

## BOARD OF ALDERMEN

ITEM NO. C(3)

### AGENDA ITEM ABSTRACT

MEETING DATE: October 5, 2010

**TITLE: Request to Approve Resolution for the Issuance of \$2,590,000 Sidewalk Bond Anticipation Notes**

<b>DEPARTMENT:</b> Management Services	<b>PUBLIC HEARING:</b> YES ____ NO <u>X</u>
<b>ATTACHMENTS:</b> <b>A. Resolution for the Issuance of \$2,590,000 Sidewalk Bond Anticipation Notes</b>	<b>FOR INFORMATION CONTACT:</b> Arche L. McAdoo, Finance Director 918-7439 George Seiz, Public Works Director, 918-7427

#### PURPOSE

To request authorization from the Board for the sale of \$2,590,000 in bond anticipation notes (BANs) to replace the existing BANs and provide additional funding for the design, construction, and implementation of sidewalk and greenway projects approved by voters in November 2003.

#### INFORMATION

On November 4, 2003, Carrboro voters authorized the issuance of up to \$4,600,000 of General Obligation Bonds for capital costs to design and construct sidewalks and greenways. The authority to issue GO Bonds normally expires seven years after voter authorization, but may be extended by the Local Government Commission (LGC) to a maximum of ten years. Because additional time is needed to complete the projects to be financed from the bonds, the LGC has approved an extension of this bond authority for a maximum of ten years. The Board following a public hearing on September 21, 2010 approved an order endorsing the LGC action. As required by state statute, this order was published on September 22, 2010.

To provide funding for sidewalks and greenway trails, the Town has issued a number of BANs with the expectation of issuing General Obligation Bonds later. In January 2010 the Board agreed to continue with the sidewalk and greenway bond construction program using this financing strategy. Currently, the Town has BANs totaling \$2,590,000 that will mature on October 27, 2010.

Attached is a formal resolution that authorizes the sale of \$2,590,000 bond anticipation notes to continue financing for the design and construction of sidewalks and greenways. This resolution also formally pledges the Town's taxing power to provide payment on the notes; approves the proposed form of the notes; states the Town's agreement to comply with the relevant provisions of federal tax laws; and authorizes the Town staff to complete the process of issuing the notes and approves the steps to that end previously taken. This resolution has been drafted by bond counsel is in essentially the same form as similar resolutions used for prior BANs, and with other local governments in similar circumstances.

#### FISCAL IMPACT

The current BANs will mature October 27, 2010 at which time interest will be due and payable in the amount of \$22,573. This cost is included in the adopted budget for FY 2010-11. The interest cost

associated with this BAN will not be known until the date of sale on October 12, 2010. The closing date for the new BANs is projected to be October 26, 2010 with a maturity date of July 20, 2011. Funds have been budgeted for bond counsel fees and LGC administrative fees.

**STAFF RECOMMENDATION**

Staff recommends that the Board approve the attached resolution for the issuance of \$2,590,000 in BANs to replace the existing notes and provide additional funding for the design and constructions of sidewalks and greenways.