

LOCAL GOVERNMENT COMMISSION AGENDA  
JANUARY 8, 2019

1. PLEDGE OF ALLEGIANCE

2. TOAST TO THE FLAG

3. CONFLICT OF INTEREST STATEMENT

4. MINUTES FOR APPROVAL

December 4, 2018

**(FINAL)**

RELATED INFORMATION

Approximate Per Capita Debt  
12/31/18

State: \$ 497

Federal: \$ 66,452

<u>Unit</u>	<u>Type</u>	<u>Purpose</u>	<u>Amount</u>	<u>Comments</u>	<u>Page Number</u>	<u>Last request to Borrow</u>	<u>Voted/ Non-Voted</u>
Edenton, Town of	Revenue	Water	\$ 2,641,000	Unit Letter	2	RL 10-2018 \$1MM	
Jackson, County of	Financing Agreement	Health Science Building	\$ 10,000,000		3	FA 3-2017 \$9.0MM	
Kill Devil Hills, Town of	Financing Agreement	Public Works Facility	\$ 4,564,956		3	SO 6-2016 \$5.0MM	
Knightdale, Town of	Financing Agreement	Public Works Facility	\$ 2,300,000		4	FA 5-2018 \$1.875MM	
McDowell, County of	Financing Agreement	Construction Elementary School	\$ 5,000,000		4	FA 4-2018 \$5.6MM	
Stallings, Town of	Financing Agreement	New Town Hall & Public Works Building	\$ 2,918,000		5	FA 4-2004 \$1.5MM	
Surry, County of	Financing Agreement	Landfill Expansion	\$ 6,900,000		5	FA 2-2018 \$8.25MM	
Beech Mountain, Town of	Revolving Loan	Sewer	\$ 2,000,000		6	RL 10-2018 \$1.7MM	
Davie, County of	Revolving Loan	Sewer	\$ 18,199,000		6	FA 4-2017 \$1.8MM	
Cary, Town of	General Obligation	Misc. Action - 3 year extension			7	FA 12-2018 \$8.6MM	
Charlotte-Mecklenburg Hospital Authority	Revenue	Misc. Action - Forward Swap			7	RB 11-2018 \$40MM	
The Educational Foundation, Inc.	NC Capital Facilities Finance	Miscellaneous Discussion - Revenue Bonds	\$ 98,000,000		8	NA	

(The Rams Club - Defer to February 5, 2019 mtg)

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	FEASIBILITY/ TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE	MARKETABILITY						
<b>TOWN OF EDENTON</b> Water \$2,641,000 Revenue Bond G.S. 159; Article 5	Renovations and upgrades to the Town's two (2) water treatment plants - Beaver Hill and Freemason. New water treatment equipment, piping and building components will be installed at both water treatment plants.	Necessary and expedient to replace old and outdated equipment, piping and building components.	Bids in hand.	Edenton received a unit letter regarding several issues, the first of which was a significant drop in fund balance available in the General Fund, from 36.04% in 2017 to 15.47% in 2018, or \$972,301. A portion of this drop was attributable to the use of Powell Bill funds and reserves to fund a much-needed roadwork project. It also was noted that there are large inter-fund receivables and payables between the General Fund, the Airport, and the Water and Sewer Fund. Finally, several internal control concerns were noted, including issues surrounding pre-audit and delays in several key reconciliation processes. The Town responded satisfactorily, providing acceptable explanations for the drop in the fund balance available. Reimbursements and a tax increase will help increase fund balance available at June 30, 2019. The Town has multiple business expansions underway, which also will help increase inflows in the General Fund. The Town is aware of financial concerns with the Airport, and is working with them to identify solutions. Regarding the internal control concerns, the Finance Officer has brought the reconciliations current and has made changes to their business processes to ensure that they stay current. Changes also have been implemented in the pre-audit function. Please also see the unit visit summary for more information about Edenton.	The projection of net revenues prepared by the unit indicates that future revenues will be adequate to cover the cost of operations and debt service. Water: \$29.32 Sewer: \$34.75	Term: RBAN: 12 months RB: 40 years Interest Rate: Fixed Structure: RBAN: Semiannual interest payments RB: Approximately level debt service	USDA commitment to purchase the bonds upon substantial completion of the project.						
USDA Loan USDA Grant	<table border="0"> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">2,641,000</td> </tr> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">1,115,000</td> </tr> <tr> <td style="text-align: right;"><u>\$</u></td> <td style="text-align: right;"><u>3,756,000</u></td> </tr> </table>	\$	2,641,000	\$	1,115,000	<u>\$</u>	<u>3,756,000</u>					<p style="text-align: center;">APPROVALS</p> Issue Amount Revenue Bond: \$2,641,000 Issue Amount Revenue BAN: \$2,641,000 Final Maturity: RBAN: No later than 1/23/2020 RB: 2059 or 40 years after the maturity of the RBAN Interest Rate: <span style="border: 1px solid black; padding: 2px;">4.54%</span> Lgc approved not to exceed 5% RBAN: Not to exceed 5% RB: \$2,641,000 2.0%	
\$	2,641,000												
\$	1,115,000												
<u>\$</u>	<u>3,756,000</u>												
						<p style="text-align: center;">FINANCING TEAM</p> Bond Counsel: McGuire Woods LLP Revenue BAN: PNC Revenue Bond: USDA Rural Development Registrar: Town Manager							

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE
<b>JACKSON COUNTY</b> Health Science Building \$10,000,000 G.S. 160A-20 Installment Purchase Contract	This project consists of the the construction of a Health Science Building for Southwestern Community College.  <u>Expected Sources and Uses of Funds:</u> Sources: Bank Loan \$ 10,000,000 EDA Grant \$ 2,015,395 Cash \$ 3,220,163 Connect NC Bonds \$ 5,445,597 Total Sources \$ 20,681,155  Uses: Project Costs \$ 20,681,155 Total Uses \$ 20,681,155	Necessary and expedient to provide better educational facilities and workforce development.	Bids in hand.	No major deficiencies. No defaults noted.	No tax increase is anticipated. General Fund revenues will provide for debt service.	PREFERABLE TO A BOND ISSUE Bank: Sterling National Bank Market Rate: 4.10% Term: 20 years Approval Rate: 3.810% Payment: Annually S&P: N/A Moody's: N/A  Installment purchase contract is more timely than issue of G.O. Bonds

Purpose	Estimated Census	Amount	Public Hearing	Bonds Authorized & Unissued	Assessed Valuation	Existing Debt Excluding Enterprise Funds	Tax Rate	Debt Ratios-Excluding Enterprise Funds			
								To Property Values		Per Capita	
								Before	After	Before	After
Community College	42,793	\$ 10,000,000	12/3/2018	\$ -	\$9,388,873,541	33,517,497	\$0.38	0.36%	0.46%	\$ 783	\$ 1,017

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE
<b>TOWN OF KILL DEVIL HILLS</b> \$4,564,956 Public Works Facility G.S. 160A-20 Installment Contract Private Placement	Construction of improvements to the Public Works Complex (Final Phase) including the expansion of former Fleet Maintenance building as new solid waste building and renovation of the animal control facility.	Necessary and expedient to protect and cover solid waste trucks & equipment as well as bring the animal control facility into compliance with the NC Department of Agriculture.	Bids in hand.	No major deficiencies. No defaults noted.	No tax increase is anticipated. General Fund revenues will provide for debt service.	Bank: BB&T Approval Rate: 4.07% Term: 15 Years Market Rate: 4.25% Payment: Semi Annually  S&P: Not Rated Moody's: Not Rated  Installment purchase contract is more timely than issue of G.O. Bonds

Purpose	Estimated Census	Amount	Public Hearing	Bonds Authorized & Unissued	Assessed Valuation	Existing Debt Excluding Enterprise Funds	Tax Rate	Debt Ratios-Excluding Enterprise Funds			
								To Property Values		Per Capita	
								Before	After	Before	After
Municipal Building	7,212	\$4,564,956	11/14/2018	\$ -	\$ 2,058,216,231	\$ 9,580,646	\$0.3809	0.47%	0.69%	\$ 1,328	\$ 1,961
Dare County											
											\$2,504

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE	
<b>TOWN OF KNIGHTDALE</b> Land & Public Works Facility \$2,300,000 G.S. 160A-20 Installment Purchase Contract	This project consists of site improvements and construction of a new Public Works Facility to include the main building, secondary storage structure, generator, push pads, and fencing and gates for securing the site.  <u>Expected Sources and Uses of Funds:</u> Sources: Bank Loan \$ 2,300,000 Transfer Capital Reserve fund \$ 425,000 Total Sources \$ 2,725,000  Uses: Project Costs \$ 2,725,000 Total Uses \$ 2,725,000	Necessary and expedient because the current public works building is outdated and lacks adequate space for personnel and proper storage of equipment for out of weather conditions.	Bids in hand.	No major deficiencies. No defaults noted.	No tax increase is anticipated. General Fund revenues will provide for debt service.	Bank: Southern Bank Approval Rate: 3.580% Term: 10 years Market Rate: 3.65% Payment: Annually S&P: AA Moody's: A2  Installment purchase contract is more timely than issue of G.O. Bonds	
						<u>Debt Ratios-Excluding Enterprise Funds</u>	
						To Property Values Before	
						Per Capita Before	
						After	
Building	Estimated Census 15,849 Amount \$ 2,300,000	Public Hearing 11/20/2018	Bonds Authorized & Unissued \$ -	Assessed Valuation \$1,677,431,054	Existing Debt Excluding Enterprise Funds 9,337,778	Tax Rate \$0.43	0.56% 0.69% \$ 589 \$ 734 Wake County \$ 2,529

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE	
<b>MCDOWELL COUNTY</b> Elementary School \$5,000,000 G.S. 160A-20 Installment Purchase Contract	This project includes the construction of an 87,000 square foot elementary school in Old Fort, NC.  <u>Expected Sources and Uses of Funds:</u> Sources: Bank Loan \$ 5,000,000 State Grant \$ 15,000,000 Total Sources \$ 20,000,000  Uses: Project Costs \$ 20,000,000 Total Uses \$ 20,000,000	Necessary and expedient to replace the oldest (1937) elementary school in McDowell County. The new construction will resolve accessibility, energy, security, and safety concerns.	Bids in hand.	No major deficiencies. No defaults noted.	No tax increase is anticipated. General Fund revenues will provide for debt service.	Bank: First Bank Approval Rate: 3.65% Term: 15 Years Market Rate: 3.80% Payment: Annually S&P: A- Moody's: A2  Installment purchase contract is more timely than issue of G.O. Bonds	
						<u>Debt Ratios-Excluding Enterprise Funds</u>	
						To Property Values Before	
						Per Capita Before	
						After	
School	Estimated Census 46,171 Amount \$ 5,000,000	Public Hearing 11/29/2018	Bonds Authorized & Unissued \$ -	Assessed Valuation \$3,607,772,000	Existing Debt Excluding Enterprise Funds 22,560,083	Tax Rate \$0.5875	0.63% 0.76% \$ 489 \$ 597

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE
<b>TOWN OF STALLINGS</b> Town Hall & Public Works Building \$2,918,000 G.S. 160A-20 Installment Purchase Contract	This project involves the construction of a New Town Hall building for Council Chambers and recreation staff and a Public Works building for public works staff and maintenance facility.  <u>Expected Sources and Uses of Funds:</u> Sources: Bank Loan \$ 2,918,000 Cash \$ 441,271 Total Sources \$ 3,359,271  Uses: Project Costs \$ 3,359,271 Total Uses \$ 3,359,271	Necessary and expedient because the existing Civic Building used by Park and Recreation and Public Works staff is inadequate and is a safety concern. The new building will increase productivity of the staff, provide additional space for the General Government Staff, and support the long-term growth of the town.	Bids in hand.	No major deficiencies. No defaults noted.	No tax increase is anticipated. General Fund revenues will provide for debt service.	Bank: BB&T Approval Rate: 3.45% Term: 10 years Market Rate: 3.60% Payment: Monthly S&P: N/A Moody's: N/A  Installment purchase contract is more timely than issue of G.O. Bonds  <u>FINANCING TEAM</u> Bond Counsel: Pope Flynn, LLC

Purpose	Estimated Census	Amount	Public Hearing	Bonds Authorized & Unissued	Assessed Valuation	Existing Debt Excluding Enterprise Funds	Tax Rate	Debt Ratios-Excluding Enterprise Funds					
								To Property Values		Per Capita			
								Before	After	Before	After		
Municipal Building	15,647	\$ 2,918,000	12/10/2018	\$ -	\$1,662,185,513	-	\$0.215	0.00%	0.18%	\$ -	\$ 186	Union County	\$ 1,686

<b>SURRY COUNTY</b> \$6,690,000 Landfill Expansion G.S. 160A-20 Financing Agreement Private Placement	Expansion of the existing landfill cell and constructi a new scale house.  <u>Expected Sources and Uses of Funds:</u> Sources: Bank Loan \$ 6,675,208 Total Sources \$ 6,675,208  Uses: Project Fund \$ 6,609,708 Cost of Issuance \$ 65,500 Total Uses \$ 6,675,208	Necessary and expedient to accommodate solid waste capacity for the next 20+ years.	Bid is in hand.	No deficiencies or defaults noted.	No tax increase is required. Debt service will be paid from revenues to the Solid Waste Fund.	Bank: PNC Amount \$ 6,690,000 Approval Rate: 3.60% Term (years): 10 Market Rate: Payment Annual principal and semi-annual interest Structure Level Debt Service  Bank placement will not be rated. Current G.O. ratings: S&P: AA- Moody's: Aa2  <u>FINANCING TEAM</u> Bond Counsel: Womble Bond Dickinson (US) LLP Financial Advisor: DEC & Associates  Installment purchase contract is more timely than issue of G.O. Bonds.
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Purpose	Estimated Census	Amount	Public Hearing	Bonds Authorized & Unissued	Assessed Valuation	Existing Debt Excluding Enterprise Funds	Tax Rate	Debt Ratios-Excluding Enterprise Funds					
								To Property Values		Per Capita			
								Before	After	Before	After		
Solid Waste Disposal	72,224	\$ 6,690,000	11/5/2018	\$ -	\$ 5,494,374,055	\$ 29,488,055	\$0.5820	0.54%	0.66%	\$ 408	\$ 501		

UNIT	PROJECT	PROPOSED ISSUE IS NECESSARY AND EXPEDIENT	ADEQUATE NOT EXCESSIVE	DEBT MANAGEMENT	FEASIBILITY/ TAX INCREASE	TERMS/OTHER INFORMATION PREFERABLE TO A BOND ISSUE	MARKETABILITY
<b>TOWN OF BEECH MOUNTAIN</b> Sewer \$2,000,000 G.S. 159G-22 Revolving Loan	Rehabilitation or replacement of approximately 7800 LF of 8" gravity sewer and 9600 LF of 12" gravity sewer. The project is intended to reduce inflow and infiltration (I/I) in the collection system and thereby reduce the risk of permit violations at Pond Creek WWTP. All work will replace existing pipe with the same size pipe (like-for-like replacements) and no additional capacity will be created.	Necessary and expedient due to PVC truss pipe failures in many locations. The existing sewers are over 40 years old.	Cost estimates provided by West Consultants, PLLC.	No major deficiencies. No defaults noted.	The projection of net revenues prepared by the unit indicates that future revenues will be adequate to cover the cost of operations and debt service. Water: \$44.88 Sewer: \$43.86	Loan from State of North Carolina Term: 20 years The rate, as established under this program for the respective loan, State or federal, is not to exceed 4%.	N/A
<b>DAVIE COUNTY</b> Sewer \$18,199,000 G.S. 159G-22 Revolving Loan	This project will include the installation of 8-inch, 16 -inch, and 20-inch force mains, 18-inch gravity sewer, two new sewer pump stations, improvements to an existing pump station and the abandonment of another existing pump station.	Necessary and expedient to implement a collection system expansion to protect the environment by improving the conveyance of wastewater, accomodating future growth in the area, and providing affordable rates to its customers.	Cost estimated provided by Highfill Infrastructure Engineering, P.C.	No major deficiencies. No defaults noted.	The projection of net revenues prepared by the unit indicates that future revenues will be adequate to cover the cost of operations and debt service. Water: \$26.59 Sewer: \$34.36	Loan from State of North Carolina Term: 20 years The rate, as established under this program for the respective loan, State or federal, is not to exceed 4%.	N/A

**MISCELLANEOUS:**

Town of Cary

**(ACTION ITEMS):**

The Town of Cary requests a three-year extension per G.S. 159-64 of \$57,680,000 Transportation Bonds, \$15,870,000 Parks and Recreation Bonds and \$6,450,000 Fire Station Bonds authorizations of November 6, 2012, of which \$13,715,000 of the Transportation Bonds, \$1,825,000 of the Parks and Recreation Bonds, and \$510,000 of the Fire Station Bonds, respectively, remain unissued, to fund improvements to various facilities within the Town. The extension is necessary as the Town has used other available funds towards costs of the projects and will now need to utilize bond proceeds to finance the remaining costs of the projects.

All projects associated with the 2012 bond referenda should be able to be constructed within the revised timetable. Staff recommends approval of extending the authorization to November 6, 2022.

Charlotte-Mecklenburg

Hospital Authority

(Atrium Health)

G.S. 131E-26

Forward Swap 2011A Bonds

Atrium Health is requesting the approval of entering into a forward fixed interest rate swap of its Series 2011A Health Care Revenue Bonds. The Series 2011A Bonds currently have \$132,145,000 outstanding. The call date is January 15, 2021, and the floating-to-fixed rate swap would refund the bonds in late 2020 with a variable rate bond issue. Assessing current market conditions at that time, Atrium could enter into a fixed rate debt with the forward swap as a hedge. By entering into the forward swap now, Atrium would lock in net present value savings currently estimated at \$29.7 million (23.7% of the refunded bonds). Citibank, N.A. has been selected as the swap counterparty. Swap consultant/advisor is Kaufman, Hall & Associates, LLC; Robinson Bradshaw will serve as Atrium Counsel.

**(DISCUSSION ITEM);**

The Educational Foundation, Inc.

(The Rams Club)

**Defer to February 5, 2019 meeting**

(See Page 8)

Miscellaneous - (Discussion Item)

PROJECT	FINANCIAL CAPABILITY AND SECURITY	PUBLIC FACILITIES MADE AVAILABLE	MANNER OF SALE ADVERSE EFFECTS	FOR PUBLIC BENEFIT, NO DISCRIMINATION	TERMS/OTHER INFORMATION	
<p><b>DEFER TO FEBRUARY 5, 2019 MEETING</b></p> <p><b>THE EDUCATIONAL FOUNDATION, INC. (The Rams Club)</b> Revenue Bonds, Series 2019 Location: Chapel Hill (Orange County) Amount not to exceed \$98,000,000 G.S. 159D</p> <p>The proceeds of the 2019 Bonds will be used to (a) retire existing taxable bank bridge loans that were used to finance project construction; (b) provide further financing to complete project costs. The projects include: (i) renovations to the locker rooms at the Dean Smith Center, (ii) the construction and equipping of a new indoor practice field, (iii) the construction and equipping of a new field hockey stadium, (iv) the construction and renovation of a new soccer and lacrosse stadium, (v) the construction and equipping of a track complex and various athletic fields, and (vi) the installation of synthetic turf borders and resodding of natural grass turf at Kenan Stadium (collectively, the "Project"); and (c) pay certain costs incurred in connection with the authorization and issuance of the Bonds. The Project will be owned, operated and managed by the Borrower or an affiliated or related entity.</p>	<p>Debt service coverage is estimated to range from 1.33 times to 4.05 times for the next 5 years.</p> <p>The purpose of issuing the 2019 Bond is to retire taxable loans and finance renovations, construction and equipping of new facilities, and finance related cost of issuance.</p> <p>The Project will be owned, operated and managed by the Borrower or an affiliated or related entity, including the University of North Carolina at Chapel Hill.</p>	<p>Orange Water &amp; Sewer Authority has the capacity and will provide water/sewer services.</p> <p>UNC-CH has capacity and will provide electrical services.</p> <p>PSNC Energy has capacity and will provide natural gas services</p>	<p>Direct Placement with BB&amp;T Community Holdings Co. The issue is currently anticipated to close on January 29, 2019.</p>	<p>Resolution and covenant received from Board of Directors that the Project will be operated for the public good as part of the University's educational mission and it will benefit the University community without regard to race, creed, color or national origin.</p>	<p>Term: 21 years Interest Rate: Variable (79% of One-Month LIBOR) + .6715%; currently 2.58%</p> <p>Structure: Interest payments only in the first year with a 20 year amortization following thereafter through maturity.</p> <p>The Bond has an initial term of 10 years and may be extended by the Bank. Should the Bank not extend the initial term, the Borrower has the option to find another loan provider or the Bank is required to pay off the NCCFFA Bond and enter into a taxable loan on terms agreeable to the Bank and the Borrower.</p>	
<p><u>Sources:</u> Bond Proceeds Total Sources of Funds</p>	<p>\$ 98,000,000 <u>\$ 98,000,000</u></p>	<p>The Educational Foundation, Inc. ("The Rams Club") and related Scholarship Endowment Trust (created in 1938 and 1968, respectively) to provide private financial support for athletic scholarships and athletic facilities as well as other private support for athletic programs at The University of North Carolina at Chapel Hill (the "University"). The Rams Club has provided over \$200 million in athletic scholarship support and over \$100 million in athletic facility renovations which benefit the University's athletic programs. The University is not directly obligated on the debt of The Rams Club as The Rams Club is a separate 501(c)(3) organization. The audited financial statements of The Rams Club and the Scholarship Endowment Trust as of June 30, 2018 show cash balances of approximately \$35.6M and total net assets of approximately \$285.2M.</p>				<p style="text-align: center;">APPROVALS</p> <p>Amount: not to exceed \$98,000,000 Final Maturity: not to exceed December 31, 2040. Initial Fixed Rate: not to exceed 6%</p>
<p><u>Uses:</u> Refinance Taxable Loans Deposit to Project Fund Cost of Issuance Total uses of funds</p>	<p>\$ 80,000,000 17,765,000 <u>\$ 235,000</u> <u>\$ 98,000,000</u></p>	<p style="text-align: center;">FINANCING TEAM</p> <p>Bond Counsel: McGuireWoods LLP Borrower's Counsel: In-house Purchaser: BB&amp;T Community Holdings Co. Purchaser's Counsel: Moore &amp; Van Allen PLLC</p>				