

**Resolution supporting an application to the
Local Government Commission for its approval of
Town bonds and notes in an estimated amount of up to \$436,000**

WHEREAS --

The Town of Bunn has previously approved a plan to undertake improvements to the Town's public sewer system, especially including the replacement of one of the Town's existing package sewer treatment plants and a failed pump station. The United States of America - Department of Agriculture - Rural Utilities Service has offered to assist the Town in the project by providing a financing package that includes grant funds in the amount of \$846,000 and a low interest loan of \$436,000.

The Town plans to accept the offer from USDA. The Town will provide for the issuance of the Town's revenue bonds in an estimated amount of up to \$436,000 to represent the loan component of the USDA proposal. USDA generally requires that borrowers like the Town separately arrange for construction-period financing through the issuance of "bond anticipation notes."

North Carolina law requires that the Town's issuance of the bonds and notes 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 bonds and notes.

THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Town of Bunn, North Carolina, that the Town makes a preliminary determination to finance a portion of the project costs through the issuance of water and sewer revenue bonds to USDA in an amount estimated as not to exceed \$436,000.

In addition, the Town makes a preliminary determination to contract for construction-period financing, as may be required by USDA, through the issuance of bond anticipation notes.

The final issuance of the bonds and the notes in any event is subject to the LGC's approval and this Board's subsequent approval. Some of the financing

proceeds may represent reimbursement to the Town for prior expenditures on project costs, and the Town may also use financing proceeds to pay financing costs.

The revenue bonds and notes will not be general obligations of the Town and will not be secured by a pledge of the Town's taxing power. Instead, the bonds and notes will be payable from the net operating revenues of the Town's water and sewer system.

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

1. The project is necessary and appropriate for the Town under all the circumstances. The project will increase the capacity and efficiency of the Town's public sanitary sewer system to the benefit of the Town and the customers of the system.

2. The project is feasible. The accepted construction bids are within the Project's expected budget. Project costs will be paid from grant funds and low interest financing sources, including the bonds and notes. The Town believes that the customer utility bills that will be sufficient to provide for bond payments will be reasonable under the circumstances.

3. The Town's debt management procedures and policies are sound and in compliance with law, and the Town is not in default under any of its debt service obligations.

4. The Town will be able to market the bonds and notes at reasonable rates of interest. The financing offer from USDA includes long-term financing at low interest rates so as to enhance the feasibility of issuing the bonds and otherwise maintaining the Town's utility operations. In addition, the Town will closely review proposed lending rates for the notes against market rates with guidance from the LGC. All amounts financed will reflect either approved contracts, professional estimates or previous actual expenditures.

BE IT FURTHER RESOLVED as follows:

(a) The Board directs the Mayor, the Town Clerk, and all other Town officers and representatives to take all appropriate steps toward the completion of

the financing, including completing an application to the LGC for its approval of the bonds and notes.

(b) The Town asks the LGC to solicit one or more proposals from financial institutions to purchase the notes and thereby provide construction financing for the project, and to proceed with the private sale of the notes to the best bidder.

(c) The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse preliminary project expenditures from bond and note proceeds. The Town intends that funds that have been advanced for project costs, or which may be so advanced, from the Town's water and sewer utility funds, or any other Town funds, may be reimbursed from the financing proceeds.

(d) The Board directs all Town officers and employees to take all such further action as they may consider necessary or desirable in furtherance of the purposes of this resolution. The Board ratifies all prior actions of Town officers and employees in this regard.

(e) This resolution takes effect immediately.

I certify as follows: that the foregoing resolution was properly adopted at a meeting of the Board of Commissioners of the Town of Bunn, North Carolina; that this meeting was properly called and held on October 7, 2019; that a quorum was present and acting throughout the meeting; and that this resolution has not been modified or amended, and remains in full effect as of today.

7 **WITNESS** my signature and the seal of the Town of Bunn, North Carolina, this day of Oct, 2019.

[SEAL]



Pamela Perry

Town Clerk

Town of Bunn, North Carolina