



RESOLUTION ADOPTING SAFE HARBOR POLICY RELATED TO REASONABLENESS OF ESTIMATED INTEREST ASSUMPTIONS

WHEREAS, the North Carolina General Assembly enacted Session Law [2022-53](#), entitled in part “AN ACT TO INCREASE THE TRANSPARENCY OF BOND REFERENDA...” (the “Act”); and

WHEREAS, Section 2.(c) of the Act amended Part 2 (Procedure for Issuing Bonds) of Article 4 (the Local Government Bond Act) of Chapter 159 of the General Statutes to add a new section §159-55.1 which requires a finance officer to file a statement of disclosures necessary for bond authorization; and

WHEREAS, pursuant to G.S. §159-55.1(a)(1), the statement of disclosure must include “an estimate of the total amount of interest that will be paid on the bonds over the expected term of the bonds, if issued, and a summary of the assumptions upon which the estimate is based...”; and

WHEREAS, Section 1 of the Act amended G.S. §159-52(b) by adding a finding for Commission approval of an application for general obligation bonds issuance: “That the assumptions used by the finance officer of the unit in preparing the statement of interest filed with the clerk pursuant to G.S. 159-55.1(a) are reasonable”; and

WHEREAS, the Commission wishes to adopt a safe harbor policy related to this finding to provide a definition of “reasonable assumptions”;

NOW THEREFORE, BE IT RESOLVED by the Commission, that:

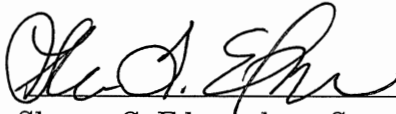
1) The Commission will find the assumptions used in the estimate of total interest included in the statement of disclosures necessary for bond authorization required by G.S. §159-55.1(a)(1) to be reasonable if the estimate is based on the following assumptions:

(a) principal on the bonds to be authorized will be paid in 20 annual equal principal installments measured from the date of issue of each separate series of bonds; and

(b) the interest rate on the bonds will be equal to a Bond Buyer 20 Index (BB20) rate published within 25 days prior to the introduction of the bond order plus 200 basis points (2%) or higher.

2) A finance officer may use alternate assumptions to estimate the total amount of interest to be paid on the bonds over the expected term of the bonds; these alternate assumptions will be considered by the Commission at the same time it considers the application for approval of the bond issue and makes its findings required pursuant to N.C.G.S. 159-52 (b).

WITNESS my hand this 1st day of November 2022.



Sharon G. Edmundson, Secretary

North Carolina Local Government Commission