



## FINAL RESOLUTION

### Approving Financing of the 86 North Facility Renovation

**WHEREAS**, the town has previously resolved to implement a plan to renovate and improve the 86 North Facility; and

**WHEREAS**, the town has decided to fund the project costs through an installment financing method, as authorized under Section 160A-20 of the General Statutes; and

**WHEREAS**, in this form of financing, the town's repayment obligation is secured by a mortgage-like interest in all or part of the property being financed, without any pledge of the town's taxing power or any specific revenue stream; the facility will serve as the collateral; and

**WHEREAS**, the town's finance officer has provided this board with the draft agreements outlined in Exhibit A of the agreement, which pertain to executing the financing plan; and

**WHEREAS**, the town has requested competitive proposals from banks and other financial institutions to secure the desired financing and staff recommends that the town accept the proposal submitted by JPMorgan Chase Bank, N.A.; and

**WHEREAS**, in this resolution, the board formally approves the lender's proposal and other financing terms, endorses substantially final documents, and authorizes town representatives to finalize the financing arrangements;

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

1. **Determination To Proceed with Financing** – The town confirms its plans to undertake the project. The town will carry out the project with financing from the lender substantially in accordance with a financing proposal dated May 12, 2025.

Under the financing plan, the lender will make funds available to the town for use on project costs. The town will repay the amount advanced, with interest, over time. The town will grant to the lender a mortgage-type interest in the facility (and its associated real property) to secure the town's repayment obligation.

2. **Approval of Agreements** – Direction to Execute Agreements:
  - a) The board approves the forms of the agreements submitted to this meeting. The board authorizes the mayor and the town manager, or either of them, to execute and deliver the agreements in their final forms. The agreements in their respective final forms must be in substantially the forms presented, with such changes as the mayor or the town manager may approve. The execution and delivery of any agreement by an authorized town officer will be conclusive evidence of that officer's approval of any changes.
  - b) The agreements in final form, however, must be consistent with the financing plan described in this resolution and must provide:
    - For the amount financed by the town not to exceed \$3,600,000.

- For an annual interest rate not to exceed 4.12% (in the absence of default, or a change in tax status, as described in the draft agreements).
- For a financing term not to extend beyond August 1, 2040.

3. **Officers To Complete Closing** – The board authorizes the town manager, the finance officer and all other town officers and employees to take all proper steps to complete the financing in cooperation with the lender and in accordance with this resolution.

The board authorizes the town manager to hold executed copies of all financing documents authorized or permitted by this resolution in escrow on the town's behalf until the conditions for their delivery have been completed to that officer's satisfaction, and then to release the executed copies of the documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the board authorizes the town manager to approve changes to any documents previously signed by town officers or employees, provided that the changes do not conflict with this resolution or substantially alter the intent from that expressed in the form originally signed. The town manager's authorization of the release of any document for delivery will constitute conclusive evidence of that officer's approval of any changes.

In addition, the board authorizes the town manager and the finance officer to take all appropriate steps for the efficient and convenient carrying out of the town's on-going responsibilities with respect to this financing. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under this resolution or otherwise with respect to the financing, and making appropriate payments prior to the loan closing for costs related to the financing.

4. **Resolutions as to Tax Matters** – The town will not take or omit to take any action the taking or omission of which will cause its obligations to pay principal and interest under the agreements to be "arbitrage bonds," within the meaning of Section 148 of the "Code" (as defined below), or "private activity bonds" within the meaning of Code Section 141, or otherwise cause interest components of the installment payments to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the town will comply with any code provision that may require the town at any time to pay to the United States any part of the earnings derived from the investment of the financing proceeds. In this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, and includes applicable Treasury regulations.
5. **Obligations are "Bank-Qualified"** – The town designates its payment obligations as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3), which provides certain tax advantages for financial institutions providing financing to the town.
6. **Additional Provisions** – The board authorizes all town officers and employees to take all further action as they may consider necessary or desirable in furtherance of the purposes of this resolution. The board ratifies all prior actions of town officers and employees to this end. Upon the absence, unavailability or refusal to act of the town manager, the mayor or the finance officer, any other of those officers may assume any responsibility or carry out any function assigned in this resolution. The board authorizes the town clerk to apply the town's seal, and to attest to the seal, on any document related to the purposes of this resolution. The mayor pro tem or any deputy or assistant town clerk may in any event assume any responsibility or carry out any function assigned to the mayor or the town clerk, respectively, in this resolution. All other board proceedings, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

### **Exhibit A -- draft Agreements**

- a) A draft dated May 20, 2025, of an Installment Financing Contract to be dated on or about June 24, 2025, between the town and the lender. The financing contract provides for the advance of funds to the town for the town's use on the project, sets out the town's repayment obligation, and sets out the town's obligations regarding care for the collateral and other matters.
- b) A draft dated May 20, 2025, of a Deed of Trust and Security Agreement to be dated on or about June 24, 2025, from the town to a deed of trust trustee for the lender's benefit. The Deed of Trust provides for a security interest in the 86 North Facility and its associated real property to the lender to secure the town's repayment obligation.

Approved this 27th day of May of the year 2025.

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Mark Bell, Mayor  
Town of Hillsborough

Attestation:

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Sarah Kimrey, Town Clerk