

**Resolution supporting an application to the Local Government
Commission for its approval of a Town financing for the
203 South Greensboro Street Project**

INTRODUCTION

The Town Council (the “Council”) of the Town of Carrboro (the “Town”) has previously determined to carry out a project to pay for the construction, equipping, and financing costs of the South Greensboro Street property (the “203 Project”) for proposed Town recreation, parks, & cultural resources operations and other various office spaces.

The Council has made a preliminary determination to finance these projects through an installment financing, as authorized under Section 160A-20 of the North Carolina General Statutes. In an installment financing, the Town’s repayment obligation is secured by a mortgage-type interest in all, or part of the property being financed, but not by any pledge of the Town’s taxing power or any specific revenue stream.

North Carolina law requires that the Town’s financing be approved by the North Carolina Local Government Commission (the “LGC”), a division of the North Carolina State Treasurer’s office. Under the LGC’s guidelines, this governing body must make certain findings of fact to support the Town’s application for the LGC’s approval of the Town’s financing arrangements.

1. THEREFORE, BE IT RESOLVED by the Town Council of the Town of Carrboro, as follows:

(a) The Town makes a preliminary determination to finance approximately \$13,000,000 to pay capital costs of the construction, equipping, and financing costs of the 203 Project.

(b) The Council will determine the final amount to be financed by a later resolution. The final amount financed may be slightly lower or slightly higher than as described above. Orange County, North Carolina will pay approximately 54% of the

total estimated costs for the 203 Project. Some of the financing proceeds may represent reimbursement to the Town for prior expenditures on project costs, and some proceeds may be used to pay financing expenses or to provide any appropriate reserves.

2. The Council makes the following findings of fact in support of the Town's application to the LGC:

(a) The proposed project is necessary and appropriate for the Town under all the circumstances.

(b) The proposed installment financing is preferable to a bond issue for the same purposes. This financing is for a discrete facility and is therefore particularly suitable for installment financing

The Town has no meaningful ability to issue non-voted general obligation bonds for this project. This project will produce no revenues that could be used to support a revenue bond financing. The Town expects that in the current interest rate environment for municipal securities there would be no material difference in the overall financing costs between general obligation bonds and installment financings for this project.

(c) The estimated sums to fall due under the proposed financing contract are adequate and not excessive for the proposed purpose. The Town will closely review proposed financing rates against market rates with guidance from the LGC and the Town's financial adviser. All amounts financed will reflect either approved contracts, previous actual expenditures, or professional estimates.

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

(e) Given the Town's need and desire for the 203 Project, the Council believes that the effect on the Town's budget and the tax rate impact will be reasonable under all the circumstances. The Council will work to minimize the tax rate impact of the borrowing in a manner consistent with moving forward with the project and addressing the full range of Town needs.

(f) The Town Attorney is of the opinion that the proposed project is authorized by law and is a purpose for which public funds of the Town may be expended pursuant to the Constitution and laws of North Carolina.

3. Additionally, the Town Council resolves as follows:

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

(b) The Council directs the Town Manager and the Finance Officer 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. The Council ratifies all prior actions of Town representatives in this regard.

(d) This resolution takes effect immediately.

I certify as follows: that the foregoing resolution was properly adopted at a meeting of the Town Council of the Town of Carrboro, North Carolina; that this meeting was properly called and held on February 1, 2022; that a quorum was present and acting throughout this meeting; and that this resolution has not been modified or amended, and remains in full effect as of today.

Dated this ____ day of _____, 2022.

[SEAL]

Town Clerk
Town of Carrboro, North Carolina