

**RESOLUTION SUPPORTING AN APPLICATION TO THE  
LOCAL GOVERNMENT COMMISSION FOR ITS APPROVAL OF A  
FINANCING AGREEMENT FOR THE NEW FIRE SUBSTATION,  
AND TAKING RELATED ACTION**

**Resolution No. 109/2008-09**

***WHEREAS,***

The Town of Carrboro has previously determined to undertake the construction and development of a new fire substation in the northern part of Town.

The Board of Aldermen has previously determined to finance costs for this project by the use of an installment financing contract, as authorized under Section 160A-20 of the North Carolina General Statutes.

Under the guidelines of the North Carolina Local Government Commission, this governing body must make certain findings of fact to support the Town's application for the LGC's approval of the Town's proposed financing arrangements. In this resolution, the Town Board makes the appropriate findings, and takes other appropriate action.

***THEREFORE, BE IT RESOLVED*** by the Board of Aldermen of the Town of Carrboro, North Carolina, as follows:

(a) The Town makes a preliminary determination to finance up to \$3,500,000 for costs of the fire substation project. The Board will determine the final amount to be financed by a later resolution. The total amount financed may reflect adjustments to the amounts listed above and may include amounts for financing costs.

(b) The Finance Officer is authorized and directed 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.

***BE IT FURTHER RESOLVED*** that the Board of Aldermen makes the following findings of fact:

(a) The proposed project is necessary and appropriate for the Town under all the circumstances. The new substation will enhance the Town's ability to provide firefighting services in the northern area of Town.

(b) The proposed installment financing is preferable to a bond issue for the same purposes. This project is for a discrete facility, and therefore lends itself well to an installment financing. Voter-approved bond financing would not be cost-effective for a project of this size. The Town is using voter-approved financing for sidewalk and

greenway projects, and it is appropriate for the Town to balance its capital funding needs with the use of all the tools available to it.

(c) The estimated sums to fall due under the proposed financing contract are adequate and not excessive for the proposed purpose. The Town will obtain competitive lending proposals, and will closely review proposed lending rates against market rates with guidance from the LGC. All project costs to be financed will be based on approved bids.

(d) As confirmed to the Board at this meeting 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 expects no tax increase will be necessary in the Town's 2009-10 fiscal year to meet debt obligations under the proposed financing arrangements. The Town expects that the maximum annual debt service payment related to this financing will be the equivalent of approximately 1.93 cents on the Town's tax rate. Any actual tax rate increase attributable to the current proposed financing will be determined by budget factors present in future budget years. The Board concludes that any actual tax rate increase that may be attributable to this financing will in any event be reasonable under all the circumstances. The Board bases its conclusions on the expected interest rates and term for the current proposed financing, the Town's current plans for phasing-in debt service to match the completion of the project, and current estimated total project costs of approximately \$3,000,000.

(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.

***BE IT FURTHER RESOLVED* 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 Board will hold a public hearing on this matter on May 26, 2009. The Town Clerk is authorized and directed to publish a notice of such public hearing in the manner provided for by law.

(c) This resolution takes effect immediately.

\* \* \* \* \*

I certify that the foregoing resolution was duly adopted at a meeting of the Board of Aldermen of the Town of Carrboro, North Carolina, duly called and held on May 5, 2009, and that a quorum was present and acting throughout such meeting. Such resolution remains in full effect as of today.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2009.

[SEAL]

\_\_\_\_\_  
Sarah C. Williamson  
Town Clerk  
Town of Carrboro, North Carolina