



REQUEST FOR BOARD ACTION

ITEM NO. 1.

DATE OF MEETING: January 5, 2015

REQUESTED BY: Bob Murphy, Interim County Manager

SHORT TITLE: Public Hearing and Consideration of Preliminary Resolution on Financing for Various County Projects, Including Old Topsail School Renovation and Pender Commerce Park Wastewater Treatment Plant.

BACKGROUND: The Board of Commissioners has undertaken several capital projects with the expectation that the general fund dollars spent on the projects will be reimbursed through a financing. The board gave preliminary approval to a financing plan at its November 17, 2014 meeting. The county is ready to move forward on the financing. Following a public hearing, the board will consider a resolution supporting an application to the Local Government Commission for its approval of a county financing agreement, with the financing expected to be approximately \$23,675,000. The intent is to submit the county's application in time to have it considered at the LGC March meeting. The county's bond counsel, Bob Jessup, will be present to discuss the financing process with the board. A representative of Davenport and Company, the County's Financial Advisor, will also be present.

SPECIFIC ACTION REQUESTED: The board should conduct the public hearing. Following the public hearing the board is asked to consider the attached resolution supporting an application to the Local government Commission for its approval of a county financing agreement.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

DWM
Initial

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that:

the Board hereby approves a resolution supporting an application to the Local Government Commission for its approval of a county financing agreement.

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

YEA VOTES: Williams ____ Brown ____ McCoy__ Piepmeyer__ Tate ____

J. David Williams, Chairman 1/5/15
Date

ATTEST 1/5/15
Date

**Resolution supporting an application to the Local Government
Commission for its approval of a County financing agreement**

WHEREAS --

Pender County has previously determined to carry out various projects, including those identified in Exhibit A.

The Board of Commissioners desires to finance the costs of these projects by the use of an installment financing, as authorized under Section 160A-20 of the North Carolina General Statutes.

Under the guidelines of the North Carolina Local Government Commission, this governing body must make certain findings of fact to support the County's application for the LGC's approval of the County's proposed financing arrangements.

THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pender County, North Carolina, that the County makes a preliminary determination to finance approximately \$23,675,000 to pay capital costs of the projects and improvements identified in Exhibit A.

The Board will determine the final amount to be financed by a later resolution. The final amount financed may be slightly lower or slightly higher than \$23,675,000. Some of the financing proceeds may represent reimbursement to the County for prior expenditures on project costs, and some proceeds may be used to pay financing costs.

BE IT FURTHER RESOLVED that the Board of Commissioners makes the following findings of fact:

(a) The proposed projects are necessary and appropriate for the County under all the circumstances. The renovation of Old Topsail will preserve the building and provide the County with useful office space as the New Hampstead Annex, which will thereby allow the County to stop leasing other space. The other projects are part of the County's long-range plan for Pender Commerce Park, will assist in maintenance of the County's fleet of motor vehicles, or will improve the function and efficiency of County buildings.

(b) The proposed installment financing is preferable to a bond issue for the same purposes.

The County has no meaningful ability to issue voted or non-voted general obligation bonds for these projects. These projects will not produce sufficient revenues to support a self-liquidating financing. The County expects that in the current interest rate environment for municipal securities there would be no material difference in interest rates between general obligation bonds and installment financings for these projects. By combining these projects into a single financing, the County can efficiently leverage the collateral value of some or all

of Old Topsail High School, the County Administration building, and the County Health building to reduce transaction costs, and can better coordinate these projects with expected future financings.

(c) The estimated sums to fall due under the proposed financing contract are adequate and not excessive for the proposed purposes. The County will closely review proposed financing rates against market rates with guidance from the LGC and the County's Financial Advisors. All amounts financed will reflect either approved contracts, well-developed estimates or previous actual expenditures.

(d) As confirmed by the County's Finance Officer, (i) the County's debt management procedures and policies are sound and in compliance with law, and (ii) the County is not in default under any of its debt service obligations.

(e) The County estimates that the maximum tax rate impact of paying debt service on the financing will be the equivalent of between 1.8 and 2.5 cents per \$100 of valuation. Given the County's need for the projects, the Board believes that such an equivalent tax rate impact is reasonable under all the circumstances.

The County will attempt to complete this financing without increasing taxes to meet its debt obligations under the proposed financing arrangements. The County will pursue a debt financing strategy whereby the interest rates to be payable by the County on the proposed financing and the expected term of the financing may allow the County to repay the financing within current resources.

(f) The County Attorney is of the opinion that the proposed projects are authorized by law and are purposes for which public funds of the County may be expended pursuant to the Constitution and laws of North Carolina.

BE IT FURTHER RESOLVED as follows:

(a) The County intends that the adoption of this resolution will be a declaration of the County's official intent to reimburse project expenditures from financing proceeds. The County intends that funds that have been advanced for project costs, or which may be so advanced, from the County's general fund, or any other County fund, may be reimbursed from the financing proceeds.

(b) The Finance Officer and Manager are directed to take all appropriate steps toward the completion of the financing, including completing an application to the LGC for its approval of the proposed financing. All prior actions of County representatives in this regard are ratified.

(c) This resolution takes effect immediately.

Exhibit A – Proposed Projects

Project	Estimated Financing Amount
Old Topsail High School Renovation – New Hampstead Annex	\$4,900,000
Pender Commerce Park – Road work and construction	\$3,200,000
Pender Commerce Park – Waste Water Treatment Facility	\$12,700,000
Construction of three fuel depots	\$700,000
HVAC installation in Administration, Health, and Farm/Agriculture buildings	\$2,000,000
Renovation to Probation and Parole Building	\$175,000
<i>TOTAL</i>	\$23,675,000

Pender County, North Carolina -- Notice of Public Hearing
Installment Financing for Various County Projects

The Pender County Board of Commissioners will hold a public hearing on Monday, January 5, 2015, at 4:00 p.m. (or as soon thereafter as the matter may be heard). The purpose of the hearing is to take public comment concerning a proposed financing contract. Under the proposed contract, the County would borrow approximately \$23,675,000 to pay for various County projects, described below.

Project	Estimated Borrowing Amount (\$)
Old Topsail High School Renovation – New Hampstead Annex	4,900,000
Pender Commerce Park – Road work and construction	3,200,000
Pender Commerce Park – Waste Water Treatment Facility	12,700,000
Construction of three fuel depots	700,000
HVAC installation in Administration, Health, and Farm/Agriculture buildings	2,000,000
Renovation to Probation and Parole Building	175,000
<i>TOTAL</i>	23,675,000

The County may use additional funding proceeds to pay financing costs or to provide required reserves.

The hearing will be held in the Commissioners' usual meeting room, located at the Pender County Administration Building, 805 S. Walker St., Burgaw, North Carolina.

The proposed financing would be secured by a lien on some or all of the property purchased or improved through the financing and the County's promise to repay the financing. There would be no recourse against the County or its property (other than the pledged property) if there were a default on the financing. The County expects that that collateral for the property will consist of some combination of Old Topsail High School the County's Administration building, and the County's Health building (in each case, together with associated land).

All interested persons will be heard. The County's plans are subject to change based on the comments received at the public hearing and the Board's subsequent discussion and consideration. The County's entering into the financing is subject to obtaining approval from the North Carolina Local Government Commission.

Persons wishing to make written comments in advance of the hearing or wishing more information concerning the subject of the hearing may contact Sylvia Blinson, Pender County Interim Finance Director, 805 S. Walker St., Burgaw, NC 28425 (telephone: 919-259-1407, email: sblinson@pendercountync.gov).