

**.BOARD OF ALDERMEN**

**ITEM NO. B(1)**

**AGENDA ITEM ABSTRACT**

**MEETING DATE: June 14, 2011**

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

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

**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 General Obligation Bonds for capital costs to design and construct sidewalks and greenway trails. 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. In September 2010 at the request of the Town, the LGC approved an extension of this bond authority for the maximum ten year period with an expiration date of November 4, 2013.

To provide funding for the design and construction of sidewalks and greenways, the Town has issued a number of BANs with the expectation of issuing the General Obligations Bonds at a later date. In October 2010 the Board approved a seventh round of bond anticipation notes totaling \$2,590,000. These notes will expire July 20, 2011 and will allow the Town an opportunity to re-issue the amount needed for upcoming projects. The administrative process handled by the Local Government Commission is such that the BANs will be put up for sale on July 5, 2011 with a closing on or about July 20th.

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 mature on July 20, 2011 with an interest cost of approximately \$18,993 which is already budgeted. The interest cost associated with the upcoming BAN will not be known until the date of sale on July 5th. The interest costs associated with the upcoming round of BANs have been budgeted

in FY 2011-12 with a maturity date in April 2012. Funds have been budgeted in FY 2011-12 to pay bond counsel fees and administrative fees incurred by the LGC.

ADMINISTRATION'S 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.