



Town of Blowing Rock

1036 Main Street ★ Post Office Box 47 ★ Blowing Rock, North Carolina 28605

To: Scott Fogleman, Mayor Lawrence and Members of Town Council
From: Nicole M. Norman, Finance Officer
Subject: Public Works Warehouse Project Funding
Date: February 10, 2015

Following receipt of Construction bids for the Public Works Warehouse project on Tuesday, February 3, 2015 area banks were contacted and requested to provide financing proposals for the project. Out of the nine area banks reached out to, only one responded. All others were contacted following no bid response and asked to confirm they did not wish to bid on the project. All have confirmed they wish to submit no bid at this time. A summary of the bid received for the project is as follows.

Enrollment in local colleges, 2005

Bank	Term	Interest Rate	Fees/Pre-payment Penalty Y/N
BB&T	15 Years	2.83%	\$1,200 Closing Costs/N
PNC	No Bid		
Wells Fargo	No Bid		
Yadkin Valley Bank	No Bid		
United Community Bank	No Bid		
First Citizens	No Bid		
Sun Trust	No Bid		
Bank of America	No Bid		

The project was estimated at an interest rate of approximately 3.14% and we were expecting repayment terms of 15 years, with payments semi-annually. As anticipated, this structure will require, with payments of level principal plus interest, an approximate \$160,700 debt service payment annually, with the first payment not coming due until October 2015 (FY 2016).

As a reminder, specific funding sources for this debt service payment will be identified during the FY 2016 budget process with some or all of the payment funded with new tax revenue and possibly some portion with new utility system revenue since the facility also supports water and sewer operations. As you recall, total additional funding needed beyond the \$1,200,000 already included in

the FY 2015 budget totals \$500,580. While the total \$1,200,000 has been budgeted in the General fund, it is anticipated proposed to fund 75% of the project from the General Fund and the remaining 25% from the Water/Sewer Fund since the warehouse will support approximately 25% Water/Sewer field operations related functions. The breakdown of total project costs for the General and Water/Sewer Fund will be \$1,275,435 and \$425,145 respectively. This will require an additional appropriation in the general fund of \$75,435 and an additional appropriation in the Water/Sewer Fund of \$425,145 all of which will be funded via loan proceeds. Debt service will also be divided in same manner. Annual requirements will be approximately \$120,525 and \$40,175 respectively for General and Water/Sewer Fund.

5130 Parkway Plaza Blvd.
 Charlotte, N.C. 28217
 (704) 954-1700
 Fax (704) 954-1799

February 23, 2015

Mrs. Nicole Norman
 Finance Officer
 Town of Blowing Rock
 Post Office Box 47
 Blowing Rock, NC 28605

Dear Ms. Norman:

Branch Banking and Trust Company (“BB&T”) is pleased to offer this proposal for the financing of a Public Works Facility, as requested by the Town of Blowing Rock, North Carolina (the “Town”).

- (1) **Project:** Public Works Facility
- (2) **Amount To Be Financed:** \$1,700,580.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
15 years	2.83%

Payments shall be semi-annual in arrears, or as requested. See the attached amortization schedule for information on payments.

The financing proceeds shall be deposited on behalf of the Town in a project fund account with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the Town for use on Project costs or interest payments.

The interest rates stated above are valid for a closing not later than 45 days after today. A convenient date and time shall be mutually agreed upon for closing. Closing is contingent upon completing documentation acceptable to BB&T and the condition of the property acceptable to BB&T. BB&T shall provide a list of required documentation for closing should we be the successful proposer. At a minimum, BB&T shall require flood certification, if applicable, copies of the plans and specifications and an estimated expenditure budget two weeks in advance of closing for our review. Additionally, we shall review your most recent financial statements before funding this transaction.

Remuneration for our legal review expenses and underwriting for this financing transaction shall be \$1,200.00. All applicable taxes, surveys, zoning, appraisals, permits, costs of environmental studies, title insurance premiums, LGC approval fees, costs of counsel for the Town and any other costs shall be the Town’s responsibility and separately payable by the Town. The financing documents shall allow for prepayment in whole without a prepayment premium.

The stated interest rates assume that the Town expects to borrow less than \$10,000,000 in calendar year 2015 and that the Town shall comply with IRS Code Sections 141, 148, 149(e) and Section 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Security:

This financing shall be secured by a first lien security interest on (a) all personal property acquired with financing proceeds, (b) all improvements to real estate that are constructed or improved with financing proceeds, and all associated real estate, and (c) all real estate acquired with financing proceeds.

(5) Financing Documents:

BB&T and its counsel shall prepare the deed of trust and all documentation for the Town. We shall provide a sample of those documents to you should BB&T be the successful proposer.

* * * * *

BB&T appreciates the opportunity to provide this proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

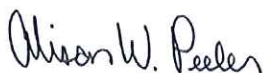
BB&T shall have the right to cancel this offer by notifying the Town of its election to do so (whether or not this offer has previously been accepted by the Town) if at any time prior to the closing there is a material adverse change in the Town's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Town or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to BB&T. If your board adopts this resolution, then BB&T shall not require any further board action prior to closing the transaction.

Please call me at 336.376.0254 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Alison W. Peeler
Senior Vice President

Resolution Approving Financing Terms

WHEREAS: The Town of Blowing Rock (the "Town") has previously determined to undertake a project for financing a senior center, (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The Town hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated February 23, 2015. The amount financed shall not exceed \$1,700,580.00, the annual interest rate shall not exceed 2.83%, and the financing term shall not exceed fifteen (15) years..

2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the Town are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as BB&T may request.

3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by Town officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The Town shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The Town hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The Town intends that funds that have been advanced, or that may be advanced, from the Town's general fund, or any other Town fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of Town officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this _____ day of _____, 2015.

By: _____

By: _____

Title: _____

Title: _____

SEAL

Town of Blowing Rock, NC

Compound Period: Semiannual

Nominal Annual Rate: 2.830%

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	4/1/2015	1,700,580.00	1		
2 Payment Fixed Principal (+Int.)	10/1/2015	56,686.00	30	Semiannual	4/1/2030

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	4/1/2015				1,700,580.00
2015 Totals		0.00	0.00	0.00	
1	10/1/2015	80,749.21	24,063.21	56,686.00	1,643,894.00
2	4/1/2016	79,947.10	23,261.10	56,686.00	1,587,208.00
2016 Totals		160,696.31	47,324.31	113,372.00	
3	10/1/2016	79,144.99	22,458.99	56,686.00	1,530,522.00
4	4/1/2017	78,342.89	21,656.89	56,686.00	1,473,836.00
2017 Totals		157,487.88	44,115.88	113,372.00	
5	10/1/2017	77,540.78	20,854.78	56,686.00	1,417,150.00
6	4/1/2018	76,738.67	20,052.67	56,686.00	1,360,464.00
2018 Totals		154,279.45	40,907.45	113,372.00	
7	10/1/2018	75,936.57	19,250.57	56,686.00	1,303,778.00
8	4/1/2019	75,134.46	18,448.46	56,686.00	1,247,092.00
2019 Totals		151,071.03	37,699.03	113,372.00	
9	10/1/2019	74,332.35	17,646.35	56,686.00	1,190,406.00
10	4/1/2020	73,530.24	16,844.24	56,686.00	1,133,720.00
2020 Totals		147,862.59	34,490.59	113,372.00	
11	10/1/2020	72,728.14	16,042.14	56,686.00	1,077,034.00
12	4/1/2021	71,926.03	15,240.03	56,686.00	1,020,348.00
2021 Totals		144,654.17	31,282.17	113,372.00	

13	10/1/2021	71,123.92	14,437.92	56,686.00	963,662.00
14	4/1/2022	70,321.82	13,635.82	56,686.00	906,976.00
2022 Totals		141,445.74	28,073.74	113,372.00	
15	10/1/2022	69,519.71	12,833.71	56,686.00	850,290.00
16	4/1/2023	68,717.60	12,031.60	56,686.00	793,604.00
2023 Totals		138,237.31	24,865.31	113,372.00	
17	10/1/2023	67,915.50	11,229.50	56,686.00	736,918.00
18	4/1/2024	67,113.39	10,427.39	56,686.00	680,232.00
2024 Totals		135,028.89	21,656.89	113,372.00	
19	10/1/2024	66,311.28	9,625.28	56,686.00	623,546.00
20	4/1/2025	65,509.18	8,823.18	56,686.00	566,860.00
2025 Totals		131,820.46	18,448.46	113,372.00	
21	10/1/2025	64,707.07	8,021.07	56,686.00	510,174.00
22	4/1/2026	63,904.96	7,218.96	56,686.00	453,488.00
2026 Totals		128,612.03	15,240.03	113,372.00	
23	10/1/2026	63,102.86	6,416.86	56,686.00	396,802.00
24	4/1/2027	62,300.75	5,614.75	56,686.00	340,116.00
2027 Totals		125,403.61	12,031.61	113,372.00	
25	10/1/2027	61,498.64	4,812.64	56,686.00	283,430.00
26	4/1/2028	60,696.53	4,010.53	56,686.00	226,744.00
2028 Totals		122,195.17	8,823.17	113,372.00	
27	10/1/2028	59,894.43	3,208.43	56,686.00	170,058.00
28	4/1/2029	59,092.32	2,406.32	56,686.00	113,372.00
2029 Totals		118,986.75	5,614.75	113,372.00	
29	10/1/2029	58,290.21	1,604.21	56,686.00	56,686.00
30	4/1/2030	57,488.11	802.11	56,686.00	0.00
2030 Totals		115,778.32	2,406.32	113,372.00	
Grand Totals		2,073,559.71	372,979.71	1,700,580.00	

RESOLUTION 2015-##

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 Blowing Rock, North Carolina desires to construct a Public Works Warehouse Facility (the "Project") to better serve the citizens and protect the assets of the Town of Blowing Rock; and

WHEREAS, The Town of Blowing Rock 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 Blowing Rock, North Carolina, meeting in regular session on the 10th day of March, 2015, make the following findings of fact:

1. The proposed contract is necessary or expedient to adequately house Street, Sanitation and Water & Sewer Field operations staff and equipment as well as vehicle maintenance staff and equipment.
2. The proposed contract is preferable to a bond issue for the same purpose because the debt will be secured by the asset itself rather than purely taxing authority.
3. The proposed contract is preferable to a bond issue for the savings in time, closing costs and the amendable interest rate.
4. The sums to fall due under the contract are adequate and not excessive for the proposed purpose because a competitive bid process was used to determine project costs.
5. The Town of Blowing Rock's debt management procedures and policies are good because they have been carried out in strict compliance with North Carolina law and will continue to be. The Town has a firm commitment to controlling its debt levels.
6. Funding options will be thoroughly reviewed during the fiscal year 2016 budget development process. Options may include allocation sales tax revenues and/or existing tax revenue sources. Any increase in taxes necessary to meet the debt service payments due under the proposed contract will be no more than \$.0121 cents per \$100 valuation and water and sewer rates are not expected to increase more than 4%. These increases are not deemed to be excessive.
7. The Town of Blowing Rock is not in default in any of its debt service obligations.
8. The attorney for the Town of Blowing Rock has rendered 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.
9. The probable net revenues of the water and sewer support portion of the project to be financed will be sufficient to meet the sums to fall due under the proposed contract.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Finance Officer is hereby authorized to act on behalf of the Town of Blowing Rock 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 10th day of March, 2015.

The motion to adopt this resolution was made by Town Council Member _____,
seconded by Town Council Member _____ and passed by a vote of _____ to _____.

J.B. Lawrence, Mayor

ATTEST:

Sharon Greene, Town Clerk

This is to certify that this is a true and accurate copy of Resolution No.2015-## Adopted by the Town of Blowing Rock Town Council on the 10th day of March, 2015.

Sharon H. Greene, Town Clerk

Date

**RESOLUTION OF TOWN COUNCIL OF BLOWING ROCK TOWN, NORTH
CAROLINA DECLARING ITS INTENTION TO REIMBURSE ITSELF
FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT
FINANCINGS FOR CERTAIN EXPENDITURES IN CONNECTION
WITH THE ACQUISITION, CONSTRUCTION, EXPANSION,
RENOVATION AND EQUIPPING OF BLOWING ROCK CAPITAL
PROJECTS**

WHEREAS, the Town of Blowing Rock, North Carolina (**the "Issuer"**) has paid beginning no earlier than 60 days prior to the date of adoption of this resolution, and will pay, on and after the date hereof, certain expenditures (**"Expenditures"**) for the acquisition, construction, expansion, renovation and equipping of certain capital projects described as follows:

- A. Water systems and related facilities (**the "Water Project"**)
- B. Sanitary sewer systems and related facilities (**the "Sewer Project"**)
- C. Streets, sidewalks and related facilities (**the "Street Project"**)
- D. Parks and recreation facilities (**the "Parks and Recreation Project"**)
- E. Public works facilities (**the "Public Works Project", and together with the Water Project, the Sewer Project, the Street Project and the Parks and Recreation Project, the "Projects"**); and

WHEREAS, the Town Council of the Issuer (**the "Council"**) has determined that those moneys previously advanced no earlier than 60 days prior to the date of adoption of this resolution and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt bonds or other tax-exempt obligations (**together, the "Obligations"**).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL AS FOLLOWS:

Section 1. The Council hereby declares the Issuer's intent to reimburse the Issuer with the proceeds of an Obligation financing a specific Project for the Expenditures with respect to such Project made on and after the date referenced above. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures related to a specific Project with the proceeds of the Obligations financing such specific Project.

Section 2. Each Expenditure was and will be either (a) of a type properly chargeable to capital account under general federal income tax principles (determined in each case as of the date of the Expenditures), (b) a cost of issuance with respect to the Obligations, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Issuer so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Issuer.

Section 3. The maximum principal amounts of the Obligations expected to be issued for (a) the Water Project is \$2,000,000, (b) for the Sewer Project is \$1,000,000, (c) for the Street Project is \$9,000,000, (d) for the Parks and Recreation Project is \$1,000,000 and (e) for the Public Works Project is \$2,000,000.

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer’s use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the respective Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Issuer recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. This resolution shall take effect immediately upon its passage.

The members of the Council voted as follows:

Yes

No

Absent

Abstained

PASSED AND ADOPTED THIS ___ day of March, 2015.

Mayor
Town of Blowing Rock, North Carolina

Attested to:

Clerk, Town of
Blowing Rock, North Carolina