



Town of Southern Shores

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RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR APPROVAL OF A FINANCING AGREEMENT AUTHORIZED BY NORTH CAROLINA GENERAL STATUTES § 160A-20

WHEREAS, the Town of Southern Shores, North Carolina desires to assume the obligations of the Southern Shores Volunteer Fire Department (SSVFD) contained in the installment loan documents under which HomeTrust Bank financed through installment financing (Loan) the construction of Fire Station 12 for the SSVFD, which is located in the corporate limits of the Town (the “Project”) to continue to better serve the citizens of the Town of Southern Shores; and

WHEREAS, since the commencement of the Loan, the Town of Southern Shores has been indirectly paying all of the debt service for the Loan through a subsidy paid by the Town to the SSVFD pursuant to a fire services contract between the Town and the SSVFD dated February 26, 2019; and,

WHEREAS, both the Town and the SSVFD have mutually agreed that the Town will create and operate a Municipal Fire Department to replace the SSVFD’s fire service operations effective July 1, 2025; and

WHEREAS, in anticipation of the planned dissolution of the SSVFD, the Town seeks to be authorized under North Carolina General Statute 160A, Article 3, Section 20 to assume the obligations of the SSVFD under the Loan documents; and

WHEREAS, maintaining the current Loan installment contract is preferable to the Town refinancing the Loan because the Loan’s interest rate of 3.15% is lower than current market interest rates available to the Town; and

WHEREAS, findings of fact by the Town Council of the Town of Southern Shores, North Carolina must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract for the Town to assume the Loan obligations of the SSVFD.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Southern Shores, North Carolina, meeting in regular session on the 8th day of July, 2025, makes the following findings of fact:

1. An installment contract to pay the debt service presently exists. The Town has been indirectly paying the debt service as a subsidy to the SSVFD pursuant to the fire

protection services contract between the Town and the SSVFD. Fire Protection Services are now a municipal department. Adding the Town to the existing installment contract is necessary in order for the Town to directly fund the installment payments on the Loan and to maintain the present interest rate of 3.15%.

2. The current installment contract is preferable to refinancing the loan because its interest rate is lower than today's interest rates.
3. Once the Town assumes the loan obligations under the Loan documents, there will be no change to the interest rate, payment amount, or other terms of the Loan payment except for the substitution of the Town in place of the SSVFD as the obligor under the Loan.
4. The sums that fall due under the installment loan contract are adequate and not excessive for the proposed purpose because there is no new impact on the Town's operating budget.
5. The Town of Southern Shores debt management procedures and policies have been carried out in strict compliance with the law, and assurance is provided that debt management will hence forth be carried out.
6. The Town of Southern Shores is not in default in any of its debt service obligations.
7. There are no increases in property tax that are necessary as a result of this application.
8. The attorney for the Town of Southern Shores has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Town Manager is hereby authorized to act on behalf of the Town of Southern Shores in filing an application with the North Carolina Local Government Commission for approval of the Project and the existing financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption on this 8th day of July, 2025.

The motion to adopt this resolution was made by Councilmen _____ and seconded by Councilmen _____ and passed by a vote of _____ to _____.

Mayor

ATTEST:

Town Clerk

This is to certify that this is a true and accurate copy of Resolution No. _____ adopted by the Town of Southern Shores Town Council on the 8th day of July, 2025.

Town Clerk

Date

