

A RESOLUTION REGARDING THE PROPOSED CONSTRUCTION
AND FINANCING ARRANGEMENT OF THE FINAL PHASE OF
CONSTRUCTION OF THE PUBLIC WORKS COMPLEX

DIRECTION TO STAFF TO REQUEST FINANCING PROPOSALS FROM BANKS

WHEREAS, the Town of Kill Devil Hills desires to complete construction of improvements to the Public Works Complex (the "Project") to better serve the citizens of Kill Devil Hills; and

WHEREAS, the Town of Kill Devil Hills desires to finance the construction of the necessary Project by installment contract with a financial institution; and

WHEREAS, the Local Government Commission of the North Carolina Department of the State Treasurer requires that the Town of Kill Devil Hills make certain findings before the Commission can grant approval to the Town's application for approval of this particular installment contract as authorized under North Carolina General Statute 160, Article 3, Section 20;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Town of Kill Devil Hills, North Carolina finds as follows:

1. The proposed Project is the completion of construction of the Public Works Complex. The proposed method of financing is an installment contract not to exceed a 20-year maturity between the Town and a financial institution, for the construction of the Project.
2. The construction of the Project is necessary and expedient for the Town of Kill Devil Hills to better serve its customers, to protect equipment, vehicles and apparatus owned by the Town of Kill Devil Hills, and to meet the required standards for animal shelters.
3. The estimated cost of the Project is \$3.4 million, which includes engineering, construction and contingency. The amount of \$3.4 million is the maximum principal amount of debt expected to be incurred for the purpose of paying the costs of the Project. The Project will serve as full collateral. Using this method of financial there will be absolutely no pledge of the Town's taxing authority.
4. The Town Attorney has rendered an opinion that the construction of the Project is authorized by law, and is a purpose for which public funds may be expended pursuant to the Construction and laws of North Carolina at this time.
5. Because of the relatively small nature of the estimated project cost, the proposed installment contract is preferable to alternative financing mechanisms as follows:
 - a. Current appropriations in the Town's operating budget are inadequate to fund the project.
 - b. Currently, fund balance available for appropriate is not sufficient to fund the project.
 - c. The Town does not retire enough debt annually to fund the Project using the "two-thirds limitation."
 - d. The proposed financing is preferable to a general obligation bond because the costs of authorizing and issuing bonds would be greater than those associated with the installment contract.

- e. Revenue bonds are inappropriate for the Project.
- 6. The Town will solicit proposals from financial institutions to assure that the Town received the most favorable terms and interest rates. After receiving competitive bids for financing the Project, the Board of Commissioners will choose, upon LGS approval, to finance the construction of the Project for not more than twenty (20) years.
- 7. Examination of the audit reports for the past three (3) years of the Town of Kill Devil Hills will show that the Town's debt management policies are in strict compliance with North Carolina laws.
- 8. No increase in the property tax rate will be necessary to raise sums to fall due under this contract in each fiscal year during the term of the contract. Funding for the debt service payments will be through annual appropriations in the operating budget for the general fund.
- 9. The Town is not now and has never been in default in meeting its debt service obligations.
- 10. The Board of Commissioners hereby directs the Finance Offer to negotiate proposals to finance the construction of the project.
- 11. This _____ day of _____, 2018.

TOWN SEAL

Mayor Sheila F. Davies, Ph.D.
Town of Kill Devil Hills

ATTEST:

Mary E. Quidley
Town Clerk