



## TOWN OF KNIGHTDALE

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950 Steeple Square Court  
Knightdale, NC 27545  
KnightdaleNC.gov

### RESOLUTION #23-03-15-006

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF KNIGHTDALE, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO**

**WHEREAS**, the Town of Knightdale, North Carolina (the “*Town*”) is a validly existing municipal corporation of the State of North Carolina, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the “*State*”);

**WHEREAS**, the Town has the power, pursuant to Section 160A-20 of the North Carolina General Statutes to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

**WHEREAS**, the Town Council of the Town (the “*Town Council*”) hereby determines that it is in the best interest of the Town to enter into (1) an Installment Financing Contract (the “*Contract*”) with a financial institution to be determined (the “*Bank*”) in order to finance the construction and equipping of a fire station in the Town (“*Forestville Rd. Fire Station*”) and the acquisition of two pumper trucks (collectively, the “*Project*”), and (2) a deed of trust, security agreement and fixture filing (the “*Deed of Trust*”) related to the Town’s fee simple interest in the real property on which Forestville Rd. Fire Station will be located, (the “*Mortgaged Property*”), that will provide security for the Town’s obligations under the Contract;

**WHEREAS**, the Town staff has retained (1) Parker Poe Adams & Bernstein LLP, as special counsel (“*Special Counsel*”) and (2) First Tryon Advisors, as financial advisor, in connection with the proposed installment financing;

**WHEREAS**, the Town hereby determines that the Project is essential to the Town’s proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Project will provide an essential use and will permit the Town to carry out public functions that it is authorized by law to perform; and that entering into the Contract and Deed of Trust is necessary and expedient for the Town by virtue of the findings presented herein;

**WHEREAS**, the Town hereby determines that the Contract allows the Town to finance the Project at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the Town;

**WHEREAS**, the Town hereby determines that the estimated cost of financing the Project is an amount not to exceed \$3,700,000 and that such cost of financing the Project exceeds the amount that can

be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the Town in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

**WHEREAS**, although the cost of financing the Project pursuant to the Contract is expected to exceed the cost of financing the Project pursuant to a bond financing for the same undertaking, the Town hereby determines that the cost of financing the Project pursuant to the Contract and the Deed of Trust and the obligations of the Town thereunder are preferable to a general obligation bond financing or revenue bond 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; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of financing the Project; and (3) no revenues are produced by the Project so as to permit a revenue bond financing;

**WHEREAS**, the Town has determined and hereby determines that the estimated cost of financing the Project pursuant to the Contract reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

**WHEREAS**, the increase in taxes, if any, necessary to meet the sums to fall due under the Contract will not be excessive;

**WHEREAS**, no deficiency judgment may be rendered against the Town in any action for its breach of the Contract, and the taxing power of the Town is not and may not be pledged in any way directly or indirectly or contingently to secure any money due under the Contract;

**WHEREAS**, the Town is not in default under any of its debt service obligations;

**WHEREAS**, the Town's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the Town has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget ordinance;

**WHEREAS**, 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, and the Town has not been censured by the North Carolina Local Government Commission (the "*LGC*"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies; and

**WHEREAS**, a public hearing on the Contract after publication of a notice with respect to such public hearing was held on the date of the adoption of this Resolution and approval of the LGC with respect to entering the Contract must be received.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF KNIGHTDALE, NORTH CAROLINA, AS FOLLOWS:**

*Section 1. Authorization to Negotiate the Contract; Ratification.* That the Mayor, the Town Manager, the Finance Director of the Town and the Town Clerk or their respective designees (the "*Authorized Officers*"), individually and collectively, with advice from the Town's financial advisor, are

hereby authorized and directed to solicit proposals from financial institutions to finance the Project and to proceed and negotiate on behalf of the Town to finance the Project for a principal amount not to exceed \$3,700,000 under the Contract to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina and to provide in connection with the Contract, as security for the Town's obligations thereunder, the Deed of Trust conveying a lien and interest in the Mortgaged Property, including the improvements thereon, as may be required by the Bank providing the funds to the Town under the Contract. All actions of the Authorized Officers, individually and collectively, or their designees, in furtherance of financing the Project, whether previously or hereinafter taken, are hereby ratified and authorized.

*Section 2.      **Application to LGC.*** That the Finance Director or his designee is hereby directed to file with the LGC an application for its approval of the Contract and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the Town and its financial condition as may be required by the LGC.

*Section 3.      **Direction to Retain Special Counsel and Financial Advisor.*** That the selection by the Finance Director to retain the assistance of Parker Poe Adams & Bernstein LLP, as special counsel, and First Tryon Advisors, as financial advisor, is hereby authorized and ratified.

*Section 4.      **Repealer.*** That all motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

*Section 5.      **Effective Date.*** That this Resolution is effective on the date of its adoption.

Adopted this the 15th day of March, 2023.

BY: \_\_\_\_\_  
Jessica Day, Mayor

ATTEST: \_\_\_\_\_  
Heather M. Smith, Town Clerk