



CITY OF HENDERSONVILLE AGENDA ITEM SUMMARY

SUBMITTER: Adam Murr

MEETING DATE: 05/04/2023

AGENDA SECTION: Consent

DEPARTMENT: Administration

TITLE OF ITEM: 2023 Installment Financing Contract (IFC) – *Adam Murr, Budget Manager*

SUGGESTED MOTION(S):

I move City Council adopt the RESOLUTION OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA, APPROVING CERTAIN MATTERS RELATED TO AN INSTALLMENT FINANCING CONTRACT AND DELIVERY THEREOF, as presented.

SUMMARY:

North Carolina General Statute (NCGS) 160A-20 provides local governments the authority to finance the purchase or improvement of real or personal property via installment financing contracts (IFCs).

At the April 12, 2023 regular meeting of the Hendersonville City Council, Council held a public hearing on a 2023 IFC, and Staff were directed to work with the financing team [First Tryon Advisors and Parker Poe] and others to seek Local Government Commission LGC approval not to exceed \$8,000,000. Based on market conditions and the recommendations of the financing team, our updated not to exceed amount for the installment financing is \$6,450,000. This updated amount provides sufficient coverage for the projects to be financed at a debt service level within our estimates.

On April 26, 2023, City Council adopted a resolution that authorizes the approval, execution, and delivery of various documents in connection to the issuance, including an installment financing agreement, deed of trust, an indenture of trust, and a bond agreement. This installment financing, not to exceed \$6,450,000 will fund the City Hall and City Operations Renovation Project, and improvements to City facilities and infrastructure. The interest rate on the financing is 3.47% per year and will be paid over a 15-year term. The average annual debt service cost for the IFC will be ~\$545,100. The General Fund will pay for ~32% of the debt service (~\$174,450). However upon further reflection, staff is recommending that the City encumber City Hall, rather than the City Operations Center, as collateral for this financing. A revised resolution is attached for City Council's consideration.

ATTACHMENTS:

Approving Resolution.