

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in special session on Tuesday, July 21, 2020 at 4:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Chairman Gordon Wilder, Vice-Chairman Dan Brummitt, Commissioners Carolyn Faines, Thomas S. Hester, Jr., Leo Kelly, Jr. and Archie B. Taylor, Jr.

Absent: Commissioner Yolanda Feimster.

Also present were County Manager Jordan McMillen, Finance Director Katherine Bigelow, County Attorney Jonathan S. Care, and Clerk to the Board Kelly H. Grissom.

The purpose of the special meeting was to hold a public hearing regarding the refinancing of county debt and to approve a shared parking agreement with Henderson Institute.

As advertised, a public hearing was held to gain citizen input on refinancing of county debt.

County Manager Jordan McMillen introduced the following resolution, the title of which was read and copies of which had been distributed to each Commissioner:

* * * * *

RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS AND REQUESTING THE LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING ARRANGEMENT, ACCEPTING THE PROPOSAL OF JP MORGAN CHASE BANK, N.A., AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT FINANCING AGREEMENT, A DEED OF TRUST, AND RELATED DOCUMENTS IN CONNECTION WITH THE REFUNDING OF CERTAIN OUTSTANDING DEBT OF THE COUNTY OF VANCE, NORTH CAROLINA

WHEREAS, the County of Vance, North Carolina (the "County") has previously incurred certain outstanding debt obligations pursuant to (i) the Financing Agreement and Deed of Trust dated as of April 15, 2009 between the County and Branch Banking and Trust Company (the "**2009**

IFC”), (ii) the Financing Agreement and Deed of Trust dated as of June 9, 2015 between the County and Branch Banking and Trust Company (the “*2015 IFC*”), and (iii) the Installment Financing Agreement dated as of June 23, 2017 between the County and Branch Banking and Trust Company (the “*2017 IFC*” and, collectively, with the 2009 IFC and the 2015 IFC, the “*Prior Installment Contracts*”); and

WHEREAS, the County’s staff has determined and advised the County that refinancing all or a portion of the debt obligations evidenced by the Prior Installment Contracts may provide savings to the County (the “*Refinancing Project*”) and accordingly the Board has determined to proceed with the Refinancing Project; and

WHEREAS, upon careful review and consideration, the County desires to accept the proposal of JP Morgan Chase Bank, N.A., a national banking association (the “*Lender*”) to accomplish the Refinancing Project; and

WHEREAS, the County desires to enter into an installment financing agreement with the Lender in an aggregate principal amount not to exceed \$8,000,000 for the purpose of refunding all or a portion of the Prior Installment Contracts (the “*Refinancing Agreement*”) pursuant to which the Lender will advance to the County amounts sufficient to pay the costs of financing necessary to accomplish the Refinancing Project and the County will repay such advance in installments (the “*Installment Payments*”) pursuant to the Refinancing Agreement; and

WHEREAS, under the guidelines of the North Carolina Local Government Commission (the “*LGC*”), the Board of Commissioners of the County of Vance, North Carolina (the “*Board*”), as the County’s governing authority, must make certain findings of fact to support the County’s application for the LGC’s approval of the Refinancing Project.

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners for the County of Vance, North Carolina as follows:

Section 1. The Board does hereby find and determine as follows:

(a) After a public hearing and due consideration, the Board has determined that the most efficient manner of financing the Refinancing Project will be through entering into the Refinancing Agreement with the Lender pursuant to Section 160A- 20 of the General Statutes of North Carolina, as amended.

(b) The Board has determined to proceed with the Refinancing Project and the Board finds that it is in the County's best interest to enter into the Refinancing Agreement in that it will provide financing for the Refinancing Project in an efficient and cost-effective manner.

(c) Entering into the Refinancing Agreement is preferable to issuance of general obligation bonds and revenue bonds in that (i) the County does not have the constitutional authority to issue non-voted general obligation bonds pursuant to Article V, Section 4 of the North Carolina Constitution because the County has not retired a sufficient amount of debt in the preceding fiscal year to issue a sufficient amount of general obligation bonds for the Project without an election; (ii) the nature of the financing does not allow for the issuance of revenue bonds; (iii) the cost of the Refunding Project exceeds the amount to be prudently provided from currently available appropriations and unappropriated fund balances; (iv) existing circumstances and market conditions require completing the Refinancing Project as soon as practicable for the County to avail itself of favorable market conditions and the time required for holding an election for the issuance of voted general obligation bonds pursuant to Article V, Section 4 of the North Carolina Constitution and the Local Government Bond Act will delay completion of the Refunding Project by several months; and (v) there can be no assurances that the Refunding Project will be approved

by the voters and the necessity of such Refunding Project dictates that the Refunding Project be financed by a method that assures that such Refunding Project be expediently completed.

(d) The Refinancing Project is necessary and appropriate for the County under all of the attendant circumstances because the Refinancing Project will: (i) afford the County substantial debt service savings over the County's debt service obligations due under the Prior Installment Contracts; (ii) given the size of the Refinancing Project, an installment financing is the best overall approach and, in the current interest rate environment for municipal securities, there would be no material difference in the overall financing costs between pursuing general obligation or revenue bonds for the Refinancing Project; (iii) the Refinancing Project reduces the amount of the County's property that is subject to liens and will, upon completion of the Refunding Project and the refunding of the Prior Installment Contracts, extinguish the existing liens and deeds of trust associated with the Clarke Elementary School located at 309 Mt. Carmel Church Road, Henderson, North Carolina 27537 and the County's jail facilities located at 516 Breckenridge Street, Henderson, North Carolina 27536.

(e) There has been presented to the Board at this meeting a copy of the Lender's proposal to provide financing for the Refunding Project and the Board hereby approves the proposal of the Lender to provide the financing of the Refunding Project pursuant to the Refinancing Agreement.

(f) Pursuant to the Refinancing Agreement, the Lender will advance moneys to the County in an amount of not to exceed \$8,000,000 to pay the cost of the Refinancing Project and the financing costs and reimbursements relating thereto, and the County will repay such advance in the Installment Payments as described in the Refinancing Agreement.

(g) In order to secure the repayment pursuant to the terms of the Refinancing Agreement by the County of the advance of moneys to pay the cost of the Refinancing Project, the County will,

pursuant to the Refinancing Agreement, grant to the Lender a lien evidenced by a deed of trust (the “*Deed of Trust*”) on the County’s Administrative Building located at 122 Young Street, Henderson, North Carolina 27536 and as further described in the Deed of Trust and the 2017 IFC.

(h) There have been presented to the Board at this meeting drafts of the Refinancing Agreement and the Deed of Trust.

(i) Counsel to the County will render an opinion to the effect that the proposed undertaking as described above is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of the State of North Carolina.

(j) The debt management policies of the County have been carried out in strict compliance with the law, and the County is not in default under any obligation for repayment of borrowed money.

(k) The estimated sums to fall due under the proposed Refinancing Agreement are adequate and not excessive for the proposed purposes. The County will closely review the proposed rate against market rates for municipal securities of similarly-situated governmental entities with guidance from the LGC and its financial advisors.

(l) The County expects that there will be no increases in taxes or fees necessary to meet the debt obligations under the Refinancing Project, especially because the Refinancing Project will reduce the County’s overall debt service and the County expects that the interest rates to be payable by the County under the Refinancing Project and the expected term of the Refinancing Project will allow the County to repay the Installment Payments within its current resources. If any tax rate increase were necessary to pay the Installment Payments, the County expects that such increase would be reasonable and not excessive.

Section 2. The Board hereby authorizes, ratifies, and approves the filing of an application with the LGC for approval of the Refinancing Agreement and the Refinancing Project and hereby requests that the LGC approve the Refinancing Project and the Refinancing Agreement.

Section 3. The County intends that the adoption of this Resolution will be a declaration of the County's official intent to reimburse project expenditures of the Refinancing Project from financing proceeds. The County intends that funds that have been advanced for project costs of the Refinancing Project, including (i) completing an application to the LGC for its approval of the Refinancing Project and (ii) soliciting a proposal from the Lender related to the Refinancing Project. All prior actions of the County's staff and officials are in connection with the Refinancing Project are hereby ratified.

Section 4. In order to provide for the financing of the Refinancing Project, the County is hereby authorized to enter into the Refinancing Agreement and receive an advancement pursuant thereto in a principal amount not to exceed \$8,000,000. The County shall repay the advancement in installments due in the amounts and at the times set forth in the Refinancing Agreement. The payments of the Installment Payments shall be designated as principal and interest as provided in the Refinancing Agreement. The interest rate payable under the Refinancing Agreement shall not exceed 1.37% *per annum* (subject to adjustment as provided in the Refinancing Agreement) and the final maturity shall not exceed September 1, 2031.

Section 5. The Board hereby approves the Refinancing Agreement and the Deed of Trust in substantially the forms presented at this meeting. The Chairman, the Vice Chairman, the County Manager, and the Finance Director are each hereby authorized to execute and deliver on behalf of the County said documents in substantially the forms presented at this meeting, containing such insertions, deletions, and filling in of blanks as the person executing such document shall approve,

such execution to be conclusive evidence of approval by the Board of any such changes. The Clerk to the Board or any Deputy or Assistant Clerk to the Board is hereby authorized and directed to affix the seal of the County to each of said documents and to attest the same.

Section 6. No deficiency judgment may be rendered against the County in any action for breach of any contractual obligation authorized pursuant to this Resolution and the taxing power of the County is not and may not be pledged directly or indirectly to secure any moneys due under any contract herein authorized.

Section 7. The Chairman, the Vice Chairman, the County Manager, the Finance Director, the County Attorney and the Clerk to the Board of the County, and any other officers, agents and employees of the County, are hereby authorized and directed to execute and deliver such closing certificates, agreements, opinions and other items of evidence as shall be deemed necessary to consummate the transactions described above.

Section 8. The County hereby represents that it reasonably expects that it, all subordinate entities thereof and all issuers issuing obligations on behalf of the County will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations (not including certain current refunding obligations and private-activity bonds except for qualified 501(c)(3) bonds, as defined in the Internal Revenue Code of 1986, as amended (the “*Code*”) during calendar year 2020. In addition, the County hereby designates each of the Installment Payments under the Refinancing Agreement as a “qualified tax-exempt obligation” for the purposes of the Code.

Section 9. This Resolution shall take effect immediately upon its passage.

* * * * *

As there was no one present who wished to speak on this matter, Chairman Gordon Wilder declared the public hearing closed.

Motion was made by Commissioner Dan Brummitt, seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, to approve the foregoing resolution making certain findings and determinations and requesting the Local Government Commission to approve the financing arrangement, accepting the proposal of JP Morgan Chase Bank, N.A., and authorizing the execution and delivery of an installment financing agreement, a deed of trust, and related documents in connection with the refunding of certain outstanding debt of the County of Vance, North Carolina.

* * * * *

Henderson Institute Shared Parking Agreement. Mr. McMillen stated that this item was mentioned during the board's last meeting, but it was recommended to wait on taking action until the financing was complete on the Eaton Johnson project. He stated that the financing is now complete and recommended approval of the agreement. The agreement would permit Henderson Institute to utilize 10 parking spaces on county property adjacent to the Henderson Institute. The institute requested the use of the spaces after having a similar agreement with the school system. The use would occur outside of working hours and would not interfere with Social Services or the Senior Center's use of the parking lot.

Motion was made by Commissioner Thomas S. Hester, Jr., seconded by Commissioner Leo Kelly, Jr., vote unanimous, to approve the shared parking agreement with the Henderson Institute as presented.

As there was no further business, motion was made by Commissioner Thomas S. Hester, Jr., seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, that the meeting be adjourned.

Approved and signed August 3, 2020.

Chairman