



TOWN COUNCIL AGENDA ITEM

MEETING DATE: October 8, 2024

Agenda Title/Category:	Financing Resolution / New Business			
Staff Contact/Presenter:	Christopher Tucker, Finance Director			
Meets Strategic Initiative or Approved Plan:	Yes	No	If yes, list:	N/A
Background:	<p>The Town desires to issue debt of \$16.5M to fund the new Fire Station. Council and staff most recently discussed the issuance at the 8/26 and 9/23 work sessions.</p> <p>Davenport issued a Request for Financing Proposals to banking institutions earlier this month and received the results 9/19. At the 9/23 work session, Davenport and staff recommended accepting Webster Bank’s 20-year loan proposal over pursuing a public sale.</p>			
Discussion:	<p>After holding the public hearing, the next step is to approve an initial financing resolution. This resolution puts into record many of the things we have discussed over the past few months: Reason for project, debt engagement w Webster Bank, financing team and bond counsel, and requests that the Finance Director submit an application to the LGC for the issuance.</p>			
Fiscal impact:	Significant impact to future debt service commitments			
Attachments:	Resolution			
Recommended Motion to be made by Council:	Approve as presented			

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PINEVILLE, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO

WHEREAS, the Town of Pineville, North Carolina (the “*Town*”) is a municipal corporation existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the “*State*”);

WHEREAS, the Town has the power, pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended, to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

WHEREAS, the Town Council of the Town (the “*Town Council*”) hereby determines that it is in the best interest of the Town to enter into (1) an installment financing contract (the “*Contract*”) with the Bank (as defined herein) in order to pay the costs of constructing, equipping and furnishing a new fire station to be located on North Polk Street in the Town (the “*Project*”) and (2) a deed of trust, security agreement and fixture filing (the “*Deed of Trust*”) on all or a portion of the site of the Project and all improvements thereon, in order to provide security for the Town’s obligations under the Contract;

WHEREAS, the Town staff has retained (1) Parker Poe Adams & Bernstein LLP, as special counsel (“*Special Counsel*”) and (2) Davenport & Company LLC, as financial advisor (the “*Financial Advisor*”), in connection with the proposed installment financing;

WHEREAS, the Town staff has solicited requests for proposal from financial institutions for the installment financing and recommends selecting Webster Bank (the “*Bank*” and together with the Special Counsel and the Financial Advisor, the “*Financing Team*”);

WHEREAS, the Town Council hereby determines that the Project is essential to the Town’s proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Project will provide an essential use and will permit the Town to carry out public functions that it is authorized by law to perform; and that entering into the Contract and Deed of Trust is necessary and expedient for the Town by virtue of the findings presented herein;

WHEREAS, the Town Council hereby determines that the estimated cost of financing the Project is an amount not to exceed \$16,500,000 and that such cost of the Project exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the Town in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

WHEREAS, although the cost of financing the Project pursuant to the Contract and the Deed of Trust is expected to exceed the cost of financing the Project pursuant to a bond financing for the same undertaking, the Town hereby determines that the cost of financing the Project pursuant to the

Contract and Deed of Trust and the obligations of the Town thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of the Project; and (3) no revenues are produced by the Project so as to permit a revenue bond financing;

WHEREAS, the Town Council hereby determines that the estimated cost of financing the Project pursuant to the Contract and the Deed of Trust allows the Town to finance the Project at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the Town and reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

WHEREAS, the increase in taxes, if any, necessary to meet the sums to fall due under the Contract will not be excessive.

WHEREAS, no deficiency judgment may be rendered against the Town in any action for its breach of the Contract, and the taxing power of the Town is not and may not be pledged in any way directly or indirectly or contingently to secure any money due under the Contract;

WHEREAS, the Town is not in default under any of its debt service obligations;

WHEREAS, the Town's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the Town has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget Ordinance;

WHEREAS, past audit reports of the Town indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the Town has not been censured by the Local Government Commission of North Carolina (the "LGC"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

WHEREAS, a public hearing on the Contract, the Deed of Trust and the Project, after publication of a notice with respect to such public hearing, was held on the date of the adoption of this Resolution and approval of the LGC with respect to entering the Contract must be received; and

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Pineville, North Carolina that:

Section 1. ***Authorization to Negotiate the Contract and the Deed of Trust.*** The Mayor, the Town Manager and the Finance Director or their respective designees (the "*Authorized Officers*"), individually or collectively, with advice from the Town Attorney, Special Counsel and the Financial Advisor, are hereby authorized and directed to negotiate on behalf of the Town (1) the financing of the Project for a principal amount not to exceed \$16,500,000 under the Contract to be entered into

with the Bank in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended, and (2) the provision of a security interest under the Deed of Trust in the Town's fee simple interest on all or a portion of the site of the Project, together with all improvements and fixtures located thereon, as may be required by the Bank providing the funds to the Town under the Contract to secure the Town's obligations thereunder.

Section 2. ***Application to LGC.*** The Finance Director, or his designee, is hereby directed to file with the LGC an application for its approval of the Contract and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the Town and its financial condition as may be required by the LGC.

Section 3. ***Approval of the Financing Team.*** The Financing Team is hereby approved in connection with the financing of the Project. The Authorized Officers, with advice from the Town Attorney and Special Counsel, are hereby authorized to retain the assistance of other professionals as they deem necessary and desirable to carry out the intention of this Resolution.

Section 4. ***Ratification.*** All actions of the Town and its officials, whether previously or hereafter taken in effectuating the proposed financing as described herein, are hereby ratified, authorized and approved.

Section 5. ***Repealer.*** All motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 6. ***Effective Date.*** This Resolution is effective on the date of its adoption.

Adopted this 8th day of October, 2024.

STATE OF NORTH CAROLINA)
)
TOWN OF PINEVILLE) SS:

I, *Lisa Snyder*, Town Clerk of the Town of Pineville, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PINEVILLE, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO**” duly adopted by the Town Council of the Town of Pineville, North Carolina at a meeting held on the 8th day of October, 2024.

WITNESS my hand and the corporate seal of the Town of Pineville, North Carolina, this the ___ day of October, 2024.

(SEAL)

Lisa Snyder
Town Clerk
Town of Pineville, North Carolina