

**TOWN OF WEDDINGTON
SPECIAL TOWN COUNCIL MEETING
MONDAY, NOVEMBER 25, 2013 - 6:00 P.M.
MINUTES**

The Town Council of the Town of Weddington, North Carolina, met in a Special Session at the Weddington Town Hall, 1924 Weddington Road, Weddington, NC 28104 on November 25, 2013, with Mayor Pro Tem Daniel Barry presiding.

Present: Mayor Pro Tem Daniel Barry, Councilmembers Werner Thomisser, Pamela Hadley and Barbara Harrison, Finance Officer Leslie Gaylord and Town Administrator Amy McCollum

Absent: Mayor Walker F. Davidson

Visitors: Michael Smith

Item No. 1. Open the Meeting. Mayor Pro Tem Barry called the November 25, 2013 Special Town Council Meeting to order at 6:01 p.m. There was a quorum.

Item No. 2. Review and Consider a Resolution Authorizing the Filing of an Application for Approval of a Financing Agreement Authorized by NC General Statute 160A-20. Finance Officer Leslie Gaylord - We need to make several findings of fact with respect to the financing itself. In order to do that we need to know some of the terms and amounts that are going to be put into the contract and therefore we requested proposals from five financial institutions. We received two back. I would like to discuss those now and figure out which one to go with. We have a BB&T proposal for 10 years at 2.52%. Wells Fargo's revised proposal was for 2.84% and that was the best they had. The best case scenario for them was \$112,000 in interest and for BB&T was \$99,225. Since BB&T is familiar with the project and having done the construction loan with the fire department my recommendation would be to stick with them. They do have the better bid.

Councilwoman Pamela Hadley - They seem to be more familiar with the process.

Finance Officer Gaylord – With the application to the LGC they will need to see the term sheets. I would like to choose the bid to be able to submit the term sheet with the application and resolution. This is not the actual financing contract. This is just accepting their bid.

Mayor Pro Tem Barry - In the Resolution do we need to specify \$750,000, 10 years, and 2.52%?

Finance Officer Gaylord – No, that rate will expire December 31. It is unlikely that we will sign the contract prior to that. We will sign a Resolution with BB&T agreeing to enter into an agreement with them and I will ask them if we sign that will that lock the rate in or not. We will do that Resolution before the end of the year. Even if that is not going to be the rate, I cannot imagine that it would be significantly different. The remainder of the money will come from the fund balance. We already have paid the \$206,000 to the fire department for the renovations to the back of the building. If we prepay there is a 1% penalty which is equivalent to one month's payment which is not a significant amount. One of the reasons we can get this rate is because we are a municipality and our interest to them is tax exempt. The payment will be twice a year and it will depend on when we close the loan when our payments would be. I like the twice a year payment because it draws the balance down.

Mayor Pro Tem Barry – You did a revenue expense projection. Where are you carrying the capital and interest? The principal payment is not coming off the general fund.

Finance Officer Gaylord - I took the entire payment for the year (principal and interest) and put it in the fire department capital line.

Mayor Pro Tem Barry – So in the budget forecast we will not run into a nominal deficit until July 2016?

Finance Officer Gaylord - I am putting in the Resolution a maximum of one cent just in case there is any flux.

Mayor Pro Tem Barry – But based on these projections we should not realize a tax increase?

Finance Officer Gaylord – No - not for the financing. Other operations may warrant a tax increase but this should not.

Mayor Pro Tem Barry – The funding of the fire department would not create a tax increase.

Finance Officer Gaylord - We could do it out of current earnings or appropriate fund balance. You are looking at \$95,000 max a year.

Mayor Pro Tem Barry – I just want to be clear for the record that the financing of the fire department does not create a burden or a tax increase.

Councilwoman Hadley moved to approve Resolution R-2013-07 that includes BB&T as the financing institution with the bid that they presented with a \$750,000 loan at 2.52% interest rate for 10 years.

**TOWN OF WEDDINGTON
RESOLUTION
R-2013-07**

**RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR
APPROVAL OF A FINANCING AGREEMENT AUTHORIZED BY NORTH
CAROLINA GENERAL STATUTE 160A-20**

WHEREAS, the Town of Weddington, North Carolina desires to purchase the Providence Volunteer Fire Department Fire Station and Real Property (the “Project”) to better serve the citizens of Weddington; and

WHEREAS, The Town of Weddington desires to finance the Project by the use of an installment contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and

WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract;

NOW, THEREFORE, BE IT RESOLVED that the Town Council of Weddington, North Carolina, meeting in special session on the 25th day of November 2013, make the following findings of fact:

1. The proposed contract is necessary or expedient because the Town desires to provide fire service to its citizens and has entered into an Interlocal Agreement with Providence Volunteer Fire Department (“Providence”) to provide such service. As part of the Interlocal Agreement the Town has agreed to purchase the Project.
2. The proposed contract is preferable to a bond issue for the same purpose. The Town has determined that the cost of financing the Project through an installment contract is preferable to a general obligation bond financing or revenue financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; and (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the

financial benefits of the Project; and (3) no revenues are produced by the Project so as to permit a revenue bond financing.

3. The Town expects that in the current interest rate environment for municipal securities there will be no material difference in interest rates between general obligation bonds and installment financings for the Project.
4. The sums to fall due under the contract are adequate and not excessive for the proposed purpose.
5. Past audit reports of the Town indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law.
6. The Town estimates that the maximum tax rate impact of paying debt service on the financing will be the equivalent of up to approximately 1 cent per \$100 of valuation. Given this low amount and based on the estimated interest rate to be payable and the proposed financing term, the Town expects to be able to repay the financing with current resources or with unassigned fund balance, and no actual tax rate increase related to this financing will be necessary.
7. The Town of Weddington has no outstanding debt and therefore is not in default in any of its debt service obligations.
8. Parker, Poe, Adams & Bernstein, LLP, attorneys for the Town of Weddington, will render an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Finance Officer is hereby authorized to act on behalf of the Town of Weddington in filing an application with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption this 25th day of November, 2013.

All were in favor, with votes recorded as follows

AYES: Councilmembers Thomisser, Hadley, Harrison and Mayor Pro Tem Barry
NAYS: None

Council thanked Finance Officer Gaylord for her work on this item.

Item No. 3. Adjournment. Councilwoman Harrison moved to adjourn the November 25, 2013 Special Town Council Meeting. All were in favor, with votes recorded as follows:

AYES: Councilmembers Thomisser, Hadley, Harrison and Mayor Pro Tem Barry
NAYS: None

The meeting adjourned at 6:12 p.m.

Daniel Barry, Mayor Pro Tem

Amy S. McCollum, Town Clerk