

I, Amy T. Harvey, Deputy Town Clerk of the Town of Chapel Hill, North Carolina, hereby certify that the attached is a true and correct copy of (2024-05-15/R-7) adopted by the Chapel Hill Town Council on May 15, 2024.



This the 16th day of May, 2024.

Amy T. Harvey

**Amy T. Harvey
Deputy Town Clerk**

A RESOLUTION SUPPORTING AN APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR ITS APPROVAL OF A TOWN FINANCING AGREEMENT 2024 ROSEMARY STREET PARKING DECK AND OTHER PROJECTS (2024-05-15/R-7)

Introduction --

The Town Council (the "Council") of the Town of Chapel Hill (the "Town") has previously determined to carry out a project to acquire, construct, equip and finance additional construction costs for the Rosemary Street Parking Deck, to pay for the acquisition of a ladder truck, and to pay for furnishings and equipment of the new police station and emergency operations center, along with funds as necessary to pay associated financing costs.

The Council has also made a preliminary determination to finance this project 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. In this case, the Town expects that the Rosemary Street Parking Deck and the Town Operations Center on Millhouse Road will serve as the collateral.

State 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 Chapel Hill, as follows:

(a) The Town makes a preliminary determination to finance approximately \$16,500,000 to pay project costs.

(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 \$16,500,000. 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.

(c) Town staff recommends that the Town accept a joint proposal from Truist Bank and Truist Commercial Real Estate, Inc., which is a real estate lending affiliate of Truist, to provide the financing. The final required Town Council action on the financing (currently scheduled for June 5th) will confirm this selection.

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

(a) The proposed projects are 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 self-liquidating 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) The Town estimates that there will be no actual increase in the tax rate required for these projects. Funds from the parking enterprise and funds previously allocated to Town debt service should be sufficient for payments on this financing. Given the Town's need for the project, the Council believes that the effect on the Town's budget and the tax rate impact from repaying the borrowed money will be reasonable under all the circumstances. The Council will work to minimize the tax rate impact 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 projects are authorized by law and are purposes for which public funds of the Town may be expended pursuant to the Constitution and laws of North Carolina.

3. ADDITIONALLY, THE 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 parking or general funds, debt service 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 (i) completing an application to the LGC for its approval of the proposed financing, and (ii) soliciting one or more proposals from financial institutions to provide the financing. The Council ratifies all prior actions of Town representatives in this regard.

(c) This resolution takes effect immediately.

This the 15th day of May, 2024.