



Town of Southern Shores

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www.southernshores-nc.gov

Resolution 2013-03-02

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 Southern Shores, North Carolina desires to engage in the maintenance dredging of existing Town-owned canals in the Town of Southern Shores and to make certain capital improvements to its Town Hall (collectively, the "Project"), to better serve all the citizens of Southern Shores ; and

WHEREAS, the Town of Southern Shores 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 the Town of Southern Shores, meeting in regular session on the 19th day of March, 2013, makes the following findings of fact:

1. The proposed contract is necessary or expedient because of the need to dredge the existing canals that are essential to the functioning and economy of the Town, and to make necessary improvements to Town Hall necessary for its security and general upkeep.
2. The proposed contract is preferable to a bond issue for the same purpose because:
 - a. Amount to be financed, \$3,000,000, is not sufficient to warrant the expense of a general obligation bond issue. Furthermore, the dredging project is time sensitive, and the time involved in scheduling a general obligation bond election would effectively lose the opportunity to do that project. The canals and Town Hall do not produce revenues; therefore, a revenue bond for the same purpose is not an alternative.
 - b. As the Town's current annual general operation budget is approximately \$4,800,000, and the Town's unappropriated fund balance is approximately \$3,500,000, and the Town has no "two thirds" authorization available; therefore, the cost of the proposed undertaking, \$3,000,000 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 contracting unit in the current fiscal year pursuant to Article V, Section 4, of the North Carolina Constitution (the "two-thirds limitation");

3. The sums to fall due under the contract are adequate and not excessive for the proposed purpose because the Town anticipates including the amortized annual payment in its General Fund, which will be funded in part by ad valorem taxes paid by all property owners in the Town.

4. The Town of Southern Shores' debt management procedures and policies are good because each annual audit for at least the last ten years (and more) indicate that all finance and management practices have been carried out in strict compliance with law, or provide assurances that debt management will henceforth be so carried out.

5. The increase in taxes necessary to meet the sums to fall due under the proposed contract will be 2.5 cents per \$100 valuation under pre-January 1, 2013 values (3.6 cents under January 1, 2013 values) and is not deemed to be excessive.

6. The Town of Southern Shores, NC is not in default in any of its debt obligations.

7. The attorney for the Town of Southern shores, NC 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.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Mayor, Town Manager and Town Finance Officer are hereby authorized to act on behalf of the Town of Southern Shores 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 19th day of March, 2013.

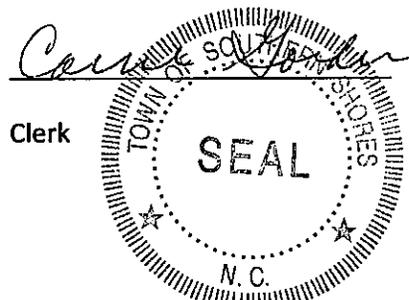
The motion to adopt this resolution was made by Mayor pro tem Hess, seconded by Council Member Sanders and passed by a vote of 4 to 0.



Mayor pro tem



This is to certify that this is a true and accurate copy of Resolution No.2013-03-02 Adopted by the Town Council of the Town of Southern Shores on the 19th day of March, 2013.



Date March 19, 2013