

BOARD OF ALDERMEN

ITEM NO. (2)

AGENDA ITEM ABSTRACT

MEETING DATE: May 26, 2009

TITLE: Public Hearing: Use of Installment Financing to Construct a Fire Substation on 1411 Homestead Road

DEPARTMENT: Management Services	PUBLIC HEARING: YES <u>X</u> NO <u> </u>
ATTACHMENTS:	FOR INFORMATION CONTACT: L. Bingham Roenigk, 918-7300

PURPOSE

The purpose of this agenda item is to hold a public hearing to receive public comment on the proposed installment financing of up to \$3,500,000 for the construction of a fire substation at 1411 Homestead Road. Staff recommends that the Board conduct the public hearing and provide any further direction to staff as may be appropriate as a result of the hearing.

INFORMATION

The Board has previously authorized the construction and development of a fire substation and authorized a reimbursement resolution in 2006 signaling that the Town may pursue installment financing to construct the fire substation. The Board, on May 5th, approved a 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. State laws require the Town to conduct a public hearing before completing an installment financing for real estate improvements, as contemplated in this case. The Board set the date for Tuesday, May 26. A notice of the public hearing was posted at least ten days before the public hearing as required by law. The notice was posted on the town's website and published on May 10, 2009 in the Chapel Hill Herald. In addition, the Management Services Department has sought proposals from banking institutions to get quotes on debt financing.

The precise terms of the financing – the final amount, the interest rate, the payment terms, and the identity of the lender – are subject to Board approval by a subsequent resolution on June 2, 2009. Following Board approval on June 2nd, the next step will be to obtain approval from the Local Government Commission on July 7th with a closing date of no later than July 14, 2009.

FISCAL IMPACT: Funds have been set aside in the FY09-10 Recommended Budget to fund the first payment needed for the fire substation. Specific costs shall be identified on June 2, 2009 when the financing contract is awarded to the winning lender.

STAFF RECOMMENDATION

Staff recommends that the Board conduct the public hearing and provide any further direction to staff as may be appropriate as a result of the hearing.