's application for approval of the town's financing arrangements;

NOW, THEREFORE, be it resolved by the Hillsborough Board of Commissioners as follows:

- The town makes a preliminary determination to finance approximately \$4,500,000 to pay project costs.
- The board will determine the final amount to be financed by a later resolution. The final amount financed may be higher or lower than \$4,500,000. Some of the financing proceeds may represent reimbursement to the town for prior expenditures on project costs, and some proceeds may be used to pay financing expenses or to provide any appropriate reserves.

The Hillsborough Board of Commissioners makes the following findings of fact in support of the town's application to the Local Government Commission:

- a) The proposed project is necessary and appropriate for the town under all the circumstances.
- b) The proposed installment financing is preferable to a bond issue for the same purposes. The financing is for a discrete facility and is therefore particularly suitable for installment financing.
- c) The town has no meaningful ability to issue non-voted general obligation bonds for this project. The project will not produce revenues to support self-liquidating financing. The town expects that in the current interest rate environment for municipal securities that there will be no material difference in the overall financing costs between general obligation bonds and installment financings for the project.
- d) The estimated sums to fall due under the proposed financing contract are adequate and not excessive for the proposed purpose. The town will closely review proposed financing rates against market rates with guidance from the Local Government Commission and the town's financial adviser. All amounts financed will reflect either approved contracts, previous actual expenditures, or professional estimates.
- e) As confirmed by the town's Finance Officer, the town's debt management procedures and policies are sound and in compliance with law, and the town is not in default under any of its debt service obligations.

- f) Given the town's need for the project, the board believes that the effect on the town's budget and tax rate from repaying the borrowed money will be reasonable under all circumstances. The board will work to minimize the tax rate impact in a manner consistent with moving forward with the project and addressing the full range of town needs.
- g) The Town Attorney is of the opinion that the proposed project is authorized by law and is a purpose for which the town's public funds may be expended pursuant to the Constitution and laws of North Carolina.

FUTHERMORE, be it resolved by the Hillsborough Board of Commissioners that:

- The town intends that the adoption of this resolution will be a declaration of the town's official intent to reimburse project expenditures from financing proceeds. The town intends that funds which have been advanced for project costs, or which may be so advanced, from the town's general fund, or any other town fund, may be reimbursed from the financing proceeds.
- The board directs the town manager and the finance officer to take all appropriate steps toward the completion of the financing, including (i) completing an application to the Local Government Commission for its approval of the proposed financing, and (ii) soliciting one or more proposals from financial institutions to provide the financing. The board ratifies all prior actions of town representatives in this regard.

Approved this 12th day of May of the year 2025.

Mark Bell, Mayor
Town of Hillsborough

Attestation:

Sarah Kimrey, Town Clerk