| Attachment A: Consent Agenda | |
|---------------------------------|--|
| | |
| | |
| | |
| | |



| LGC Staff Analysis For: | CAPE FEAR PUBLIC UTILITY AUTHORITY | | | | | | |
|--|--|---|---|--|--|--|--|
| | | | | | | | |
| PAR Amount Not To Exceed | \$ 22,361,131 | | | | | | |
| Financing Type | Revolving Loan | | | | | | |
| Purpose and Type | Water/Sewer | Sewer | | | | | |
| Purpose and Type | | | | | | | |
| Purpose and Type | | | | | | | |
| Purpose and Type | | | | | | | |
| Purpose and Type | | | | | | | |
| Project Description | Southside WWTP Replacement and Capacity Upgrad Equipment and Final Design: The project will replace a mgd to 16 mgd. This project will include a completely or re-purposed, consisting of: New headworks; new process; new secondary clarifiers; new tertiary filters; generators; new biosolids digesters and refurbishmen biosolids storage and bio-gas utilization facilities, and facilities, buildings and miscellaneous ancillary equipm | and expand the existinew treatment procedimary clarifiers; a new new UV disinfection of tof one existing digestassociated ancillary examples. | ing Authority's Southside WWTP from 12 ess and most existing facilities will be replaced w biological (activated sludge) treatment facility located outside the floodplain; new ster, new thickening and dewatering new | | | | |
| Statutory Reference | G.S. 159G-40 AND 159-52 Last Re | equest to Borrov | N 8/2025 REV \$500,000 | | | | |
| FPICs | No Yes - Not Material | No Yes - Not Material Yes - See Attachment N/A | | | | | |
| UAL Contract | Application is for a contract subject to appr | Application is for a contract subject to approval under modifications to N.C.G.S. 159-148 (SL 2022-53) | | | | | |
| Debt Management | Good – no deficiencies and no defaults no management proceeding forward | Good – no deficiencies and no defaults noted, or reasonable assurance of strict, lawfully compliant management proceeding forward | | | | | |
| Proposed Contract or Bond Issue is necessary or expedient. | New Hanover County has experienced increased growth and development over the past decade. By 2044, the average daily flow generated in the SSWWTP service area is projected to be 13.575 MGD, which is approximately 113% of the facility's existing 12 MGD permitted capacity and approximately 84.85% of the facility's proposed 16 MGD capacity. Proposed Amount is Adequate and Not Excessive The Authority received a Guaranteed Maximum Price (GMP) Proposal No. 2 (change order no.1) dated September 22, 2025. The objective of this GMP No. 2 Proposal is to procure long-lead yard-pipe and long-lead equipment. | | | | | | |
| Feasibility | The Authority has projections prepared by Raftelis Financial Consultants for the period 2025-2031. Current projections demonstrate total debt service coverages of 1.71X in FY2025 and of at least 1.60X through 2031. The FY25 combined water and sewer bill for the average customer using 4,000 gallons is \$74.71. | | | | | | |
| Tax Increase Anticipated | No Yes V N/A | Information (as appli | icable): are projected to be between 6.2% and 7.5% | | | | |
| Rate Increase Anticipated | | of the projection per | | | | | |
| Public Hearing | V N/A OR Date TEFRA | Hearing | N/A OR Date | | | | |
| Interest Rate Assumptions (GO Bonds Only) | The assumptions used by the finance officer in (applicable only to General Obligation bonds po | | | | | | |

are to be used in conjunction with the loan funds requesting approval at this time.

| LGC Staff Analysis For: | | CAPE FEAR PUBLIC | UTILITY AUTHORITY |
|-------------------------|---------------------------------|--|--|
| | | | |
| Terms | Lender/Purchaser/Bank | State of North Carolina | Marketability Ratings as of 5/7/2025 |
| | Interest Rate | NTE 4% | Wai Ketability |
| | Term | 20 years | Moody's Aa1 |
| | Payment | annual principal; semi-annual interest | S&P AA+ |
| | Structure and Term | level principal; declining interest | 7.01 |
| | Final Maturity | | Fitch N/A |
| Other: | The Authority received approval | for an additional \$35 million loan from DEQ brinุ | ging the total loan amount to \$175,000,000. |
| | · | . , . , , | o. 1 Proposal for Early Site work in the amount of |

| | Financing Team | | | | |
|-----------------------|----------------|--|--|--|--|
| Municipal Advisor | | | | | |
| Underwriter/Senior | | | | | |
| Lender/Purchaser/Bank | | | | | |
| Underwriter's Counsel | | | | | |
| Bond Counsel | | | | | |
| Purchaser's Counsel | | | | | |
| Trustee | | | | | |
| Trustee's Counsel | | | | | |

| Amount Not to Exceed: \$ 22,361,131 | | | | | |
|--|---------------|--|--|--|--|
| Sources: | Amount: | | | | |
| 1 DEQ Repayable Loan (CS370923-15) GMP-1 (remaining balance from prior approval) | \$ 11,423,554 | | | | |
| 2 DEQ Repayable Loan (CS370923-15) GMP-2 (new funds requesting approval) | \$ 22,361,131 | | | | |
| 3 | | | | | |
| 4 | | | | | |
| Total | \$ 33,784,685 | | | | |
| Uses: | Amount: | | | | |
| 1 GMP No. 2 Long-Lead Yard Pipe & Long-Lead Equipment & Final Design | \$ 18,214,935 | | | | |
| 2 Design Build GMP #1 Site Work (remaining from GMP-1) | \$ 11,423,554 | | | | |
| 3 Allowances: Design-Builder construction fee and contingencies | \$ 4,146,196 | | | | |
| 4 | | | | | |
| Total | \$ 33,784,685 | | | | |

| General Fund Debt and Debt Ratios | | | | | |
|--|---------------|--|--|--|--|
| Amount | \$ 22,361,131 | Debt Ratio: Debt Per Capita | | | |
| Bonds Authorized and Unissued | | Before | | | |
| Existing Debt Excluding Enterprise Funds | | After | | | |
| | | | | | |
| Estimated Census | | Debt Ratio: Debt to Assessed Valuation | | | |
| Tax Rate | | Before | | | |
| Assessed Valuation | | After | | | |



| LGC Staff A | nalysis For: | | | CLA | YTON, TOWN OF | - PRITC | HARD WOODS | |
|---|---------------------------------------|---|---|------------------|---------------------------------|---|---|--|
| Amount Not | To Exceed | \$ 45,00 | 00,000 | | Housing Financir | ng Type | Conduit Revenue Bonds | |
| Project Desc | cription | Minneso portion of seniors t | occeeds of the Multifamily Notes and Bonds will be loaned to Clayton Leased Housing Associates I, LLLP, a sota limited liability limited partnership, or an affiliated or related entity (the "Borrower") and used to finance of the cost of the acquisition, construction and equipping of a 167-unit multifamily residential rental facility is to be known as Pritchard Woods and located at the intersection of Pritchard Road and Swann Trail, Claythard Woods will be constructed using low-income housing tax credits (LIHTC) and will include 92 one-bedroom units targeting lower-income households earning 60% of Area Median Income (AMI). | | | | | |
| Statutory Re | ference | G.S. 159 |)-153 | Last Red | quest to Borrow | 9/2025; (| CONREV; \$14,500,000 | |
| Debt Manage | ement | ✓ | Good – no o managemen | deficiencies and | no defaults noted, or rearward. | asonab l e a | assurance of strict, lawfully compliant | |
| Proposed Bor Contract is Ne Expedient | nd Issue or ecessary or | The Town finds the financing is necessary or expedient to further the Town's purpose of promoting low and moderate income housing in the Town of Clayton. | | | | | own's purpose of promoting low and moderate | |
| Proposed Am Adequate and Excessive | | The developer provided a Market Study and pro-forma which support the valuations. The issuer found that the debt to incurred in connection with the project is adequate but not excessive. In addition, the Rental Investment section of the NCHFA reviewed this information and found it to be reasonable. | | | | | | |
| Feasibility | | The developer provided a 19 year cash flow projection that shows debt service coverage will range from 1.33X - 1. The lenders performed their own credit review. | | | | service coverage will range from 1.33X - 1.90X. | | |
| TEFRA Hear | ring | Date | 10/20/2025 | 5 | | | | |
| Terms | Lender/Purch | ⊥ aser/Ba | ınk | | | | | |
| Terms | Interest Rate | | | | | | | |
| | Term | | Series A - construction to perm loan with 36 month construction period (subject to extension) and permanent loan with term of 15 years; 40 year amortization Series B - construction to perm loan; 40 years Series C - construction loan; 36 months, subject to extension | | | | tion | |
| | Payment | see other | | | | | | |
| | Structure and Term level debt service | | | | | | | |
| | Final Maturity | | | 12/31/2065 | | | | |
| Other: | - | only during interest; a | nnual princip | oal years 31-40 | onthly principal and inter | rest | | |

DENISE CANADA DIVISION DIRECTOR

LGC Staff Analysis For: CLAYTON, TOWN OF - PRITCHARD WOODS

| Financing Team | | | | | | | |
|-----------------------------------|---|------------------------------------|---|--|--|--|--|
| Authority's Counsel | | | | | | | |
| Borrower | Clayton Leased Housing Associates I, LLLP | | | | | | |
| Borrower's Counsel | Winthrop & Weinstine. P.A. | | | | | | |
| Bond Counsel | McGuire Woods, LLP | | | | | | |
| Lender/Purchaser/Bank | | | | | | | |
| Trustee | U.S. Bank Trust Company, N.A | | | | | | |
| Trustee's Counsel | | | | | | | |
| Series A Initial Lender | Deutsche Bank Securities, Inc. | Series B Placement Agent | Colliers Securities LLC | | | | |
| Series A Initial Lender's Counsel | Kutak Rock LLP | Series B Placement Agent's Counsel | Ballard Spahr LLP | | | | |
| Series A Permanent Lender | Federal Home Loan Mortgage Corp | Series C Lender | Colliers Funding LLC | | | | |
| Freddie Mac Servicer | Grandbridge Real Estate Capital LLC | Series C Lender Counsel | Fabyanske, Westra, Hart & Thomson, P.A. | | | | |
| Freddie Mac Servicer Counsel | Robinson & Cole LLP | Trustee/Fiscal Agent Counsel | Stover Legal Group | | | | |

| Amount Not to Exceed: \$45,000,000 | | |
|--|---------|---------------|
| Sources: | Amount: | |
| 1 1st Mortgage Tax-Exempt | | \$ 28,410,000 |
| 2 1st Mortgage - Taxable | | \$ 2,680,000 |
| 3 Tax-Exempt Mezzanine Loan | | \$ 2,590,000 |
| 4 Interest on Equity | | \$ 163,773 |
| 5 LIHTC Equity | | \$ 26,245,620 |
| 6 General Partner/Special Limited Partner Equity | | \$ 200 |
| 7 Income from Operations | | \$ 1,244,599 |
| 8 Deferred Developer Fee | | \$ 1,285,148 |
| 9 | | |
| 10 | | |
| | Total | \$ 62,619,340 |
| Uses: | Amount: | |
| 1 Acquisition and Construction Costs | | \$ 45,428,968 |
| 2 Interests and Reserves | | \$ 7,936,492 |
| 3 Professional Services | | \$ 2,751,760 |
| 4 Financing Costs - Construction Financing | | \$ 631,463 |
| 5 Financing Costs - Permanent Mortgage | | \$ 1,225,335 |
| 6 Closing Costs | | \$ 287,508 |
| 7 Tax Credit Fees | | \$ 516,814 |
| 8 Developer Fee | | \$ 3,841,000 |
| 9 | | |
| 10 | | |
| | Total | \$ 62,619,340 |



| LGC Staff Analysis For: | CLEVELAND COUNTY | | | | | | | | | | | | |
|--|------------------|--|-------------------------------------|----------|----------------------------------|-------------|--|----------------|------------|------------------|-------------|------|-------------|
| | | | | | | | | | | | | | |
| PAR Amount Not To Exceed | \$ 89 | 9,000 | ,000 | | | | | | | | | | |
| Financing Type | Limi | ited C | Obligation Bond | s | | | | | | | | | |
| Purpose and Type | Gen | eral | Government | | | | Law | Enforcemen | t/Public | Safety | | | |
| Purpose and Type | Soli | d Wa | iste | | | | Solid | l Waste | | | | | |
| Purpose and Type | | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | | |
| Project Description | cons rela | oceeds will be used to finance a portion of the costs of the Cleveland County Courthouse demolition and the nstruction and equipping of a new justice center including a courthouse, a detention center, a Sheriff's Office, and ated public infrastructure development. Iditionally, the loan proceeds will be used to finance the construction of a new solid waste landfill cell at the existing and the acquisition of new solid waste equipment. | | | | | | ice, and | | | | | |
| Statutory Reference | G.S | . 160 | A-20 | | | Last Req | uest | to Borro | w 2/2 | 2022; IFC; \$8 | 5,500,000 | | |
| FPICs | | | No | √ | Yes - Not Ma | aterial | Yes – See Attachment N/A | | | | | | |
| UAL Contract | | Application is for a contract subject to approval under modifications to N.C.G.S. 159-148 (SL. | | | | | <u>202</u> | <u>?2-53</u>) | | | | | |
| Debt Management | | √ | | | ncies and no c ceeding forwar | | d, or re | easonable as | ssuranc | e of strict, law | vfully com | plia | int |
| Proposed Contract or Bond Issue is necessary or expedient. | requ | Projects are necessary to provide the equired services and to address capacity constraints. Proposed Amount is Adequate and Not Excessive GMP is in hand for the Justice Center, estimates for the Landfill Cell expansion been received with definitive bids to be submitted early November. More than 70 of the costs are known and defined. | | | | | rpansion have ls to be re than 70% | | | | | | |
| Feasibility | | ot for | the Justice Cer | iter w | ill be paid from | the general | fund a | and the Land | dfill Cell | expansion wi | ill be paid | fro | m the solid |
| Tax Increase Anticipated | V | No Yes N/A Additional Information (as applicable): | | | | | | | | | | | |
| Rate Increase Anticipated | | <u> </u> | o Yes | s [| N/A | | | | 1 | | | | |
| Public Hearing | | N | /A OR Date | e 1 | 0/21/2025 | TEFRA H | earii | ng | √ | N/A OR | Date | | |
| Interest Rate Assumptions (GO Bonds Only) | | | he assumptions applicable only t | | | | | | | | | | |

| LGC Staff Analysis For: | CLEVELAND COUNTY |
|-------------------------|------------------|
| | |

| Terms | Lender/Purchaser/Bank | TD Public Finance LLC | Marka | tability | | |
|--------|-----------------------|-------------------------------|---------|----------|--|--|
| | Interest Rate | 3.80% | warke | tability | | |
| | Term | 20 year | Moody's | N/A | | |
| | Payment | annual principal and interest | S&P | N/A | | |
| | Structure and Term | see "Other" | | | | |
| | Final Maturity | NTE 10/1/2045 | Fitch | N/A | | |
| Other: | | | | | | |

| Financing Team | | | | | | |
|-----------------------|-----------------------------------|----------------|----------------|--|--|--|
| Municipal Advisor | Davenport & Company LLC | | | | | |
| Underwriter/Senior | | | | | | |
| Lender/Purchaser/Bank | TD Public Finance LLC | Bank's Counsel | Pope Flynn LLC | | | |
| Underwriter's Counsel | | | | | | |
| Bond Counsel | Parker Poe Adams & Bernstein, LLP | | | | | |
| Purchaser's Counsel | | | | | | |
| Trustee | U.S. Bank Trust Company, N.A | | | | | |
| Trustee's Counsel | Holland & Knight LLP | | | | | |

| Amount Not to Exceed: \$89,000,000 | |
|--------------------------------------|-------------------------|
| Sources: | Amount: |
| 1 Par Bond Proceeds - Justice Center | \$ 75,000,000 |
| 2 Par Bond Proceeds - Solid Waste | \$ 14,000,000 |
| 3 SCIF Funds | \$ 103,150,000 |
| 4 County Reserves | \$ 19,056,286 |
| Total | al \$211,206,286 |
| Uses: | Amount: |
| 1 Justice Center | \$ 196,772,472 |
| 2 Solid Waste | \$ 13,957,528 |
| 3 Cost of Issuance | \$ 270,000 |
| 4 Change Order/FF&E Contingency | \$ 206,286 |
| Total | al \$211,206,286 |

| General Fund Debt and Debt Ratios | | | | | | |
|--|-------------------|--|-------|--|--|--|
| Amount | \$ 89,000,000 | Debt Ratio: Debt Per Capita | | | | |
| Bonds Authorized and Unissued | \$ 0 | Before \$31 | | | | |
| Existing Debt Excluding Enterprise Funds | \$ 31,454,365 | 65 After \$ 1, | | | | |
| | | | | | | |
| Estimated Census | 101,378 | 8 Debt Ratio: Debt to Assessed Valuation | | | | |
| Tax Rate | 0.5450 | Before | 0.22% | | | |
| Assessed Valuation | \$ 14,358,189,358 | After 0.84% | | | | |



| LGC Staff Analysis For: | DARE COUNTY - PUBLIC WORKS FACILITY | | | | |
|--|---|--|--|--|--|
| | Г | | | | |
| PAR Amount Not To Exceed | \$ 47,000,000 | | | | |
| Financing Type | Limited Obligation Bonds | | | | |
| Purpose and Type | General Government | Public Facilities | | | |
| Purpose and Type | | | | | |
| Purpose and Type | | | | | |
| Purpose and Type | | | | | |
| Purpose and Type | | | | | |
| Project Description | Proceeds of the bond sale will be used to finance the demol improvement of a public works facility located in Manteo in [| olition, construction, renovation, redevelopment, equipping, and a Dare County. | | | |
| Statutory Reference | G.S. 160A-20 | | | | |
| FPICs | No Yes - Not Material | Yes – See Attachment N/A | | | |
| UAL Contract | Application is for a contract subject to approval under modifications to N.C.G.S. 159-148 (SL 2022-53) | | | | |
| Debt Management | Good – no deficiencies and no defaults noted management proceeding forward | ed, or reasonable assurance of strict, lawfully compliant | | | |
| Proposed Contract or Bond Issue is necessary or expedient. | proper, efficient and economic operation is Adec | | | | |
| Feasibility | Debt service to be paid from the General Fund. | | | | |
| Tax Increase Anticipated | No Yes N/A Additional In | Information (as applicable): | | | |
| Rate Increase Anticipated | No Yes ✓ N/A | | | | |
| Public Hearing | N/A OR Date 10/6/2025 TEFRA H | Hearing N/A OR Date | | | |
| Interest Rate Assumptions (GO Bonds Only) | | preparing the statement of estimated interest are reasonable resuant to modifications to G.S. 159-52(b) (SL 2022-53)). | | | |

DENISE CANADA DIVISION DIRECTOR

| LGC Staff Analysis For | LGC | Staff | Anal | ysis | For |
|------------------------|-----|--------------|------|------|-----|
|------------------------|-----|--------------|------|------|-----|

DARE COUNTY - PUBLIC WORKS FACILITY

| Terms | Lender/Purchaser/Bank | | Markatahility |
|--------|---|---|-----------------------|
| | Interest Rate | Estimated all in TIC 3.93%; NTE 5.0% | Marketability |
| | Term | 20 years | Moody's Aa2 |
| | Payment | see Other | S&P AA |
| | Structure and Term | Level Principal | |
| | Final Maturity | NTE 6/1/2045 | Fitch N/A |
| Other: | Semi-annual Interest only for the f Public sale scheduled for Novemb | irst year followed by semi-annual interest and annual er 19, 2025. | l principal payments. |

| Financing Team | | | | | |
|--------------------------------------|---|--|--|--|--|
| Municipal Advisor DEC Associates Inc | | | | | |
| Underwriter/Senior | Piper Sandler & Co | | | | |
| Lender/Purchaser/Bank | | | | | |
| Underwriter's Counsel | Pope Flynn LLC | | | | |
| Bond Counsel | Parker Poe Adams & Bernstein, LLP | | | | |
| Purchaser's Counsel | | | | | |
| Trustee | The Bank of New York Mellon Trust Company | | | | |
| Trustee's Counsel | | | | | |

| Amount Not to Exceed: \$ 47,000,000 | | |
|--|-------|---------------|
| Sources: | | Amount: |
| 1 Bond Par Amount | | \$ 42,705,000 |
| 2 Estimated Premium | | \$ 4,288,023 |
| 3 Project Investment Earnings | | \$ 1,517,969 |
| 4 | | |
| | Total | \$ 48,510,992 |
| Uses: | | Amount: |
| 1 Project Fund - Public Works | | \$ 46,450,000 |
| 2 Project Fund - Projected Investment Earnings | | \$ 1,517,969 |
| 3 Cost of Issuance | | \$ 325,000 |
| 4 Average Take-down and additional proceeds | | \$ 218,023 |
| | Total | \$ 48,510,992 |

| General Fund Debt and Debt Ratios | | | | | | |
|--|-------------------|---|-------|--|--|--|
| Amount | \$ 47,000,000 | Debt Ratio: Debt Per Capita | | | | |
| Bonds Authorized and Unissued | \$ 0 | Before \$3,0 | | | | |
| Existing Debt Excluding Enterprise Funds | \$ 117,930,197 | 97 After \$4 | | | | |
| | | | | | | |
| Estimated Census | 38,233 | 33 Debt Ratio: Debt to Assessed Valuation | | | | |
| Tax Rate | 0.5105 | Before | 0.66% | | | |
| Assessed Valuation | \$ 17,800,431,487 | After 0.93% | | | | |

| LGC Staff A | Analysis For: | DURHAM HOUSING AUTHORITY - FAYETTE PLACE PHASE I | | | | | |
|---|---|---|---|---|--------------------------------------|--|--|
| Amount Not | To Exceed | \$ 44,000,00 | OO Housing Financing Type Conduit Revenue Bonds | | | Conduit Revenue Bonds | |
| Project Description | | The proceeds of the Multifamily Note will be loaned to Fayette Place JV LLC, a North Carolina limited liability company, or an affiliated or related entity, and used to finance a portion of the cost of the acquisition, construction and equipping of a 252-unit multifamily rental housing development to be located at 1103 Merrick Street, Durham, North Carolina. Fayette Place Phase I will be constructed using low-income housing tax credits (LIHTC) and will include 81 one-bedroom units, 113 two-bedroom units and 58 three-bedroom units targeting lower-income households earning 30%, 50%, 60% and 80% of Area Median Income (AMI). | | | | | |
| Statutory Reference | | G.S. 159-153 | Last Request to Borrow 09/2025; | | CON REV; \$22,000,000 & \$10,250,000 | | |
| Debt Manage | ement | Good mana | l – no deficiencies and agement proceeding fo | no defaults noted, or rearward. | asonab l e a | ssurance of strict, lawfully compliant | |
| Proposed Bor Contract is Ne Expedient | nd Issue or ecessary or | | finds the financing is ne income housing in the | | further the | e Authority's purpose of promoting low | |
| Adequate and Not The issuer fo | | | nd that the debt to be in | | th the proje | e valuations. ect is adequate but not excessive. nformation and found it to be reasonable. | |
| | | | The developer provided a 20 year cash flow projection that shows debt service coverage for the bonds will range from 1.15X to 1.45X. The lenders performed their own credit review. | | | | |
| TEFRA Hear | ring | Date 10/2 | 2/2025 | | | | |
| Terms | Lender/Purch | naser/Bank | | | | | |
| Interest Rate | | | | | | 6) + 1.85%. Current indicative rate is 6.21% dex (floor of 0.75%) + 2.15%. Current indicative | |
| | Term | | | 36 months plus two 6-mo 3 years with payments ba | | sions 40 year amortization schedule | |
| | Payment | | Construction: monthly | interest only; Permaner | nt: monthly | interest and principal payments | |
| | Structure and Term | | | <u></u> | | * * * | |
| | Structure and Term level debt service Final Maturity NTE 12/31/2047 | | | | | | |
| Other: | | | | | | | |
| | | | | | | | |

DENISE CANADA DIVISION DIRECTOR

LGC Staff Analysis For:

DURHAM HOUSING AUTHORITY - FAYETTE PLACE PHASE I

| Financing Team | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| Authority's Counsel | Authority's Counsel The Banks Law Firm, P.A. | | | | | |
| Borrower | Fayette Place JV LLC | | | | | |
| Borrower's Counsel | Winthrop & Weinsteine, P.A. | | | | | |
| Bond Counsel | McGuire Woods, LLP | | | | | |
| Lender/Purchaser/Bank | | | | | | |
| Trustee | | | | | | |
| Trustee's Counsel | | | | | | |
| Funding Lender | Citibank, N.A. | | | | | |
| Funding Lender's Counsel | Holland & Knight LLP | | | | | |
| Tax Credit Investor | WNC & Associates, LLC | | | | | |
| Tax Credit Investor's Counsel | Kutak Rock LLP | | | | | |
| | | | | | | |

| Amount Not to Exceed: \$ 44,000,000 | | |
|---------------------------------------|---------|---------------|
| Sources: | Amount: | |
| 1 Tax-Exempt Construction Loan | | \$ 44,000,000 |
| 2 Taxable Tail | | \$ 5,022,756 |
| 3 Ground Lease - Promissory Note | | \$ 9,320,000 |
| 4 Durham City Funds | | \$ 17,000,000 |
| 5 Federal LIHTC Equity | | \$ 15,182,668 |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| | Total | \$ 90,525,424 |
| Uses: | Amount: | |
| 1 Construction Loan Prepayment | | \$ 8,440,728 |
| 2 Taxable Tail Prepayment | | \$ 5,022,756 |
| 3 Land & Building Acquisition | | \$ 9,320,000 |
| 4 Site Work | | \$ 7,753,681 |
| 5 Construction | | \$ 44,526,530 |
| 6 Architectural & Engineering | | \$ 2,393,379 |
| 7 Financing & Other Construction Fees | | \$ 9,205,576 |
| 8 Reserves & Escrows | | \$ 3,862,774 |
| 9 | | |
| 10 | | |
| | Total | \$ 90,525,424 |



| LGC Staff Analysis For: | FRANKLIN COUNTY | | | | | | LIN | ГҮ | | | |
|--|-----------------|--|-------------------|----------|-----------------------------------|-----------------|--|----------------------|---|----------|-----|
| | 1 | | | | | | | | | | |
| PAR Amount Not To Exceed | \$ 38 | 3,000 | ,000 | | | | | | | | |
| Financing Type | Limi | Limited Obligation Bonds | | | | | | | | | |
| Purpose and Type | Gen | eral | Government | | | | Multi | ple Projects | ; | | |
| Purpose and Type | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | |
| Project Description | Ann | The proceeds will be used to pay or reimburse the costs of (a) renovating, expanding and improving the County Judicial Annex, (b) acquiring, constructing and equipping a new Emergency Medical Services Station, and (c) up-fitting and improving the County's Facilities Management Warehouse and Sheriff's Facility and paying related financing costs. | | | | | | | | | |
| Statutory Reference | G.S | . 160 | A-20 | | | Last Requ | ıest | to Borro | w 02/2025; SRF; \$1,3 | 864,112 | |
| FPICs | | | No | √ | Yes - Not Ma | iteria l | Yes – See Attachment N/A | | | N/A | |
| UAL Contract | | | Application is | for a | a contract subj | ect to approva | val under modifications to N.C.G.S. 159-148 (SL 2022-53) | | | | |
| Debt Management | | ✓ | | | ncies and no d ceeding forward | | , or re | easonab l e a | ssurance of strict, lawfull | y compli | ant |
| Proposed Contract or Bond Issue is necessary or expedient. | exis | Necessary to expand and improve existing County facilities that will better serve the greater County population. Proposed Amount is Adequate and Not Excessive Judicial Center & EMS Station bids are in hand with the Sheriff Facility Upgrades and Facilities Management Warehouse based upon County estimates as of October 2025. | | | | | grades and use based | | | | |
| Feasibility | Deb | t Ser | vice will be paid | d fron | n the General F | -und. | | | | | |
| Tax Increase Anticipated | ✓ | N | o Yes | | N/A | Additional Inf | orma | tion (as app | licable): | | |
| Rate Increase Anticipated | | N | o Yes | , [| ✓ N/A | | | | | | |
| Public Hearing | | N | /A OR Date | 1 | 0/6/2025 | TEFRA H | earii | ng | √ N/A OR Da | ate | |
| Interest Rate Assumptions (GO Bonds Only) | | | | | | | | | ment of estimated interest ons to G.S. 159-52(b) (SI | | |

FRANKLIN COUNTY

LGC Staff Analysis For:

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| ıs | Lender/Purchaser/Bank | Webster Bank, N.A. | Marketability |
|----|-----------------------|-------------------------------|---------------|
| | Interest Rate | 4.39% | Warketability |
| | Term | 20 years | Moody's N/A |
| | Payment | annual principal and interest | S&P N/A |
| | Structure and Term | level principal | 1,11 |
| | Final Maturity | 8/1/2045 | Fitch N/A |

| Financing Team | | | | | | |
|-----------------------|--------------------------------|--|--|--|--|--|
| Municipal Advisor | Davenport & Company LLC | | | | | |
| Underwriter/Senior | | | | | | |
| Lender/Purchaser/Bank | Webster Bank, N.A | | | | | |
| Underwriter's Counsel | | | | | | |
| Bond Counsel | Womble Bond Dickinson (US) LLP | | | | | |
| Purchaser's Counsel | Gilmore & Bell, P.C. | | | | | |
| Trustee | U.S. Bank Trust Company, N.A | | | | | |
| Trustee's Counsel | Holland & Knight LLP | | | | | |

| Amount Not to Exceed: \$ 38,000,000 | |
|---|---------------------------|
| Sources: | Amount: |
| 1 Tax Exempt Bond Proceeds | \$ 36,273,000 |
| 2 State Capital Infrastructure Fund Grant | \$ 15,000,000 |
| 3 | |
| 4 | |
| То | ** al \$51,273,000 |
| Uses: | Amount: |
| 1 Construction & Design Cost | \$ 51,022,273 |
| 2 Cost of Issuance + Additional Proceeds | \$ 250,727 |
| 3 | |
| 4 | |
| То | ** al \$51,273,000 |

| General Fund Debt and Debt Ratios | | | | | | | |
|--|---------------------------------|-----------------------------|-------------------------|--|--|--|--|
| Amount | \$ 38,000,000 | Debt Ratio: Debt Per Capita | | | | | |
| Bonds Authorized and Unissued | \$0 | \$ 0 Before | | | | | |
| Existing Debt Excluding Enterprise Funds | prise Funds \$ 33,880,188 After | | | | | | |
| | | | | | | | |
| Estimated Census | 76,168 | Debt Ratio: Deb | t to Assessed Valuation | | | | |
| Tax Rate | 0.5050 | Before | 0.26 | | | | |
| Assessed Valuation | \$ 13,202,651,648 | After | 0.54 | | | | |



| LGC Staff A | Analysis For: | : INLIVIAN - VINTAGE ON WEST BOULEVARD | | | | | | |
|---|----------------------------|---|---|--|---|--|--|--|
| Amount Not | To Exceed | \$ 68,0 | 00,00 | 0 | Housing Financi | ng Type | Conduit Revenue Bonds | |
| Project Desc | cription | and use housing The pro one-bed | ed to fin g develo ject will droom u | ance a portion of topment to be known be located at 311 units, 60 two-bedro | ne cost of the acquisition, c n as Vintage on West Bould 9 West Boulevard, Charlott | onstruction evard. e, North Ca m units an | ts II LLC, a Minnesota limited liability company, and equipping of a 238-unit multifamily rental arolina. The 238 unit development will consist of 27 d 27 four-bedroom units targeting households ax credits (LIHTC). | |
| Statutory Re | eference | G.S. 15 | 9-153 | Last I | Request to Borrow | 09/2025; | ; CON REV; \$18,000,000 | |
| Debt Manag | ement | ✓ | Good mana | no deficiencies gement proceedin | and no defaults noted, or re g forward. | asonab l e a | assurance of strict, lawfully compliant | |
| Proposed Bor Contract is No Expedient | nd Issue or ecessary or | | - | _ | s necessary or expedient to City of Charlotte, North Car | | e Authority's purpose of promoting low and | |
| Proposed Am Adequate and Excessive | | The developer provided a Market Study and pro-forma which support the valuations. The issuer found that the debt to incurred in connection with the project is adequate but not excessive. In addition, the Rental Investment section of the NCHFA reviewed this information and found it to be reasonable. | | | | | | |
| Feasibility | | The dev | • | . , | cash flow projection that s | hows debt | service coverage for the bonds will range from | |
| TEFRA Hea | ring | Date 10/21/2025 | | | | | | |
| Terms | Lender/Purch | aser/B | ank | | | | | |
| Tomic | Interest Rate | | | SERIES A - Construction - fixed rate of 3-Year SOFR + 2.55% (~5.99%); Perm - fixed rate of 18-yr SOFR + 2.30% (~6.15%); SERIES B - Construction and Perm - fixed rate of 18-Year SOFR + 5.0% (~9.0%); SERIES B (fixed rate of 3-Year SOFR + 2.95% (~6.39%); Perm - fixed rate of 18-yr SOFR + 2.95% (~6.85%); all subject to interest rate floors; Rates NTE 12% | | | | |
| Term | | | | Construction period of 30 months plus option of one 6-month extension; permanent term of 18 years Interest only through 2 years after stabilization followed by 45 year amortization | | | | |
| | Payment | | | See "Other" | | | | |
| | Structure and | I Term Level debt service | | | | | | |
| | Final Maturity | | | NTE 12/31/2075 | | | | |
| Other: | | | | _ | | | hly principal and interest payments to \$27,275,000 of construction-to-permanent | |

DENISE CANADA DIVISION DIRECTOR

LGC Staff Analysis For: INLIVIAN - VINTAGE ON WEST BOULEVARD

| | Financing Team | | | | | | | |
|-------------------------------|---|--|--|--|--|--|--|--|
| Authority's Counsel | The Banks Law Firm, P.A. | | | | | | | |
| Borrower | Roers Charlotte Apartments II LLC | | | | | | | |
| Borrower's Counsel | Winthrop & Weinstine, P.A. | | | | | | | |
| Bond Counsel | McGuire Woods, LLP | | | | | | | |
| Lender/Purchaser/Bank | | | | | | | | |
| Trustee | U.S. Bank Trust Company, N.A | | | | | | | |
| Trustee's Counsel | Ballard Spahr, LLP | | | | | | | |
| Purchaser Representative | CBRE Loan Services, Inc. | | | | | | | |
| Originator | Boston Capital Finance LLC | | | | | | | |
| Originator's Counsel | Kutak Rock LLP | | | | | | | |
| Tax Credit Investor | WNC & Associates, Inc., or an affiliate | | | | | | | |
| Tax Credit Investor's Counsel | Holland & Knight LLP | | | | | | | |

| Amount Not to Exceed: \$ 68,000,000 | | |
|--|---------|----------------|
| Sources: | Amount: | |
| 1 First Mortgage | | \$ 17,725,000 |
| 2 First Mortgage - Tax Exempt | | \$ 23,000,000 |
| 3 First Mortgage - Taxable | | \$ 5,780,000 |
| 4 Construction Mortgage - Tax Exempt A | | \$ 17,725,000 |
| 5 Construction Mortgage - Tax Exempt B | | \$ 23,000,000 |
| 6 Equity Bridge Loan - Taxable | | \$ 24,416,247 |
| 7 Low Income Tax Credit Equity | | \$ 27,964,561 |
| 8 Capitalized Cash Flow | | \$ 1,480,950 |
| 9 Deferred Developer Fee | | \$ 81,573 |
| 10 | | |
| | Total | \$ 141,173,331 |
| Uses: | Amount: | |
| 1 Acquisition Costs | | \$ 13,970,042 |
| 2 Construction Costs | | \$ 94,462,872 |
| 3 Interim Escrowed Funds | | \$ 13,140,504 |
| 4 Lender or Investor Cash Reserves | | \$ 1,470,304 |
| 5 Professional Services | | \$ 5,453,300 |
| 6 Construction Financing Costs | | \$ 1,332,824 |
| 7 Permanent Financing Costs | | \$ 1,958,750 |
| 8 Closing Costs | | \$ 266,468 |
| 9 Tax Credit Fees | | \$ 2,181,239 |
| 10 Developer Fee | | \$ 6,937,028 |
| | Total | \$ 141,173,331 |

| LGC Staff A | nalysis For: | NCHFA:HA | RMONY HOUSIN | NG AFFORDABLE | DEVELOPMENT INC. (LANDURA PORTFOLIO) | | | |
|--|----------------|--|--|--|--|--|--|--|
| Amount Not | To Exceed | \$ 55,000,00 | 00 | Financing Type | Conduit Revenue Bonds | | | |
| Purpose and | Туре | Housing | | | | | | |
| Project Desc | ription | The proceeds separate multi Stanly, Vance | Housing Revenue Bonds (Landura Portfolio), Series 2025 ds of the bonds will be used to provide funds to finance the acquisition, rehabilitation and equipping of 10 ultifamily housing facilities with a total of 640 units located in Craven, Edgecombe, Forsyth, Halifax, Mitchell, ce and Wilkes Counties. The 10 properties are a part of the Landura Portfolio. Landura Portfolio MM, LLC, is a na limited liability company. | | | | | |
| | | The bonds will be issued as special obligations of the Agency with the proceeds being loaned to the ownership of the Landura Portfolio to acquire, renovate, construct and equip the projects. The bonds are payable solely from revenues and other moneys assigned by the Indenture to secure that payment, which include the payments requipe made pursuant to a Loan Agreement between the Agency and the Borrowers dated as of December 1, 2025. | | | | | | |
| | | Each Project is credits (LIHTC | | e Land Use Restriction A | greement (LURA) and is eligible for low-income housing tax | | | |
| Statutory Ref | ference | G.S. 122 | \-8 Last Re | quest to Borrow | 9/2025; REV; \$1,250,000,000 | | | |
| Debt Manage | ement | Good mana | – no deficiencies and gement proceeding fo | l no defaults noted, or rea | asonable assurance of strict, lawfully compliant | | | |
| Proposed Bon Contract is Ne or Expedient | | | me residents. The pro | • • | le safe, sanitary, affordable housing opportunities for low- to uirements with LIHTC 15-year use restrictions of 60% of the | | | |
| Proposed Amo Adequate and Excessive | | market studies | r has provided appraisals, construction rehabilitation cost estimates, Phase I environmental studies, and s for each project which support the valuations thereof. The NCHFA Rental Investment Section has above and the adequacy and cost of the proposed renovations and found it to be reasonable. | | | | | |
| Feasibility | | The developer and end at 1.4 | | as provided 20 year cash-flow pro forma projections that show debt service coverage to begin at 1.15X K. | | | | |
| TEFRA Hear | ing Date | 10/15/2025 | | | | | | |
| Terms | Lender/Purch | aser/Bank | | | | | | |
| | Interest Rate | | Fixed Rate, Not to e | xceed 12% | | | | |
| | Term | | | | | | | |
| | Payment | | | | | | | |
| | Structure and | l Term | Total 120 month ma | curity maximum | | | | |
| | Final Maturity | | Not to extend beyon | d 1/1/2035 | | | | |
| Other: | | | | | | | | |

| LGC Staff | Analysis | s For: | NCHFA:HARMONY HOUSING AFFORDABLE DEVELOPMENT INC. (LANDURA PORTFOLIO) |
|---------------|----------|--------|---|
| Marketability | Moody's | | The Bonds are expected to be sold to Stifel, Nicolaus & Company, Inc. for public offering to investors at an interest rate to be determined at the time of sale based on current market conditions. |
| | S&P | N/A | |
| | Fitch | N/A | |

| | Financing Team | | | | | | | | |
|----------------------------|--|-------------------------------|--|--|--|--|--|--|--|
| Municipal Advisor | Caine Mitter & Associates Inc. | | | | | | | | |
| Underwriter/Senior | Stifel, Nicolaus & Company, Inc. | | | | | | | | |
| Underwriter's Counsel | Tiber Hudson LLC | | | | | | | | |
| Bond Counsel | Womble Bond Dickinson (US) LLP | | | | | | | | |
| Lender/Purchaser/Bank | | | | | | | | | |
| Trustee | Bank of New York Mellon Trust Company, | | | | | | | | |
| Trustee's Counsel | Chapman & Cutler LLP | | | | | | | | |
| Borrower/Developer | Landura Management Associates | Co-Borrower/Developer | Harmony Housing Affordable Development, Inc. | | | | | | |
| Borrower/Developer Counsel | Blanco Tackabery & Matamoros, P.A. | Co-Borrower/Developer Counsel | Greystone & Co. II LLC. | | | | | | |

| Amount Not to Exceed: \$55,000,000 | |
|---|----------------|
| Sources: | Amount: |
| 1 Bond Proceeds | \$ 48,474,000 |
| 2 Subordinate 515 Loan Proceeds | \$ 12,389,163 |
| 3 RD 538 Loan Proceeds | \$ 52,552,000 |
| 4 Tax Credit Equity | \$ 28,421,890 |
| 5 Deferred Developer Fee | \$ 3,626,836 |
| 6 Capital Magnet Funds | \$ 1,300,000 |
| 7 Replacement Reserves | \$ 781,144 |
| 8 Bond Reinvestment Proceeds | \$ 6,180,444 |
| 9 Capitalized Project Operating Income | \$ 669,602 |
| 10 | |
| Total | \$ 154,395,079 |
| Uses: | Amount: |
| 1 Acquisition Costs | \$ 25,049,568 |
| 2 Rehabilitation Costs | \$ 37,988,319 |
| 3 Financing Fees and Expenses | \$ 4,994,451 |
| 4 Developer Fees | \$ 9,362,943 |
| 5 Payment of Bond Principal | \$ 48,474,000 |
| 6 General Contractor Costs | \$ 6,306,074 |
| 7 Contingency | \$ 4,429,444 |
| 8 Architecture & Engineering | \$ 1,048,119 |
| 9 Third-Party Reports - \$471,976; Soft Costs - \$1,075,877 | \$ 1,547,853 |
| 10 Capitalized Interest Reserves - \$11,025,854; Reserves & Escrows - \$4,168,454 | \$ 15,194,308 |
| Total | \$ 154,395,079 |



| LGC Staff A | Analysis For: | | RALEIG | H HOUSING AUTH | IORITY - | MOORE SQUARE | | |
|--|----------------------------|---|---|---|---------------------|---|--|--|
| Amount Not | To Exceed | \$ 31,682,00 | 00 | Housing Financir | ng Type | Conduit Revenue Bonds | | |
| Project Des | cription | The proceeds of the Bonds will be loaned to Moore Square Harmony Housing LLC, a North Carolina limited liability company (the "Borrower"), and used to finance a portion of the cost of the acquisition, construction and equipping of a low and moderate income multifamily housing development, consisting of 160 units located in one residential building, to be located at 319 E. Martin Street in the City of Raleigh, North Carolina. The Project will be developed using low-income housing tax credits (LIHTC) and will include 51 one-bedroom units, 77 two-bedroom units and 32 three-bedroom units targeting lower-income households earning 30%, 50%, 60% or 80% of Area Median Income (AMI). | | | | | | |
| Statutory Re | eference | G.S. 159-153 | Last Red | quest to Borrow | 10/2025; | CON REV; \$23,000,000 | | |
| Debt Manag | ement | Good mana | d – no deficiencies and agement proceeding fo | no defaults noted, or re- rward. | asonab l e a | ssurance of strict, lawfully compliant | | |
| Proposed Bo Contract is N Expedient | nd Issue or ecessary or | - | | the project is necessary housing in the City of Ra | | ient to further the Authority's purpose of | | |
| Proposed Am Adequate and Excessive | | incurred in cor | nection with the project | - | cessive. In | e valuations. The issuer found that the debt to be addition, the Rental Investment section of the | | |
| Feasibility The development of t | | | er provided a 20 year cash flow projection that shows debt service coverage for the bonds will be 1.15X - | | | | | |
| TEFRA Hea | ring | Date 9/15/2025 | | | | | | |
| Terms | Lender/Purch | aser/Bank | | | | | | |
| | Interest Rate | | | | | set via rate lock at 10-year U.S. Treasury (with | | |
| | Term | | | 36 months, subject to ex 5 years with 40-year am | | | | |
| | Payment | | lonthly Principal and Interest | | | | | |
| | Structure and | l Term | level debt service | ,, 1 31 | | , | | |
| | Final Maturity | | NTE 12/31/2044 | | | | | |
| Other: | | | | | | | | |
| | | | | | | | | |

| LGC Staff Analysis For: RALEIGH HOUSING AUTHORITY - MOORE SQUARE | |
|--|--|
|--|--|

| Financing Team | | | | | | | | | |
|--------------------------------|--|--------------------------------|--|--|--|--|--|--|--|
| Authority's Counsel | The Francis Law Firm, PLLC | Permanent Lender | Federal Home Loan Mortgage Corporation | | | | | | |
| Borrower | Moore Square Harmony Housing LLC | Freddie Mac Servicer | Regions Bank | | | | | | |
| Borrower's Counsel | Womble Bond Dickinson LLP | Freddie Mac/Servicer's Counsel | Ballard Spahr, LLP | | | | | | |
| Bond Counsel | McGuire Woods, LLP | Tax Credit Investor | Regions Bank | | | | | | |
| Lender/Purchaser/Bank | | Tax Credit Investor's Counsel | Jones Walker LLP | | | | | | |
| Trustee | Regions Bank | | | | | | | | |
| Trustee's Counsel | | | | | | | | | |
| Trustee/Fiscal Agent's Counsel | Maynard Nexsen PC | | | | | | | | |
| Underwriter | Stifel, Nicolaus & Company, Incorporated | | | | | | | | |
| Underwriter's Counsel | Tiber Hudson LLC | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

| Amount Not to Exceed: \$ 31,682,000 | |
|--|------------------------|
| Sources: | Amount: |
| 1 Freddie Cash-Backed Forward Commitment | \$ 19,510,000 |
| 2 City of Raleigh Soft Loan | \$ 15,700,000 |
| 3 Wake County Soft Loan | \$ 3,360,000 |
| 4 Federal Low Income Housing TC Loan | \$ 19,221,012 |
| 5 Bond Investment Proceeds | \$ 2,535,978 |
| 6 Deferred Development Fee | \$ 36,060 |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| Tot | al \$60,363,050 |
| Uses: | Amount: |
| 1 Construction/Site Work Costs | \$ 35,615,344 |
| 2 General Contractor Fee | \$ 3,975,938 |
| 3 Developer Fee | \$ 3,600,000 |
| 4 Reserves & Escrows | \$ 1,595,929 |
| 5 Contingency Costs | \$ 2,123,314 |
| 6 Capitalized Interest Reserves | \$ 5,365,601 |
| 7 Taxes/Insurance/Architect Fees/Tax Credit Application Fees | \$ 3,993,849 |
| 8 Permanent/Construction & Interim Financing Costs | \$ 967,910 |
| 9 Soft Costs | \$ 3,125,165 |
| 10 | |
| Tot | al \$60,363,050 |



| LGC Staff | Analysis For: | | RALEI | GH HOUSING AUT | HORITY | - MAPLE RIDGE | | |
|--|----------------|---|--|--------------------------------------|--------------------------------|---|--|--|
| Amount Not | To Exceed | \$ 24,500,00 | 00 | Housing Financir | g Type | Conduit Revenue Bonds | | |
| Project Des | cription | The proceeds of the Bonds will be loaned to Maple Ridge Apts Limited Partnership, a North Carolina limited partnership (the "Borrower"), and used to finance a portion of the cost of the acquisition, construction and equipping of a low and moderate income multifamily housing development consisting of 146 units located in three four-story residential buildings, to be located at 500 Rawls Drive in the City of Raleigh, North Carolina. The Project will be developed using low-income housing tax credits (LIHTC) and will include 16 one-bedroom units, 82 two-bedroom units and 48 three-bedroom units targeting lower-income households earning 20%, 30%, 50% or 70% of Area Median Income (AMI). | | | | | | |
| Statutory Re | eference | G.S. 159-153 | Last Red | quest to Borrow | 10/2025; | CON REV; \$23,000,000 | | |
| Debt Manag | ement | Good mana | d – no deficiencies and agement proceeding fo | no defaults noted, or rearward. | asonab l e a | ssurance of strict, lawfully compliant | | |
| Proposed Bo Contract is N Expedient | | _ | ng Authority finds that rate income housing in | | or expedie | nt to further the Authority's purpose of promoting | | |
| Proposed An Adequate and Excessive | | incurred in cor | nection with the project | - | cessive. In | e valuations. The issuer found that the debt to be addition, the Rental Investment section of the | | |
| Feasibility The development of t | | | per provided a 20 year cash flow projection that shows debt service coverage for the bonds will be 1.15X - | | | | | |
| TEFRA Hea | ring | Date 9/4/2025 | | | | | | |
| Terms | Lender/Purch | aser/Bank | | | | | | |
| | Interest Rate | | | | | set via rate lock at 10-year U.S. Treasury (with | | |
| | Term | | Construction Period: Permanent Period: 19 | 36 months 5 years with 40-year am | ortization | | | |
| | Payment | | Construction - Semi-a | manent - M | lonthly Principal and Interest | | | |
| | Structure and | l Term | level debt service | | |) | | |
| | Final Maturity | | NTE 12/31/2044 | | | | | |
| Other: | | | 1 | | | | | |
| | | | | | | | | |

| LGC Staff Analysis For: | RALEIGH HOUSING AUTHORITY - MAPLE RIDGE |
|------------------------------|---|
| 200 Stail / thai yold 1 of 1 | |

| Financing Team | | | | | | | | |
|--------------------------------|--|--------------------------------|--|--|--|--|--|--|
| Authority's Counsel | The Francis Law Firm, PLLC | Permanent Lender | Federal Home Loan Mortgage Corporation | | | | | |
| Borrower | Maple Ridge Apts Limited Partnership | Freddie Mac Servicer | Regions Bank | | | | | |
| Borrower's Counsel | Coleman Talley LLP | Freddie Mac/Servicer's Counsel | Ballard Spahr, LLP | | | | | |
| Bond Counsel | McGuire Woods, LLP | | | | | | | |
| Lender/Purchaser/Bank | | | | | | | | |
| Trustee | Regions Bank | | | | | | | |
| Trustee's Counsel | | | | | | | | |
| Trustee/Fiscal Agent's Counsel | Smith Gambrell Russell | Tax Credit Investor | RAH Investor 481 LLC | | | | | |
| Underwriter | Stifel, Nicolaus & Company, Incorporated | Tax Credit Investor Counsel | Kutak Rock LLP | | | | | |
| Underwriter's Counsel | Tiber Hudson LLC | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

| Amount Not to Exceed: \$ 24,500,000 | | | | | | |
|--|------------------------|--|--|--|--|--|
| Sources: | Amount: | | | | | |
| 1 Long Term Bond | \$ 21,920,000 | | | | | |
| 2 Wake County Funds | \$ 3,000,000 | | | | | |
| 3 Raleigh Funds | \$ 3,100,000 | | | | | |
| 4 Tax Credit Equity | \$ 18,833,252 | | | | | |
| 5 Refundable Commitment Fee | \$ 200,000 | | | | | |
| 6 Deferred Development Fee | \$ 733,486 | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| Tota | al \$47,786,738 | | | | | |
| Uses: | Amount: | | | | | |
| 1 Land Acquisition | \$ 3,202,525 | | | | | |
| 2 Construction Costs | \$ 31,159,443 | | | | | |
| 3 Developer Fee | \$ 3,285,000 | | | | | |
| 4 Construction Lender Costs/Interest | \$ 3,439,709 | | | | | |
| 5 Contingency Costs | \$ 1,506,163 | | | | | |
| 6 Permanent Financing/Other Financing Costs | \$ 1,668,015 | | | | | |
| 7 Taxes/Insurance/Architect Fees/Tax Credit Application Fees | \$ 1,194,000 | | | | | |
| 8 Lease-Up Reserves/Operating Reserves | \$ 1,098,623 | | | | | |
| 9 Other Soft Costs | \$ 1,211,360 | | | | | |
| 10 Market Study/Appraisal | \$ 21,900 | | | | | |
| Tota | al \$47,786,738 | | | | | |



| LGC Staff Analysis For: | TROUTMAN, TOWN OF | | | | | | | | | | |
|--|---|---|-------------------|-------|----------------------------------|-----------------|--------------------------|----------------------|--------------------------------|-------|----------------|
| | | | | | | | | | | | |
| PAR Amount Not To Exceed | \$ 8, | 700,0 | 000 | | | | | | | | |
| Financing Type | Inst | allme | nt Financing Co | ntra | ct | | | | | | |
| Purpose and Type | Gen | eral (| Government | | | | Build | ing | | | |
| Purpose and Type | Gen | eral (| Government | | | | Land | | | | |
| Purpose and Type | Gen | eral (| Government | | | | Park | s & Recreat | ion | | |
| Purpose and Type | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | |
| Project Description | Proceeds will be used to acquire a building and property located at 250 Old Murdock Road for the development of a new Town Hall, as well as land at 338 North Avenue, currently leased to the Town of Troutman and serving as a public park. Together, these properties will encompass a total of 74.5 acres. | | | | | | | | | | |
| Statutory Reference | G.S | . 160 | A-20 | | | Last Requ | uest | to Borro | w 5/2021; IP; \$810,000 | | |
| FPICs | | ✓ | No | | Yes - Not Ma | ateria l | Yes – See Attachment N/A | | | N/A | |
| UAL Contract | | | Application is | for a | a contract subj | ect to approva | al und | ler modifica | tions to N.C.G.S. 159-148 (| SL 20 | <u>22-53</u>) |
| Debt Management | | \checkmark | | | ncies and no c ceeding forwar | | , or re | easonab l e a | ssurance of strict, lawfully o | ompli | ant |
| Proposed Contract or Bond Issue is necessary or expedient. | Proposed contract is necessary or expedient to enable the Town to secure additional space for expanding public amenities and providing possible future revenue-generating opportunities. Proposed Amount is Adequate and Not Excessive Appraisals completed on 10/17/2025 for \$8,280,000 and \$970,000. Costs are defined and known. | | | | | | | | | | |
| Feasibility | Deb | t ser\ | vice will be paid | from | n the General F | Fund. | | | | | |
| Tax Increase Anticipated | No Yes N/A Additional Information (as applicable): | | | | | | | | | | |
| Rate Increase Anticipated | | No | o Yes | , [| ✓ N/A | | | | | | |
| Public Hearing | |] N. | /A OR Date | 9 | /11/2025 | TEFRA H | earir | ng | √ N/A OR Date | | |
| Interest Rate Assumptions (GO Bonds Only) | | The assumptions used by the finance officer in preparing the statement of estimated interest are reasonable (applicable only to General Obligation bonds pursuant to modifications to G.S. 159-52(b) (SL 2022-53)). | | | | | | | | | |

TROUTMAN, TOWN OF

LGC Staff Analysis For:

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| Terms | Lender/Purchaser/Bank | Truist | Mouleatability | | |
|--------------------|-----------------------------------|---|----------------|--|--|
| | Interest Rate | 4.15% | | | |
| | Term | 15 Years | Moody's N/A | | |
| | Payment | Quarterly Principal and interest S&P N/A | | | |
| Structure and Term | Structure and Term | Level Principal | 1,07,1 | | |
| | Final Maturity | 11/20/2040 | Fitch N/A | | |
| Other: | The proposed installment financin | g is preferable to a bond issue for the same purpos | ses. | | |

| Financing Team | | | | | | |
|-----------------------|--|--|--|--|--|--|
| Municipal Advisor | | | | | | |
| Underwriter/Senior | | | | | | |
| Lender/Purchaser/Bank | | | | | | |
| Underwriter's Counsel | | | | | | |
| Bond Counsel | | | | | | |
| Purchaser's Counsel | | | | | | |
| Trustee | | | | | | |
| Trustee's Counsel | | | | | | |

| Amount Not to Exceed: \$ 8,700,000 | |
|------------------------------------|--------------|
| Sources: | Amount: |
| 1 Loan Proceeds | \$ 8,700,000 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 8,700,000 |
| Uses: | Amount: |
| 1 Building and Property Purchase | \$ 8,700,000 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 8,700,000 |

| General Fund Debt and Debt Ratios | | | | | | |
|--|------------------|--|--|--|--|--|
| Amount | \$ 8,700,000 | Debt Ratio: Debt Per Capita | | | | |
| Bonds Authorized and Unissued | \$0 | 0 Before | | | | |
| Existing Debt Excluding Enterprise Funds | \$ 937,807 | O7 After \$ | | | | |
| | | | | | | |
| Estimated Census | 8,000 | Debt Ratio: Debt to Assessed Valuation | | | | |
| Tax Rate | 0.5 | 5 Before 0.05 | | | | |
| Assessed Valuation | \$ 1,755,931,420 | 0 After 0.55 | | | | |

| LGC Staff A | nalysis For: | NCMCC: THE UNITED METHODIST RETIREMENT HOMES, INC. | | | | | |
|--|--|--|--|--|---|--|--|
| Amount Not | To Exceed | \$ 101,905,0 | Financing Type Conduit Revenue Bonds | | | | |
| Purpose and | I Туре | Healthcare | | | | | |
| Project Desc | cription | Croasdaile Villag | ge Licensed Beds: 451 Ind | | iounty) Assisted Living Units; 16 Memory Care Units; 102 Nursing Beds ed Living Units; 0 Memory Care Units; 62 Nursing Beds | | |
| | | The proceeds will be used to 1) finance the expansion and renovation of the continuing care retirement facility located at 2600 of Farm Parkway in Durham, North Carolina known as Croasdaile Village, including, but not limited to, (a) demolishing certain cott constructing and equipping approximately fifty-eight new independent living units and (b) constructing, equipping and renovating common area improvements, including, but not limited to, a fitness room expansion and a new staff lounge (collectively, the "Cr Village Project"); 2) finance improvements to and renovation of the continuing care retirement facility located at 1000 Wesley Pi Lumberton, North Carolina known as Wesley Pines, including, but not limited to, (a) constructing and equipping four private skill rooms and converting four semi-private skilled nursing rooms to private skilled nursing rooms, (b) constructing and equipping a therapy suite and renovating the former therapy suite into a new skilled nursing activity zone and (c) renovating and expanding independent living and assisted living dining and activity facilities (collectively, the "Wesley Pines Project," and together with the Village Project, the "Project"); 3) fund a portion of interest accruing on the Bonds; 4) fund a debt service reserve fund, if necessary | | | | | |
| Statutory Ref | ference | G.S. 131 | Last Red | quest to Borrow | 2/2024; REV; \$90,000,000 | | |
| Debt Manage | ement | Good mana | I – no deficiencies and agement proceeding for | no defaults noted, or rearward. | asonable assurance of strict, lawfully compliant | | |
| Proposed Bor Contract is Ne or Expedient | nd Issue or ecessary | NCMCC has previously approved the project. All necessary permits and approvals have been received. | | | | | |
| | oposed Amount is dequate and Not accessive The Project is under Guaranteed Maximum Price contracts. | | | | | | |
| FA2SINIIITV | | | financial feasibility study completed by FORVIS, LLP shows estimated debt service coverage of at least 2.06 times brough 2029. The Unit has an estimated average of 641 days of cash on hand through 2029. | | | | |
| TEFRA Hear | ring Date | 10/13/2025 | | | | | |
| Terms | Lender/Purch | aser/Bank | | | | | |
| | Interest Rate | | NTE: 6%; Estimated A | All-in TIC: 5.24% | | | |
| | Term | | Series 2025A: 10/1/2056 Series 2025B: 10/1/2032 Series 2025C: 10/1/2056 | | | | |
| | Payment | yment | | | | | |
| | Structure and Term Approximately overall level debt service | | | | | | |
| | Final Maturity October 1, 2056 | | | | | | |
| Other: | | | | pan the proceeds to The s, and not the NCMCC, r | e United Methodist Retirement Homes, Inc. (Borrower). nor the state of NC. | | |

| LGC Staff Analysis For: | | For: | NCMCC: THE UNITED METHODIST RETIREMENT HOMES, INC. | | |
|-------------------------|---------|------|--|--|--|
| Marketability | Moody's | N/A | A public sale is scheduled for November 12, 2025, not to conflict with any other bond sales. | | |
| | S&P | N/A | | | |
| | Fitch | BBB | | | |
| Financing Team | | | | | |

| Financing Team | | | | | |
|-----------------------|-----------------------------------|------------------------|-------------------------|--|--|
| Municipal Advisor | | Feasibility Consultant | FORVIS, LLP | | |
| Underwriter/Senior | B.C. Ziegler & Company | Developer | LCS Development | | |
| Underwriter's Counsel | Hawkins Delafield & Wood | | | | |
| Bond Counsel | Robinson, Bradshaw & Hinson, P.A. | | | | |
| Lender/Purchaser/Bank | Truist Commercial Equity, Inc. | Purchaser's Counsel | Moore & Van Allen, PLLC | | |
| Trustee | U.S. Bank Trust Company, N.A | | | | |
| Trustee's Counsel | Holland & Knight LLP | | | | |
| Borrower's Counsel | Womble Bond Dickinson (US) LLP | | | | |
| Auditor | FORVIS, LLP | | | | |

| Amount Not to Exceed: \$ 101,905,000 | |
|--------------------------------------|---------------|
| Sources: | Amount: |
| 1 Bond Proceeds | \$ 92,754,866 |
| 2 Equity Contribution | \$ 1,500,000 |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| Total | \$ 94,254,866 |
| Uses: | Amount: |
| 1 Project Fund | \$ 86,943,278 |
| 2 Capitalized Interest Fund | \$ 5,454,970 |
| 3 Cost of Issuance | \$ 1,852,400 |
| 4 Additional Proceeds | \$ 4,217 |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| Total | \$ 94,254,866 |



| LGC Staff Analysis For: | WINSTON-SALEM, CITY OF | | | | | | | | | | | |
|--|--|---|---------------------------|------------------|----------------------------------|------------------------------|--------------------------|----------------------|---|----------------|------------|---------------|
| | | | | | | | | | | | | |
| PAR Amount Not To Exceed | \$ 26 | 3,550 | ,000 | | | | | | | | | |
| Financing Type | Lim | ited (| Obligation Bond | S | | | | | | | | |
| Purpose and Type | Soli | d Wa | ste | | | | Solid | Waste | | | | |
| Purpose and Type | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | |
| Project Description | ехр | Proceeds will be used to finance (1) improvements to the City's Solid waste management facilities, including, the expansion of and improvements to the Hanes Mill Road Solid Waste Facility and (2) costs of issuance of the 2025C Bonds. | | | | | | | | | | |
| Statutory Reference | G.S | . 160 | A-20 | | | Last Requ | uest | to Borro | w 08/2025; LOB; \$40,8 | 50,000 |) | |
| FPICs | | | No | √ | Yes - Not Ma | aterial | Yes – See Attachment N/A | | | √A | | |
| UAL Contract | | | Application is | for a | a contract subj | ect to approv | al und | ler modifica | tions to N.C.G.S. 159-148 | (<u>SL 20</u> | <u>22-</u> | · <u>53</u>) |
| Debt Management | | ✓ | Good – no de managemen | eficie t prod | ncies and no c ceeding forwar | defau l ts noted d | l, or re | easonab l e a | ssurance of strict, lawfully | compli | ant | |
| Proposed Contract or Bond Issue is necessary or expedient. | Necessary to the City's proper, efficient and economic operation and the general health and welfare of its inhabitants. Proposed Amount is Adequate and Not Excessive Bids in hand. Costs are known and defined. | | | | | | defined. | | | | | |
| Feasibility | Debt service will be paid from the Solid Waste Disposal Fund. | | | | | | | | | | | |
| Tax Increase Anticipated | No Yes N/A Additional Information (as applicable): | | | | | | | | | | | |
| Rate Increase Anticipated | ✓ | N | o Yes | , [| N/A | | | | | | | |
| Public Hearing | | N | /A OR Date | 1 | 0/6/2025 | TEFRA H | earir | ng | ✓ N/A OR Dat | .e | | |
| Interest Rate Assumptions (GO Bonds Only) | | | | | | | | | ment of estimated interest ons to G.S. 159-52(b) (SL | | | |

| LGC Staff | Analysis For: | WINSTON-SALEM, CITY OF | | | | | | | |
|-----------------------------|---------------------------------|---|---------------------------------|----------|--|--|--|--|--|
| | | | | | | | | | |
| Terms Lender/Purchaser/Bank | | k | Marko | tability | Ratings from 2024 Audit are | | | | |
| | Interest Rate | Estimated All-in TIC 3.83%; NTE 6.5% | ated All-in TIC 3.83%; NTE 6.5% | | shown. | | | | |
| | Term | 20 years | Moody's | Aa1 | Receive updated ratings October 24, 2025. | | | | |
| | Payment | Annual principal; semi-annual interest | S&P | AA+ | | | | | |
| | Structure and Term | Level principal | | , , , , | | | | | |
| | Final Maturity | 6/1/2045 | Fitch | N/A | | | | | |
| Other: | Negotiated public sale schedule | ed for November 13, 2025. | | | | | | | |
| | Limited Obligation Bond Structu | ire is more timely and feasible than G.O. bond. | | | | | | | |

| Financing Team | | | | |
|-----------------------|--|--|--|--|
| Municipal Advisor | First Tryon Advisors, LLC | | | |
| Underwriter/Senior | J.P. Morgan Securities LLC | | | |
| Lender/Purchaser/Bank | | | | |
| Underwriter's Counsel | Chapman and Cutler LLP | | | |
| Bond Counsel | Parker Poe Adams & Bernstein, LLP | | | |
| Purchaser's Counsel | | | | |
| Trustee | Bank of New York Mellon Trust Company, N./ | | | |
| Trustee's Counsel | Maynard Nexsen | | | |

| Amount Not to Exceed: \$ 26,550,000 | |
|-------------------------------------|---------------|
| Sources: | Amount: |
| 1 Bond Proceeds: Par Amount | \$ 24,330,000 |
| 2 Bond Proceeds: Premium | \$ 2,542,962 |
| 3 | |
| 4 | |
| Total | \$ 26,872,962 |
| Uses: | Amount: |
| 1 Project Fund | \$ 26,550,000 |
| 2 Cost of Issuance | \$ 250,000 |
| 3 Underwriter's Discount | \$ 71,287 |
| 4 Additional Proceeds | \$ 1,675 |
| Total | \$ 26,872,962 |

| General Fund Debt and Debt Ratios | | | | | |
|--|---------------|--|--|--|--|
| Amount | \$ 26,550,000 | Debt Ratio: Debt Per Capita | | | |
| Bonds Authorized and Unissued | | Before | | | |
| Existing Debt Excluding Enterprise Funds | | After | | | |
| | | | | | |
| Estimated Census | | Debt Ratio: Debt to Assessed Valuation | | | |
| Tax Rate | | Before | | | |
| Assessed Valuation | | After | | | |



| LGC Staff Analysis For: | WINSTON-SALEM, CITY OF | | | | | | |
|--|---|----------------------------------|--|--|--|--|--|
| Г | 1 | | | | | | |
| PAR Amount Not To Exceed | \$ 70,000,000 | | | | | | |
| Financing Type | Revenue Bonds | | | | | | |
| Purpose and Type | Water/Sewer | Water | | | | | |
| Purpose and Type | Water/Sewer | Sewer | | | | | |
| Purpose and Type | | | | | | | |
| Purpose and Type | | | | | | | |
| Purpose and Type | | | | | | | |
| Project Description | Series 2025 - This project funding includes (1) upgrades and enhancements to its Advanced Metering Infrastructure (AMI) system, (2) modernization of the R.W. Nielson Water Treatment Plant, (3) repairs to a lagoon and a biosolids dryer facility at the Archie Elledge Wastewater Treatment Plant, (4) replacement and capacity upgrades of sewer lines along Peters Creek Outfall within the Elledge Basin, (5) various water distribution system improvements, (6) repairs and rehabilitation of sewer lines and manholes under the Collection System Improvement Program (CSIP), (7) replacement of a force main near Tanglewood Park, and (8) upgrades to the 15th Street Pump Station. Project funds distribution equals 57% water and 43% sewer. | | | | | | |
| Statutory Reference | G.S. 159 Article 5 | Last Request to Borro | W 07/2025; LOB; \$44,000,000 | | | | |
| FPICs | No Yes - Not M | laterial Yes – Se | Yes – See Attachment N/A | | | | |
| UAL Contract | Application is for a contract sub | oject to approval under modifica | tions to N.C.G.S. 159-148 (<u>SL 2022-53</u>) | | | | |
| Debt Management | Good – no deficiencies and no management proceeding forwa | | ssurance of strict, lawfully compliant | | | | |
| Proposed Contract or Bond Issue is necessary or expedient. | The proceeds of the Bonds are to finance the costs of extensions, additions, and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the City's enterprise systems related to the project described above and to pay expenses incurred with the sale and issuance of the Bonds. Proposed Amount is Adequate and Not Excessive Multiple projects make up this financing. Seventy-six percent (76%) of total project values have been bid. Outstanding project bids are expected to be received in the first half of FY26. | | | | | | |
| Feasibility | The City has projections prepared by Raftelis Financial Consultants for the period 2026-2030. Current projections demonstrate total debt service coverages of 1.65X in FY2026 and of at least 1.66X through 2030. | | | | | | |
| Tax Increase Anticipated | No Yes V/A | Additional Information (as app | , | | | | |
| Rate Increase Anticipated | No Yes N/A The City forecasts a water rate increase of 4% in FY 2027-FY2030 and a sewer rate increase of 6% in FY2027-FY2030. | | | | | | |
| Public Hearing | N/A OR Date | TEFRA Hearing | N/A OR Date | | | | |
| Interest Rate Assumptions (GO Bonds Only) | | | ment of estimated interest are reasonable ons to G.S. 159-52(b) (SL 2022-53)). | | | | |

WINSTON-SALEM, CITY OF

LGC Staff Analysis For:

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| Terms | Lender/Purchaser/Bank | | Marketability | Ratings from 2024 Audit are shown. |
|--------|-----------------------|---|---------------|---|
| | Interest Rate | NTE TIC of 5.50% | Warketability | |
| | Term | 20 years | Moody's Aa1 | December our debted making on |
| | Payment | Annual principal and semi-annual interest | S&P AA+ | Receive updated ratings October 24, 2025. |
| | Structure and Term | Level principal and interest | 7.5. | , |
| | Final Maturity | 6/1/2045 | Fitch N/A | |
| Other: | | | | |
| | | | | |
| | | | | |
| | | | | |

| Financing Team | | | |
|-----------------------|--|------------------------|--------------------------------|
| Municipal Advisor | First Tryon Advisors, LLC | Feasibility Consultant | Raftelis Financial Consultants |
| Underwriter/Senior | J.P. Morgan Securities LLC | | |
| Lender/Purchaser/Bank | | | |
| Underwriter's Counsel | | | |
| Bond Counsel | Parker Poe Adams & Bernstein, LLP | | |
| Purchaser's Counsel | | | |
| Trustee | Bank of New York Mellon Trust Company, N./ | | |
| Trustee's Counsel | Maynard Nexsen | | |

| Amount Not to Exceed: \$ 70,000,000 | |
|-------------------------------------|-----------------------|
| Sources: | Amount: |
| 1 Par Amount | \$ 64,360,000 |
| 2 Net Premium | \$ 6,261,979 |
| 3 | |
| 4 | |
| Tota | I \$70,621,979 |
| Uses: | Amount: |
| 1 Construction projects | \$ 70,000,000 |
| 2 Cost of Issuance | \$ 300,000 |
| 3 Underwriter's Discount | \$ 321,800 |
| 4 Additional Proceeds | \$ 179 |
| Tota | I \$70,621,979 |

| General Fund Debt and Debt Ratios | | | | |
|--|---------------|--|--|--|
| Amount | \$ 70,000,000 | Debt Ratio: Debt Per Capita | | |
| Bonds Authorized and Unissued | | Before | | |
| Existing Debt Excluding Enterprise Funds | | After | | |
| | | | | |
| Estimated Census | | Debt Ratio: Debt to Assessed Valuation | | |
| Tax Rate | | Before | | |
| Assessed Valuation | | After | | |

AND THE LOCAL GOVERNMENT COMMISSION

| Unit | Miscellaneous Action Item |
|------------------------------|--|
| Unit SOUTHERN PINES, TOWN OF | Miscellaneous Action Item At its October 7, 2025 meeting, the LGC approved the Town of Southern Pines' installment financing contract for \$7,000,000 to acquire a building with property. The agenda write up identified Truist Bank as the lender, whereas the actual lender is First Bank. All other approved financing terms remain the same. |
| | |
| | |

DENISE CANADA DIVISION DIRECTOR

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| Unit | Miscellaneous Non-Action Item |
|---------------|---|
| KING, CITY OF | The City previously entered into an installment financing contract and issued \$3,720,000 to finance the construction of the Muddy Creek Sewer Pump Station replacement. The LGC approved this project in October 2023. |
| | Truist has offered to refinance at a lower interest rate. The rate on the loan decreased from 5.40% to 3.997%. All other terms remain the same. |
| | The City closed on its refinancing October 15, 2025 with a par amount of \$2,759,431.91. The net present value savings amounts to \$163,655.06. |
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| | |

| Attachment Debt Requests from U Unit Assistance Lis | Jnits on the |
|---|------------------|
| | |
| | |
| | |
| | |

REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

BACKGROUND

<u>Article 8</u> of North Carolina General Statutes <u>Chapter 159</u> (Local Government Finance) addresses financing agreements and other financing arrangements and the circumstances under which LGC approval is required for such agreements. Session Law <u>2022-53</u> made several changes to this Article related to financing arrangements for units on the Unit Assistance List (UAL). A summary of the requirements of the Article and requirements specific to units on the UAL as a result of the changes enacted in S.L. 2022-53 follows.

<u>G.S. 159-148(a)</u> defines the contracts and financing arrangements requiring LGC approval; this section was modified by North Carolina Session Law <u>2022-53</u>, which assigned a lower threshold for UAL units in several of the criteria which trigger required LGC approval. Specifically:

LGC approval is required for any contract, agreement, memorandum of understanding, or any other transaction having the force and effect of a contract relating to the lease, acquisition, or construction of capital assets in which the contract:

- Extends for **five or more years** from the date of the contract, including periods that may be added to the original term through the exercise of options to renew or extend. S.L. <u>2022-53</u> modified this term to **three or more years** for units included on the most recently published Unit Assistance List. (G.S. 159-148(a)(1))
- Obligates the unit to \$500,000 or one-tenth of one percent (1/10 of 1%) of the assessed value of property subject to taxation, whichever is less. S.L. 2022-53 modified this threshold to \$50,000 for units included on the most recently published Unit Assistance List. (G.S. 159-148(a)(3))

<u>G.S. 159-148(b)</u> defines exceptions to Article 8 and includes an exemption for contracts for the purchase, lease, or lease with option to purchase of motor vehicles. S.L. <u>2022-53</u> modified this exemption to include in Article 8 (and therefore require LGC approval of) financing contracts for the purchase, lease, or lease with option to purchase of motor vehicles for units on the Unit Assistance List if the financing contract amount equals or exceeds \$50,000.

(Continued on next page)

LGC CONSIDERATION

LGC staff provides enhanced reviews of UAL units' fiscal and debt management practices to ensure these units are making sound financial decisions. UAL units seeking LGC approval of financing contracts under these modified thresholds are presented to the LGC as a group separate from other approval requests so that any concerns of staff may be presented and any questions of LGC members may be addressed prior to members' consideration and vote. In addition, representatives of UAL units requesting approval of financing contracts are requested to be available at the meeting their application is being considered to answer questions of LGC members.

Pursuant to <u>G.S. 159-151</u>(b), the LGC shall approve an application under Article 8 if it makes six required findings, including that the unit's debt management procedures and policies are good or that reasonable assurances have been given that its debt will be managed in strict compliance with law. However, the statute also allows the LGC to approve a financing under Article 8 if it does not make all of the required findings but concludes that (i) the proposed project is necessary and expedient, (ii) the proposed undertaking cannot be economically financed by a bond issue and (iii) the contract will not require an excessive increase in taxes. This provision allows the LGC to approve requests from UAL units for financing contracts for critical needs of the unit.

IMPLEMENTATION OF SESSION LAW 2022-53

Since the enactment of Session Law <u>2022-53</u> in July of 2022, staff have worked to implement a streamlined application and review process for units on the UAL seeking approval of financing contracts under the modified thresholds described above. Staff have:

- Updated the letters sent to units notifying them of their inclusion on the UAL to include details of the requirements for LGC approval of financing contracts.
- Deployed an online <u>Debt Inquiry Portal</u> which allows units to quickly and easily send questions to staff regarding LGC debt approval.
- Developed a streamlined application process for UAL units seeking financing contract approval under these changes.
- Waived the requirement for a current audit for applications under these new limits.
 The focus of these reviews is to ensure that UAL units are making sound financial
 decisions while they work to address late audits and other financial and fiscal
 management issues that resulted in their inclusion on the UAL.
- Created a dedicated team including both fiscal management staff and debt management staff to review these applications and to provide oversight and guidance to the UAL units.

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

DENISE CANADA DIVISION DIRECTOR

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| LGC Staff Analysis For: | BAILEY, TOWN OF | | | | | | | | |
|--|--|-------------------------|---------------|------------|-----------------|-----------------------------------|--------------------|---------------------|-------------------------|
| | | | | | | | | | |
| PAR Amount Not To Exceed | \$ 59,586 | 6 | | | | | | | |
| Financing Type | Lease F | inancing Agreen | nent | | | | | | |
| Purpose and Type | General | I Government | | | | Public Vehicles | | | |
| Purpose and Type | | | | | | | | | |
| Purpose and Type | | | | | | | | | |
| Purpose and Type | | | | | | | | | |
| Purpose and Type | | | | | | | | | |
| Project Description | The Tov | wn is planning to | lease a Po | olice Inte | rceptor vehic | le with Ford Motor | Credit C | Company (FMCC) |). |
| | | | | | | | | | |
| Statutory Reference | G.S. 160 | 0A-19 | | | Last Req | uest to Borro | w 10/2 | 2017; SRF; \$234 | ,000 |
| FPICs | | No | Yes | - Not Ma | ateria l | Yes – See | e Attachm | nent | N/A |
| UAL Contract | √ | Application is | for a cont | tract subj | ject to approv | al under modificat | tions to N | I.C.G.S. 159-148 | 3 (<u>SL 2022-53</u>) |
| Debt Management | | Good – no de management | | | | d, or reasonab l e a | ssurance | of strict, lawfully | compliant |
| Proposed Contract or Bond Issue is necessary or expedient. | The lease is necessary to provide the Town with an additional vehicle which is | | | | | ed Amount juate and cessive | Cost es defined | | d 9/24/25. Costs are |
| Feasibility | General | l fund revenue wi | ill pay for o | debt serv | rice. | | | | |
| Tax Increase Anticipated | √ N | No Yes | | N/A | Additional In | formation (as app | licable): | | |
| Rate Increase Anticipated | | No Yes | · 🗸 | N/A | | | | | |
| Public Hearing | √ 1 | N/A OR Date |) | | TEFRA H | earing | ✓ | N/A OR Da | te |
| Interest Rate Assumptions (GO Bonds Only) | | | | | | eparing the staten | | | |

DENISE CANADA DIVISION DIRECTOR

| erms | Lender/Purchaser/Bank | N/A | Moulco | tabilit | |
|------|-----------------------|------------------------------|---------|---------------|--|
| | Interest Rate | 7.99% | warke | Marketability | |
| | Term | 5 years | Moody's | N/A | |
| | Payment | Annual | S&P | N/A | |
| | Structure and Term | Level debt service payments | 3.00 | | |
| | Final Maturity | Not to extend beyond 1/31/31 | Fitch | N/A | |

| Financing Team | | | | | | | |
|-----------------------|--|--|--|--|--|--|--|
| Municipal Advisor | | | | | | | |
| Underwriter/Senior | | | | | | | |
| Lender/Purchaser/Bank | | | | | | | |
| Underwriter's Counsel | | | | | | | |
| Bond Counsel | | | | | | | |
| Purchaser's Counsel | | | | | | | |
| Trustee | | | | | | | |
| Trustee's Counsel | | | | | | | |

| Amount Not to Exceed: \$ 59,586 | |
|--|-----------|
| Sources: | Amount: |
| 1 General Fund | \$ 59,586 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 59,586 |
| Uses: | Amount: |
| 1 2025 Ford Police Interceptor Utility w/equipment | \$ 59,041 |
| 2 Underwriting Fee | \$ 545 |
| 3 | |
| 4 | |
| Total | \$ 59,586 |

| General Fund Debt and Debt Ratios | | | | | | | | |
|--|---------------|--|--------|--|--|--|--|--|
| Amount | \$ 59,586 | Debt Ratio: Debt Per Capita | | | | | | |
| Bonds Authorized and Unissued | \$ 0 | Before | \$ 397 | | | | | |
| Existing Debt Excluding Enterprise Funds | \$ 236,854 | After | \$ 497 | | | | | |
| | | | | | | | | |
| Estimated Census | 597 | Debt Ratio: Debt to Assessed Valuation | | | | | | |
| Tax Rate | \$0.6800 | Before | 0.43% | | | | | |
| Assessed Valuation | \$ 55,286,220 | After | 0.54% | | | | | |

REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

Town of Bailey

The Town of Bailey has been on the Unit Assistance List (UAL) since 2020 due to internal control issues. In fiscal year 2024 it scored for UAL inclusion due to financial concerns in the General Fund as well.

Delays in providing audited financial statements for four of the last five years are attributed to management staff turnover. Bailey is now current on their statutorily required reporting.

Budget violations have been another issue, with the town exceeding budgeted amounts in two of the last three years. These violations are part of the broader financial challenges Bailey faces, including reliance on fund balance. The current administration has made efforts to cut expenditures and raise taxes to better align revenues and expenses, working to improve budgeting practices to prevent future violations.

Bailey has also struggled with internal control issues related to segregation of duties. To address this, the town currently has a bookkeeper who comes in once a month and a local CPA who helps with quarterly and annual reporting as well as monthly bank reconciliations and journal entries. In the next budget cycle, the Town Administrator plans to request funding for part-time staff to assist in financial responsibilities as well.

Over the past three years, Bailey has relied heavily on its fund balance to cover operational costs, a practice that has raised concerns about its long-term fiscal health. Despite having a strong general fund available as a percentage of expenditures of 103%, the town's repeated use of fund balance is unsustainable. Recognizing this, the town board adopted a fund balance policy in June 2025, committing to maintaining fund balance levels above the Local Government Commission (LGC) staff recommended levels, currently set at 71% for units of local government with comparable expenditure levels.

Additionally, the town board approved a 12-cent increase on the property tax rate per \$100 valuation, raising the tax rate to 80 cents per \$100 in fiscal year 2026. This increase is part of a broader strategy to align revenues with rising expenditures and address budget shortfalls. Alongside raising taxes, the town made cuts to expenditures in the current year to balance the budget and reduce the use of fund balance for operations.

These fiscal actions have helped reduce the reliance on fund balance from over \$300,000 to just over \$100,000, with the town aiming to eliminate reliance on fund balance in the next budget cycle. However, Bailey remains under a DEQ-imposed sewer moratorium for 21 years, limiting growth and tax base expansion, which constrains budget growth and contributes to financial challenges.

BRADFORD B. BRINER STATE TREASURER OF NORTH CAROLINA

DENISE CANADA DIVISION DIRECTOR

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| LGC Stall Allalysis For: | | | | | | | ED 3 | PKI | NGS | , 100 | IN OF | | | | |
|--|--|--|-------------------------|-----------|----------|---------|------------------|--------|--------------|------------|--------------|-----------|---------------|------------------|-----------------------------|
| DAD Amount Not To Free ad | ф 20 <u>г</u> | 454 | | | | | | | | | | | | | |
| PAR Amount Not To Exceed | | | | | | | | | 1 | | | | | | |
| Financing Type | | | ncing Agre | | | | | | | | | | | | |
| Purpose and Type | | | vernment | t | | | | | | Vehicles | | | | | |
| Purpose and Type | Electri | ic | | | | | | | Public | Vehicles | . | | | | |
| Purpose and Type | | | | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | | | | |
| Purpose and Type | | | | | | | | | | | | | | | |
| Project Description | purpos a profe that de | The Town is planning to enter into a lease agreement with Enterprise Fleet Management for 7 vehicles for operational purposes for Police (5), Parks and Recreation (1), and Electric Departments (1), to replace an aging fleet. Transitioning to a professionally managed leasing program, the Town can reduce maintenance expenses, lower fuel costs, and ensure that departments have access to safe, reliable, and up-to-date vehicles. This initiative will help optimize fleet operations, minimize downtime, and provide long-term financial benefits through improved asset management and resale value. | | | | | | | | | | | | | |
| Statutory Reference | G.S. 1 | 160A-´ | 19 | | | | Last | Req | uest 1 | o Borr | ow 7/ | 2022; F | REV; \$2,2 | :00,000 | |
| FPICs | | | No | | Yes - | - Not M | lateria l | | \checkmark | Yes – S | ee Attach | ment | | | N/A |
| UAL Contract | V | / | App l icatio | on is for | a contra | act sub | oject to a | pprov | al und | er modific | ations to | N.C.G. | S. 159-14 | 48 (<u>SL 2</u> | <u>022-53</u>) |
| Debt Management | | | Good – no managem | | | | | noted | d, or re | asonable | assurand | ce of str | ict, lawful | lly comp | liant |
| Proposed Contract or Bond Issue is necessary or expedient. | The lease is necessary to replace an aging fleet. Providing the Town staff with reliable, safe and fuel efficient vehicles when providing public services to the Town. | | | | | \deq | ıuate | | 1 | are in ha | | e multip | ole vehicles. | | |
| Feasibility | | | vehicles vehicle v | | | • | | | | | | | | | |
| Tax Increase Anticipated | \checkmark | No | | Yes | 1 | N/A | Additio | nal In | formati | on (as ap | plicable) | : | | | |
| Rate Increase Anticipated | \checkmark | No | | Yes | 1 | N/A | | | | | | | | | |
| Public Hearing | \checkmark | N/A | OR D | ate | | | TEFF | RA H | earin | g | \checkmark | N/A | OR D | ate | |
| Interest Rate Assumptions (GO Bonds Only) | | | assumptio licable on | | | | | | | | | | | | easonable - <u>53)).</u> |



DENISE CANADA DIVISION DIRECTOR

| LGC Staff Analysis For: | | RI | RED SPRINGS, TOWN OF | | | | | |
|-------------------------|--|--------------|---------------------------------------|---|--|--|--|--|
| | , | | 1 | | | | | |
| Terms | Lender/Purchaser/Ban | ık | Marko | tability | | | | |
| | Interest Rate | *6.97% | iviai ke | tability | | | | |
| | Term | 5 years | Moody's | N/A | | | | |
| | Payment | Monthly | S&P | N/A | | | | |
| | Structure and Term | Variable | | | | | | |
| | Final Maturity | Variable | Fitch | N/A | | | | |
| Other: | Lessor: Enterprise Fleet Mana | gement, Inc. | | | | | | |
| | *Enterprise Fleet Management rate quoted was 6.97% for Oct | , , | The interest rate locks in once the v | vehicles are delivered. The most recent | | | | |

| Financing Team | | | | | | | | |
|-----------------------|--|--|--|--|--|--|--|--|
| Municipal Advisor | | | | | | | | |
| Underwriter/Senior | | | | | | | | |
| Lender/Purchaser/Bank | | | | | | | | |
| Underwriter's Counsel | | | | | | | | |
| Bond Counsel | | | | | | | | |
| Purchaser's Counsel | | | | | | | | |
| Trustee | | | | | | | | |
| Trustee's Counsel | | | | | | | | |

| Amount Not to Exceed: \$ 385,151 | |
|------------------------------------|---------------------|
| Sources: | Amount: |
| 1 General Fund | \$ 350,793 |
| 2 Enterprise Fund | \$ 34,358 |
| 3 | |
| 4 | |
| Tota | II \$385,151 |
| Uses: | Amount: |
| 1 Police Department - 5 vehicles | \$ 316,435 |
| 2 Parks and Recreation - 1 vehicle | \$ 34,358 |
| 3 Electric Department - 1 vehicle | \$ 34,358 |
| 4 | |
| Tota | \$ 385,151 |

| General Fund Debt and Debt Ratios | | | | | | | | |
|--|----------------|--|--------|--|--|--|--|--|
| Amount | \$ 350,793 | Debt Ratio: Debt Per Capita | | | | | | |
| Bonds Authorized and Unissued | \$ 0 | Before | \$ 0 | | | | | |
| Existing Debt Excluding Enterprise Funds | \$ 0 | After | \$ 112 | | | | | |
| | | | | | | | | |
| Estimated Census | 3,130 | Debt Ratio: Debt to Assessed Valuation | | | | | | |
| Tax Rate | 0.64 | Before | 0 | | | | | |
| Assessed Valuation | \$ 162,161,400 | After | 0.22% | | | | | |

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

DENISE CANADA DIVISION DIRECTOR

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| LGC Staff Analysis For: | RED SPRINGS, TOWN OF | | | | | | | | |
|--|-----------------------|---|--|-----------------|--|---------------|---------------------|-----------------------|--|
| | ı | | | | | | | | |
| PAR Amount Not To Exceed | \$ 192,00 | 0 | | | | | | | |
| Financing Type | Installme | ent Financing Co | ontract | | | | | | |
| Purpose and Type | Electric | | | | Equipment | | | | |
| Purpose and Type | | | | | | | | | |
| Purpose and Type | | | | | | | | | |
| Purpose and Type | | | | | | | | | |
| Purpose and Type | | | | | | | | | |
| Project Description | Town's 2 | The Town is entering into a purchase agreement with Altec Capital for a bucket truck for the Electric Department. The Town's 25-year old bucket truck is experiencing significant wear and tear, as well as mechanical failures, which prevent the vehicle from passing safety inspections. | | | | | | | |
| Statutory Reference | G.S. 160 | A-20 | | Last Req | uest to Borro | w 7/20 | 22; REV; \$2,20 | 0,000 | |
| FPICs | | No | Yes - Not N | //aterial | ✓ Yes – See | e Attachme | ent | N/A | |
| UAL Contract | ✓ | Application is | for a contract su | bject to approv | val under modifica | tions to N. | C.G.S. 159-148 | (<u>SL 2022-53</u>) | |
| Debt Management | | | eficiencies and no proceeding forwa | | d, or reasonab l e a | ssurance | of strict, lawfully | compliant | |
| Proposed Contract or Bond Issue is necessary or expedient. | quality ut Town ha | tract is necessar tility service to the s been using a l two months. | | is Aded | sed Amount quate and cessive | Cost est | timate provided. | Costs are defined. | |
| Feasibility | Electric f | und revenue wil | l pay for debt ser | vice. | | | | | |
| Tax Increase Anticipated | No. | o Yes | N/A | Additional Ir | nformation (as app | licable): | | | |
| Rate Increase Anticipated | ✓ N | o Yes | s N/A | | | | | | |
| Public Hearing | ✓ N | I/A OR Date | • | TEFRA H | learing | | N/A OR Da | te | |
| Interest Rate Assumptions (GO Bonds Only) | | | | | reparing the staten suant to modification | | | | |

AND THE LOCAL GOVERNMENT COMMISSION

DENISE CANADA DIVISION DIRECTOR

| LGC Staff Analysis For: | RED SPRINGS, TOWN OF |
|-------------------------|----------------------|
| | |

| Terms | Lender/Purchaser/Bank | | Marketability |
|--------|---------------------------|--------------------------------|---------------|
| | Interest Rate | 6.75% | Warketability |
| | Term | 5 Years | Moody's N/A |
| | Payment | Annual | S&P N/A |
| | Structure and Term | Level Debt | |
| | Final Maturity | Not to extend beyond 1/31/2031 | Fitch N/A |
| Other: | Lender: Altec Corporation | | |
| | | | |
| | | | |
| | | | |
| | | | |

| Financing Team | | | |
|-----------------------|--|--|--|
| Municipal Advisor | | | |
| Underwriter/Senior | | | |
| Lender/Purchaser/Bank | | | |
| Underwriter's Counsel | | | |
| Bond Counsel | | | |
| Purchaser's Counsel | | | |
| Trustee | | | |
| Trustee's Counsel | | | |

| Amount Not to Exceed: \$ 192,000 | |
|----------------------------------|------------|
| Sources: | Amount: |
| 1 Electric Fund | \$ 192,000 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 192,000 |
| Uses: | Amount: |
| 1 Bucket Truck | \$ 192,000 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 192,000 |

| General Fund Debt and Debt Ratios | | | | |
|--|------------|--|--|--|
| Amount | \$ 192,000 | Debt Ratio: Debt Per Capita | | |
| Bonds Authorized and Unissued | \$0 | Before | | |
| Existing Debt Excluding Enterprise Funds | \$0 | After | | |
| | | | | |
| Estimated Census | | Debt Ratio: Debt to Assessed Valuation | | |
| Tax Rate | | Before | | |
| Assessed Valuation | | After | | |

REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

Town of Red Springs

The Town of Red Springs has been on the Unit Assistance List (UAL) since 2017 due to Water and Sewer Fund financial health issues. The fiscal year 2024 audited financial statements for the Town of Red Springs highlight the persistent fiscal and operational challenges that have kept the town on the Unit Assistance List (UAL).

Red Springs' fund balance available (FBA) is 24.76% of expenditures which is below the Local Government Commission (LGC) staff's recommended minimum of 34%. Also noted is the FBA % decrease of 21.45 percentage points since fiscal year 2022. In fiscal year 2024, the Town used fund balance to support operations, underscoring ongoing fiscal stress.

In response to financial performance concerns, Red Springs is working to strengthen its budget practices and reduce reliance on reserves for recurring expenses. In the most current fiscal year, police vehicles have required multiple repair bills, highlighting the urgent need for replacement. Red Springs is prioritizing the replacement of these vehicles to reduce maintenance costs and ensure reliable service for the community.

Also, discussed in recent conversation with LGC staff was the fact that many costs recorded in the General Fund are in fact related to the operations of the Water and Sewer Fund and the Electric Fund. Town management will work on allocating these expenses properly going forward to reflect the most accurate and appropriate costs by fund.

The Water and Sewer Fund faces significant financial strain. For fiscal year 2024, the fund operated at a net loss of \$166,529, and the unrestricted cash ratio is 0.00%, meaning there are no liquid resources available to cover expenses at June 30, 2024. To address these issues, the Town has taken concrete steps to improve the financial health of its utilities—most notably, Red Springs has increased water rates. This rate adjustment is intended to boost revenues, help cover operating costs, and begin building reserves for future infrastructure needs.

Internal controls and compliance remain areas for improvement. The audited financial statements document that reconciliations have not been completed timely in one of the last three years, and statutory violations have occurred at a similar rate. The Town is responding by reviewing its financial management processes and increasing oversight to ensure timely reconciliations and compliance with statutory requirements. The Town has also had some turnover in management in recent years. The current Town Manager has been with the town for a little over a year and has implemented practices that are expected to result in improvement in internal controls.

In summary, the Town is actively working to address these concerns by improving budget discipline, increasing water rates to stabilize utility finances, replacing aging police vehicles, and enhancing financial oversight, but continued support and monitoring will be essential while they work to restore their fiscal health.

DENISE CANADA DIVISION DIRECTOR

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

| LGC Staff Analysis For: | STONEVILLE, TOWN OF | | | |
|--|---|---|--|--|
| | Г | | | |
| PAR Amount Not To Exceed | \$ 136,599 | | | |
| Financing Type | Installment Financing Contract | | | |
| Purpose and Type | General Government | Public Vehicles | | |
| Purpose and Type | | | | |
| Purpose and Type | | | | |
| Purpose and Type | | | | |
| Purpose and Type | | | | |
| Project Description | The Town is planning to purchase 2 Dodge Durango Po | lice vehicles. | | |
| | | | | |
| Statutory Reference | G.S. 160A-20 Last Req | juest to Borrow 10/2017; REV \$813,000 | | |
| FPICs | No Yes - Not Material | Yes – See Attachment N/A | | |
| UAL Contract | Application is for a contract subject to approv | val under modifications to N.C.G.S. 159-148 (<u>SL 2022-53</u>) | | |
| Debt Management | Good – no deficiencies and no defaults noted management proceeding forward | d, or reasonable assurance of strict, lawfully compliant | | |
| Proposed Contract or Bond Issue is necessary or expedient. | aging vehicles in the fleet that have is Adec | cessive Cost estimates provided 7/3/25. Costs are defined. | | |
| Feasibility | General fund revenue will pay for debt service. | | | |
| Tax Increase Anticipated | No Yes N/A Additional Information (as applicable): | | | |
| Rate Increase Anticipated | No Yes ✓ N/A | | | |
| Public Hearing | N/A OR Date TEFRA H | N/A OR Date TEFRA Hearing N/A OR Date | | |
| Interest Rate Assumptions (GO Bonds Only) | The assumptions used by the finance officer in preparing the statement of estimated interest are reasonable (applicable only to General Obligation bonds pursuant to modifications to G.S. 159-52(b) (SL 2022-53)). | | | |

DENISE CANADA DIVISION DIRECTOR

| LGC Staff Analysis For: | | STONEVIL | LE, TOWN O | F | |
|-------------------------|--------------------|----------|--------------------------------|---------|----------|
| | T | | | 1 | |
| Terms | Lender/Purcha | ser/Bank | Fidelity Bank | Market | tability |
| | Interest Rate | | 3.470% Fixed | Wai Ko | tability |
| | Term | | 5 years | Moody's | N/A |
| | Payment | | Monthly | S&P | N/A |
| | Structure and Term | | Level debt service payments | | |
| | Final Maturity | | Not to extend beyond 1/31/2031 | Fitch | N/A |
| Other: | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| Financing Team | | | |
|-----------------------|--|--|--|
| Municipal Advisor | | | |
| Underwriter/Senior | | | |
| Lender/Purchaser/Bank | | | |
| Underwriter's Counsel | | | |
| Bond Counsel | | | |
| Purchaser's Counsel | | | |
| Trustee | | | |
| Trustee's Counsel | | | |

| Amount Not to Exceed: \$ 136,599 | |
|----------------------------------|------------|
| Sources: | Amount: |
| 1 Bank Proceeds | \$ 136,599 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 136,599 |
| Uses: | Amount: |
| 1 2 - 2025 Dodge Durango PPV | \$ 136,599 |
| 2 | |
| 3 | |
| 4 | |
| Total | \$ 136,599 |

| General Fund Debt and Debt Ratios | | | | | |
|--|----------------|--|--------|--|--|
| Amount | \$ 136,599 | Debt Ratio: Debt Per Capita | | | |
| Bonds Authorized and Unissued | \$ 0 | Before | \$ 134 | | |
| Existing Debt Excluding Enterprise Funds | \$ 183,479 | 183,479 After | | | |
| | | | | | |
| Estimated Census | 1,373 | Debt Ratio: Debt to Assessed Valuation | | | |
| Tax Rate | \$0.6900 | Before | 0.14% | | |
| Assessed Valuation | \$ 129,514,972 | 2 After 0.25% | | | |

REQUESTS FOR LGC APPROVAL OF CERTAIN FINANCINGS BY UNITS ON THE UNIT ASSISTANCE LIST (UAL)

Town of Stoneville

The Town of Stoneville was placed for the first time on the Unit Assistance List (UAL) based on the audited financial statements for fiscal year 2024 due to financial concerns centered around the Water and Sewer Fund's financial health. Additionally, there were some concerns related to budget compliance and statutory fidelity bond requirements.

The unit has in prior years experienced net operating losses in the Water and Sewer Funds. Stoneville's Water and Sewer Fund reported a negative operating net loss of \$174,607 in fiscal year 2024, a 2.25 times higher loss than in fiscal year 2023. Additionally, the fund's unrestricted cash adequacy was only 6.74%, significantly below the recommended 16%. These indicators reflect ongoing challenges in maintaining sufficient liquidity and operational sustainability for essential services.

The Town had a major water main break in fiscal year 2024 which resulted in what the Town believes to have been a one-time abnormally high increase in repair expenses. Since this occurrence the town has increased staff in the Water and Sewer Fund to allow for ongoing maintenance and for future repairs to be handled in-house more efficiently. Additionally, the Town increased rates to not only cover the increased payroll but to build balances for future repairs or infrastructure improvements. The Town plans to evaluate rates and income results annually to ensure future operating expenses are covered.

The Town's financial statements disclosed violations at the adopted budget ordinance level in the Water and Sewer Fund. Since the fiscal year 2024 financial statements were issued the Town has experienced turnover in the finance officer position. The current finance officer started in September of 2025 and has implemented the practice of providing monthly budget to actual reports to the Board. This practice along with an increased awareness towards complying with the preaudit requirements is expected to prevent the reccurrence of these budget related issues.

Also noted in the 2024 audited financial statements was a material weakness in the Finance Officer's fidelity bond. Stoneville has since increased the bond to \$500,000 to comply with state law.

| Attachment C: Spencer Mountain Update to the LGC | |
|--|--|
| | |
| | |
| | |
| | |
| | |
| | |

DENISE CANADA
DIVISION DIRECTOR

Town of Spencer Mountain

Update to the Local Government Commission As of November 2025

Background

On November 5, 2013, the Local Government Commission (LGC) acted under G.S. 159-181(c) to issue notice and warning to the Town of Spencer Mountain, directing the Town to take necessary actions to comply with the provisions of Chapter 159 of the North Carolina General Statutes.

On December 3, 2013, the LGC acted under G.S. 159-181(c) to impound the Town's books and assume full control of the Town's financial affairs. The LGC has had control of the financial affairs since this date.

Because the LGC currently has control of the financial affairs of the Town of Spencer Mountain, staff are providing this annual update and summary of the financial information and transactions for fiscal year 2025. The unaudited financial statements for the Town are attached.

Town Charter Suspended

- Effective July 1, 2016, under <u>Session Law 2016-45</u>, the town charter of Spencer Mountain was suspended until June 30, 2019. Under this legislation, no audit is required for any fiscal year during the period of suspension and the provisions of the Local Government Budget and Fiscal Control Act do not apply.
- Session Law 2019-29 extended the period of suspension to June 30, 2023.
- · Session Law 2023-49 extended the period of suspension to June 30, 2026.

Fiscal Summary

- · Bank reconciliations are current as of July 31, 2025.
- Since July 1, 2017, the only expense has been the annual cost of a surety bond. While G.S. 159-29 requires local units to obtain a bond for their finance officer, the LGC has voluntarily secured a bond each year for the staff member serving as the Town finance officer for that year. The LGC staff recommend ending this practice, saving the Town the expense of the bond.

Status of Audits

While the charter is suspended, an annual financial audit is not required, per Session Law 2016-45.

Action Items

None

Spencer Mountain, North Carolina Statement of Net Position June 30, 2025

| | Primary | Government |
|---|----------|------------------|
| | Governme | ental Activities |
| ASSETS | | |
| Current assets: | Φ. | 4.000 |
| Cash and cash equivalents Prepaid insurance | \$ | 4,899 65 |
| · | | |
| Total current assets | | 4,964 |
| Non-current assets: Capital assets: | | |
| Land and construction in progress | | 8,400 |
| Other capital assets, net of depreciation | - | 3,755 |
| Total capital assets | | 12,155 |
| Total non-current assets | | 12,155 |
| Total assets | | 17,119 |
| LIABILITIES | | |
| Current liabilities: | | |
| Total current liabilities | | |
| NET POSITION | | |
| Net investment in capital assets | | 8,712 |
| Unrestricted | | 8,407 |
| Total net position | \$ | 17,119 |

Unaudited

Town of Spencer Mountain, North Carolina Statement of Activities For the Year Ended June 30, 2025

| | | | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|----------|-------------|-------------------------|------------------------------------|----------------------------------|--------------------|--|--------|--|--|
| | Expenses | | | | | Primary Government | | | | |
| Functions/Programs | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | vernmental activities | Total | | |
| Primary government: | | | | | | | | _ | | |
| Governmental Activities: * General government | \$ | 773 | - | - | - | \$ | (773) \$ | (773) | | |
| Total governmental activities (See Note 1) | \$ | 773 | - | - | - | \$ | (773) \$ | (773) | | |
| | | al revenue | es: vestment earnir | ngs | | | 0 | 0 | | |
| | | | ral revenues | 0 | | | 0 | 0 | | |
| | (| Change in | net position | | | | (773) | (773) | | |
| | Net po | sition, beg | ginning | | | | 17,892 | 17,892 | | |
| | Net po | sition, end | ding | | | \$ | 17,119 \$ | 17,119 | | |

The notes to the financial statements are an integral part of this statement.

Unaudited

^{*} Includes insurance (\$173.00) and depreciation (\$600.00)

17,119

Town of Spencer Mountain Balance Sheet Governmental Funds June 30, 2025

| | General | | Gov | Total ernmental Funds |
|--|--|---|-----|-----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,89 | 9 | \$ | 4,899 |
| Prepaid Insurance | | 5 | \$ | 65 |
| Total assets | \$ 4,96 | 4 | \$ | 4,964 |
| LIABILITIES | | | | |
| Total liabilities | - | | | |
| FUND BALANCES Non Spendable Prepaid Insurance | | 5 | | 65 |
| Unassigned | 4,89 | 9 | | 4,899 |
| Total fund balances | \$ 4,96 | 4 | \$ | 4,964 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,96 | 4 | | |
| | Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: | | | |
| | Total Fund Balance, Governmental Funds | | \$ | 4,964 |
| | Capital assets used in governmental activities are not financial resources ar therefore are not reported in the funds. | | | |
| | Gross capital assets at historical cost | | | 64,422 |
| | Accumulated depreciation | | | (52,267) |

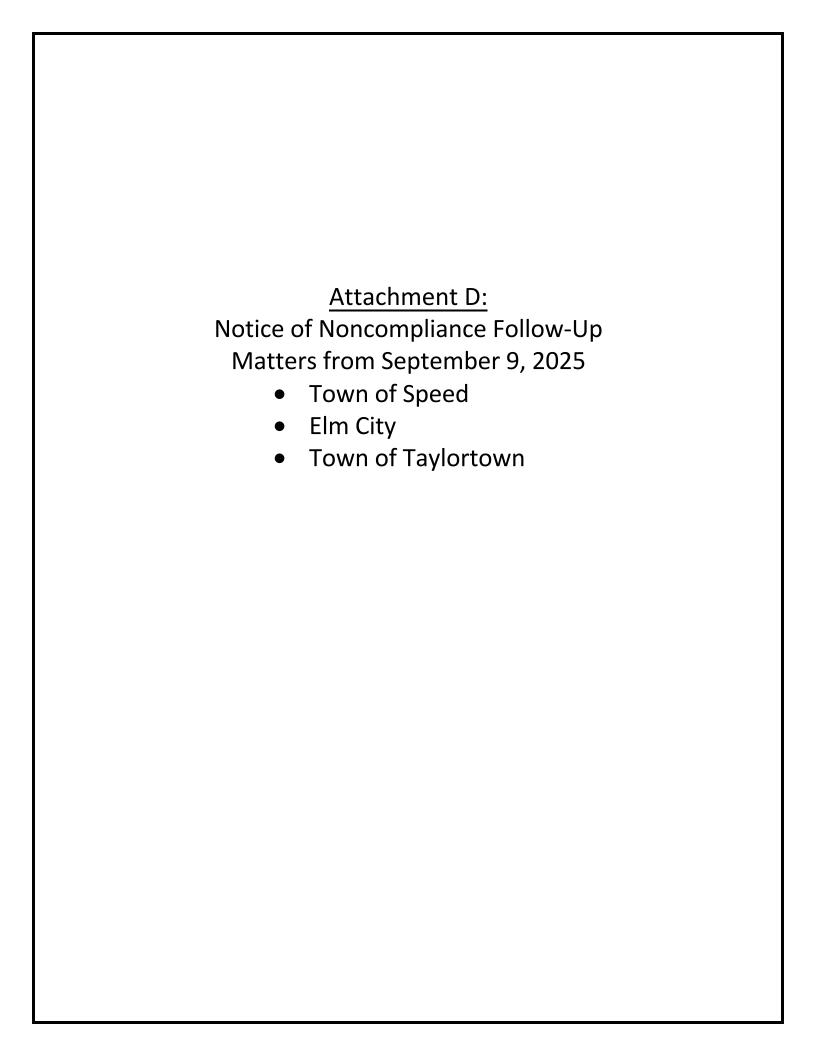
Unaudited

Net position of governmental activities

Town of Spencer Mountain Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds June 30, 2025

| | | Total Governmental |
|--------------------------------------|--------------|--------------------|
| | General Fund | Funds |
| REVENUES | | |
| Investment earnings | 0 | 0 |
| Total revenues | 0 | 0 |
| EXPENDITURES | | |
| Current: | | |
| Insurance | 173 | 173 |
| Total expenditures | 173 | 173 |
| Excess (deficiency) of revenues over | | |
| expenditures | (173) | (173) |
| Net change in fund balance | (173) | (173) |
| Fund balances, beginning | 5,137 | 5,137 |
| Fund balances, ending | \$ 4,964 | \$ 4,964 |

Unaudited



DENISE CANADADIVISION DIRECTOR

RESOLUTION GRANTING TOWN OF SPEED'S APPEAL OF NOTICE OF NONCOMPLIANCE BASED ON "OTHER GOOD CAUSE WITH EVIDENCE"

WHEREAS, the Town of Speed ("Town") has failed to submit a fiscal year 2024 annual audit report as required by G.S. 159-34(a) within nine (9) months of fiscal year end;

WHEREAS, on April 21, 2025, the Secretary of the Local Government Commission ("Secretary") provided a Notice of Noncompliance to the Town as required by G.S. 159-34(e);

WHEREAS, the Town has failed to comply with the Notice of Noncompliance and has not submitted its fiscal year 2024 annual audit report within twelve (12) months of fiscal year end;

WHEREAS, the Town has also not filed the required audit reports for fiscal years 2022 and 2023;

WHEREAS, as provided by G.S. 159-34(e), the Town is deemed to have given consent to the withholding of a portion of its sales tax distributions as provided in G.S. 159-34(g);

WHEREAS, the Town has filed written notice pursuant to G.S. 159-34(f) appealing the action of withholding a portion of its sales tax distributions;

WHEREAS, consideration of the Town's appeal by the Commission at the September 9, 2025, Commission meeting was deferred to the November 4, 2025, meeting; and

WHEREAS, on October 14, 2025, the Board of Commissioners of the Town adopted a Resolution of Intent to Voluntarily Dissolve the Town of Speed Under North Carolina General Statutes Chapter 160A, Article 32, Part 3, included as Attachment A.

NOW THEREFORE, BE IT RESOLVED that:

- 1. The Commission finds that the Town of Speed's action to initiate voluntary dissolution of the Town is a thoughtful and deliberate action that acknowledges the administrative challenges and realities facing the Town;
- 2. The Commission finds that the Town's adoption of the *Resolution of Intent to Voluntarily Dissolve* constitutes sufficient evidence of other good cause for the failure to submit the fiscal year 2024 audit report, is due to circumstances within the Commission's established guidelines for successful appeal, and therefore the appeal is GRANTED; and

3. The Commission directs the Secretary to provide written notice to the Town that its appeal has been considered by the Commission, that the Town has provided sufficient evidence of other good cause to support the basis of its appeal, and that no sales tax distributions will be withheld.

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the resolution adopted by the North Carolina Local Government Commission at its meeting held on November 4, 2025.

WITNESS my hand this 4th day of November, 2025.

Denise Canada, Secretary North Carolina Local Government Commission

Attachment A

Resolution Of Intent to Voluntarily Dissolve the Town of Speed Under North Carolina General Statute Chapter 160A, Article 32, Part 3

WHEREAS, the Town of Speed, incorporated by the North Carolina General Assembly in 1923, has served as a proud and resilient community within Edgecombe County for over a century; and

WHEREAS, the governing body of the Town of Speed recognizes the changing demographics, economic challenges, and administrative realities facing the Town and its residents; and

WHEREAS, the Town Board has engaged in thoughtful deliberation regarding the future of the municipality, with full awareness of the implications for local governance, community identity, and public services; and

WHEREAS, the Board acknowledges that municipal status is not the sole determinant of community strength, and that the bonds of neighborliness, shared history, and civic pride will endure regardless of incorporation status; and

WHEREAS, pursuant to North Carolina General Statute Chapter 160A, Article 32, Part 3, a municipality may voluntarily initiate administrative dissolution by adopting a resolution of intent followed by public notice, hearing, and final adoption of a dissolution ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF SPEED:

- Intent to Dissolve: The Town of Speed hereby expresses its intent to pursue voluntary dissolution under the provisions of G.S. Chapter 160A, Article 32, Part 3.
- Delivery of Resolution: A copy of this adopted resolution shall be delivered to the North Carolina Local Government Commission and to Edgecombe County.
- 3. Impact Statement: By January 14, 2026, (i.e., within 90 days of the adoption of this resolution), the Town shall prepare and release an Impact Statement in accordance with G.S. 160A-862, detailing the financial, operational, legal, and service-related implications of dissolution.
- 4. Statement on Release of Impact Statement: Upon release of the Impact Statement, the Town Clerk shall publish a statement that the Impact Statement has been prepared and is available for public inspection in the Clerk's office. This statement shall also give notice of the time and place of public hearings to be conducted in accordance with G.S. 160A-864.
- 5. Public Hearings on Proposed Dissolution: In compliance with G.S. 160A-864, the Town shall conduct at least two public hearings on the proposed dissolution and the impact statement. And, in accordance with G.S. 160A-868, the Town shall conduct an additional public hearing on whether to adopt a resolution of dissolution.
- Plan of Action: The Town shall develop a Plan of Action for the distribution of assets and liabilities, subject to approval by the Local Government Commission, as required by G.S. 160A-866.

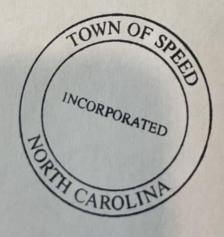
- 7. Resolution to Dissolve: At a regular meeting of the Board, separate and apart from the public hearing required by G.S. 160A-868(a), the Board may adopt a final resolution to dissolve the
- 8. All Statutory Regulations: In pursuing voluntary dissolution, the Town hereby expresses its intent to comply with G.S. Chapter 160A, Article 36, Part 3, and all other relevant sections of the North Carolina General Statutes.
- 9. Legacy and Transition: The Town shall work in close coordination with the Local Government Commission, Edgecombe County, the North Carolina League of Municipalities, and any relevant state agencies to ensure an orderly, transparent, and respectful transition that honors Speed's legacy and meets the needs of its residents.

Adopted on October 14,2025 by the Speed Board of Commissioners

Mayor Wildest Hormson

Clerk Dolors J. Frim

Seal





DENISE CANADADIVISION DIRECTOR

MOTION TO AMEND A PREVIOUSLY ADOPTED RESOLUTION

This action amends the previously adopted Resolution Denying Appeals Based on "Other Good Cause with Evidence" Pursuant to the Local Government Commission's Revised Guidelines, adopted at the September 9, 2025, meeting of the Local Government Commission and attached hereto as Exhibit A (the "Resolution"). The amendment will replace Paragraph 3 within the Resolution's Attachment A with the correct Commission staff summary of the reason for recommending denial of Elm City's appeal, exactly as that summary appeared in the meeting materials provided to the Commission and discussed at the September 9, 2025, meeting.

Paragraph 3 within Attachment A related to Elm City will be corrected to read:

Elm City

Elm City's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2023 audit has not been completed, thereby delaying the FY 2024 audit.

The letter cites the May 2025 resignation of the Finance Officer as a reason for the FY 2023 audit not having been filed; however, that audit was due October 31, 2024 and that Finance Officer had been with the Town since March 2024.

| [Member]: I move to amend the Resolution Denying Appeals as described in this action above |
|---|
| [Member]: I second the motion. Result of vote: |
| The motion being made, seconded, and approved by the Commission Members, |
| The previously adopted Resolution Denying Appeals Based on "Other Good Cause with Evidence" Pursuant to the Local Government Commission's Revised Guidelines, dated September 9, 2025, is amended as stated above. |
| I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the motion adopted by the Local Government Commission at its meeting held November 4, 2025. |
| WITNESS my hand this 4 th day of November, 2025. |
| Denise Canada, Secretary |
| North Carolina Local Government Commission |

Exhibit A



BRADFORD B. BRINER STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION AND THE LOCAL GOVERNMENT COMMISSION

DENISE CANADADIVISION DIRECTOR

RESOLUTION **DENYING** APPEALS BASED ON "OTHER GOOD CAUSE WITH EVIDENCE" PURSUANT TO THE LOCAL GOVERNMENT COMMISSION'S REVISED GUIDELINES

WHEREAS, the municipalities listed within Attachment A ("Units") failed to submit a fiscal year 2024 annual audit report as required by G.S. 159-34(a) within nine (9) months of fiscal year end;

WHEREAS, on April 21, 2025, the Secretary of the Local Government Commission ("Secretary") provided a Notice of Noncompliance to each Unit as required by G.S. 159-34(e);

WHEREAS, the Units have failed to comply with the Notice of Noncompliance and have not submitted their fiscal year 2024 annual audit report within twelve (12) months of fiscal year end;

WHEREAS, as provided by G.S. 159-34(e), the Units are deemed to have given consent to the withholding of a portion of their sales tax distributions as further provided in G.S. 159-34(g);

WHEREAS, the Units listed within Attachment A have each submitted a written notice pursuant to G.S. 159-34(f) appealing the action of withholding a portion of their sales tax distributions;

WHEREAS, the Commission emphasizes the importance of every unit of local government submitting required annual audit reports in a timely manner pursuant to G.S. 159-34(a); and

WHEREAS, the Commission expects all Units identified within Attachment A to make every effort to file all missing audit reports as soon as possible.

NOW THEREFORE, BE IT RESOLVED that:

- 1. The Commission finds that the Units' explanations, as described within Attachment A, do not show that the failure of each Unit to provide a copy of its fiscal year 2024 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause;
- 2. The Commission finds that the Units identified within Attachment A have not provided sufficient relevant evidence of other good cause to show that the failure of each Unit to provide a copy of its fiscal year 2024 annual audit report is due to a circumstance within the Commission's established guidelines; and therefore, their appeals are DENIED;
- 3. The Commission directs the Secretary to provide the Secretary of Revenue with a schedule of the required sales tax withholding, including the total cumulative amount to be withheld from each Unit's distribution; and

Resolution Denying Appeals Based on Other Good Cause with Evidence September 9, 2025 Meeting

Page 2

4. The Commission directs the Secretary to provide written notice to each Unit within Attachment A that each Unit's appeal has been considered by the Commission and has been denied due to lack of sufficient evidence of other good cause to support the basis for its appeal; and that a portion of sales tax distribution will be withheld from those Units pursuant to G.S. 159-34(g).

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the resolution adopted by the North Carolina Local Government Commission at its meeting held on September 9, 2025.

WITNESS my hand this 9th day of September, 2025.

Denise Canada, Secretary

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North Carolina Local Government Commission

ATTACHMENT A:

APPEALS <u>DENIED</u> FOR FAILURE TO PROVIDE SUFFICIENT EVIDENCE OF OTHER GOOD CAUSE TO SUPPORT THE APPEAL PURSUANT TO THE LGC'S REVISED GUIDELINES

| 1. | Town of Autryville The Town of Autryville's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2023 audit has not been filed, thereby delaying the FY 2024 audit. The software conversion cited in the letter occurred in FY 2023 and was also discussed in the Town's 2024 appeal letter. |
|----|---|
| 2. | Town of Candor The Town of Candor's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2022 audit has not been completed, thereby delaying the FY 2023 and FY 2024 audits. LGC staff recommend denying appeals of units that are 3 or more years behind on their audits, unless the unit experienced a recent exceptional event that would explain the continued delay in audit submission. |
| | The Town states that a change in auditors in December 2021 started the delays. |
| 3. | Elm City The Town of Dover meets a guidance criteria of having two or more Finance Officers in the 12-month period from April 1, 2024 to April 1, 2025. The Town Commissioner who served as the Finance Officer was not re-elected in November 2024; the new Town Clerk was named as the Finance Officer in February 2025. |
| | The Finance Officer position has been shifted from being an elected official to a staff member to prevent future disruptions in financial oversight during changes in elected leadership. |
| 4. | Town of Kelford The Town of Kelford's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2023 audit has not been completed, thereby delaying the FY 2024 audit. |
| | The letter cites a new Mayor and governing board members as a cause of the delay; however, those officials were elected in 2023 for a term of two years. It is noted that the Clerk says she is taking municipal finance classes offered by the N.C. League of Municipalities. |

5. Town of Kenly

The Town of Kenly's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2023 and audit has not been completed, thereby delaying the FY 2024 audit.

The current Finance Officer was hired in November 2022 and the Interim Town Manager has been with the Town for two and a half years. It appears that the third-party bookkeeper that the Town had contracted to complete bookkeeping was having issues with timely completing work. However, the Town did not act upon this issue until April 2025 when the Town secured a new bookkeeper.

6. Town of Littleton

The Town of Littleton's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain the continued delays in submitting the FY 2021 audit. LGC staff recommend denying appeals of units that are 3 or more years behind on their audits, unless the unit experienced a recent exceptional event that would explain the continued delay in audit submission.

Starting in 2024 the Town has had a portion of sales tax distributions being withheld for failure to file the FY 2023 audit and for being three years behind in audits in 2024. That withholding will continue until the FY 2023 audit report is filed or until September 2026.

7. Town of Macclesfield

The Town of Macclesfield's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2022 has not been filed, thereby delaying the FY 2023 and FY 2024 audits. LGC staff recommend denying appeals of units that are 3 or more years behind on their audits, unless the unit experienced a recent exceptional event that would explain the continued delay in audit submission.

The Town explained that the 'questionable transactions' cited in the appeal letter were checks written to the clerk and administrator that left in December 2021.

8. Town of Morven

The Town of Morven's 2025 appeal letter does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2023 audit has not yet been submitted, thereby delaying the FY 2024 audit.

The items/issues cited in the appeal letter such as Covid-19 (2020), the Anson County cyber attack (2021) and changing auditors are not recent incidents. It is noted that the auditor who completed the FY 2022 audit report appears to be working on the FY 2023 audit, with the change in auditors cited in the letter occurring after the FY 2021 audit. It is also noted that the unit says that staff are taking "classes, workshops" that might assist with their work in the financial management of the unit.

9. Town of Rich Square

The Town of Rich Square had the same finance officer from November 2022 to April 2025. A new finance officer was hired April 2025 with more experience working with municipalities. Audits were not completed timely for the last several years, and the Town did not appear to take action to rectify this until April 2025. The same auditor that completed the FY 2021 audit will be completing the FY 2022 audit. LGC staff recommend denying appeals of units that are 3 or more years behind on their audits, unless the unit experienced a recent exceptional event that would explain the continued delay in audit submission.

The Town is taking a positive step by enrolling in the Accounting Instruction and Mentorship (AIM) program offered by the N.C. League of Municipalities starting in August 2025.

10. Siler City

Siler City's 2025 appeal letter does not identify any issues or events between April 1, 2024 to April 1, 2025 that would explain why the FY 2022 audit remains incomplete, thereby delaying submission of the FY 2023 and FY 2024 audit reports. The unit's letter refers to experiencing multiple vacancies at once. The Finance Officer position was vacant July 2023 to October 2023 and the Town Manager position was vacant approximately May 2024 to September 2024. The current Finance Officer has been with the City since October 2023. LGC staff recommend denying appeals of units that are 3 or more years behind on their audits, unless the unit experienced a recent exceptional event that would explain the continued delay in audit submission.

The City is working to fix the bank reconciliations for FY 2022 to give to the auditor to complete the audit.

11. Town of Spring Lake

The Town of Spring Lake is missing the FY 2022, FY 2023, and FY 2024 audit reports. These fiscal years were during the period in which the LGC assumed financial control of the Town (from October 5, 2021 to July 15, 2024). While under financial control, LGC staff worked to reconcile and update the books of the Town. When control was returned in July 2024, it is LGC staff's opinion that the books were in good order. The current finance officer was hired July 15, 2024. LGC staff recommend denying appeals of units that are 3 or more years behind on their audits, unless the unit experienced a recent exceptional event that would explain the continued delay in audit submission.



DENISE CANADADIVISION DIRECTOR

RESOLUTION GRANTING/DENYING TOWN OF TAYLORTOWN'S APPEAL OF NOTICE OF NONCOMPLIANCE BASED ON "OTHER GOOD CAUSE WITH EVIDENCE"

WHEREAS, the Town of Taylortown ("Town") has failed to submit a fiscal year 2024 annual audit report as required by G.S. 159-34(a) within nine (9) months of fiscal year end;

WHEREAS, on April 21, 2025, the Secretary of the Local Government Commission ("Secretary") provided a Notice of Noncompliance to the Town as required by G.S. 159-34(e);

WHEREAS, the Town has failed to comply with the Notice of Noncompliance and has not submitted its fiscal year 2024 annual audit report within twelve (12) months of fiscal year end;

WHEREAS, the Town has also not filed the required annual audit report for fiscal year 2023;

WHEREAS, as provided by G.S. 159-34(e), the Town is deemed to have given consent to the withholding of a portion of its sales tax distributions as further provided in G.S. 159-34(g);

WHEREAS, the Town has filed written notice pursuant to G.S. 159-34(f) appealing the action of withholding a portion of its sales tax distributions;

WHEREAS, staff of the Town explained at the Commission's September 9, 2025 meeting that additional, confidential information needed to be provided to Commission staff in further consideration of its appeal; as a result, consideration of the Town's appeal was deferred to the November 4, 2025 Commission meeting;

WHEREAS, the Commission emphasizes the importance of every unit of local government submitting required annual audit reports in a timely manner pursuant to G.S. 159-34(a); and

WHEREAS, the Commission expects the Town to make every effort to file all missing audit reports as soon as possible.

NOW THEREFORE, BE IT RESOLVED that: Depending upon the LGC's decision at the November 4, 2025 meeting, one of the following sections will be incorporated into the final resolution

[GRANTING APPEAL]

1. The Commission finds that the Town of Taylortown has provided an explanation, as described in Attachment A, that the failure to provide a copy of its fiscal year 2024 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause

to support the basis for its appeal;

- 2. The Commission finds that the Town has provided sufficient relevant evidence that the failure to provide a copy of its fiscal year 2024 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause, supporting the basis for a successful appeal for the Commission's fiscal year 2024 review cycle; and therefore, its appeal is GRANTED;
- 3. The Commission directs the Secretary to provide written notice to the Town that its appeal has been considered by the Commission; that the Commission finds, for the Commission's fiscal year 2024 review cycle, that the Town has provided sufficient evidence of other good cause to support the basis for its appeal; and that no sales tax distributions will be withheld.

[DENYING APPEAL]

- 1. The Commission finds that the Town of Taylortown's explanations, as described within Attachment A, do not show that the failure of the Town to file its fiscal year 2024 annual audit report is due to a circumstance within the Commission's established guidelines of other good cause;
- 2. The Commission finds that the Town has not provided sufficient relevant evidence of other good cause to show that the failure of the Town to provide a copy of its fiscal year 2024 annual audit report is due to a circumstance within the Commission's established guidelines; and therefore, its appeal is DENIED;
- 3. The Commission directs the Secretary to provide the Secretary of Revenue with a schedule of the required sales tax withholding, including the total cumulative amount to be withheld from the Town's distribution; and
- 4. The Commission directs the Secretary to provide written notice to the Town that its appeal has been considered by the Commission and has been denied due to lack of sufficient evidence of other good cause to support the basis for its appeal; and that a portion of its sales tax distribution will be withheld from those units pursuant to G.S. 159-34(g).

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the resolution adopted by the North Carolina Local Government Commission at its meeting held on November 4, 2025.

WITNESS my hand this 4th day of November, 2025.

Denise Canada, Secretary

North Carolina Local Government Commission

ATTACHMENT A:

Depending upon the LGC's decision at the November 4, 2025 meeting, one of the following sections will be incorporated into the final resolution

Appeal Granted Text

| 1. | Town of Taylortown |
|----|--|
| | The Town of Taylortown's 2025 appeal is granted by the LGC giving consideration to |
| | |
| | |
| | |
| | |

Appeal Denied Draft Text

1. Town of Taylortown

The Town of Taylortown's 2025 appeal information does not identify any issues or events between April 1, 2024 and April 1, 2025 that would explain why the FY 2023 audit has not been completed, thereby delaying the FY 2024 audit.

The Town has had the same Finance Officer since February 2024. The current Town Administrator has also been with the Town since February 2024. It is unclear whether the allegations of potential fraud or criminal activity by the former Finance Officer are substantiated as it appears to refer to activity that occurred before that Finance Officer started work with the Town. It is noted the 2025 letter explains that in November 2024, the Office of State Auditor completed an investigation of the Town with "a good report" for the Town.

| Attachment E: Designation of Distressed Units for Viable Utilities Reserve (VUR) Purposes | |
|---|--|
| | |
| | |
| | |
| | |

DENISE CANADADIVISION DIRECTOR

Viable Utility Reserve – Identifying Distressed Units Local Government Commission Briefing November 4, 2025

Legislation Requirements

On July 1, 2020, <u>Session Law 2020-79</u> (amended in <u>S.L. 2021-180</u>, <u>s. 12.12(c)</u>) was enacted and provides a framework for improving the viability of water and wastewater systems, with an overall goal of identifying long-term financial and infrastructure solutions for struggling systems in the State. The legislation includes a process for identifying distressed units of local government. A distressed unit is defined as:

"A public water system or wastewater system operated by a local government unit exhibiting signs of failure to identify or address those financial or operating needs necessary to enable that system to become or to remain a local government unit generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services." G.S. 159G-20(4a)

As required by the legislation, the Local Government Commission (LGC) and State Water Infrastructure Authority (SWIA), with the assistance of their respective staff, adopted two sets of criteria:

- "assessment criteria" to score all operating water/wastewater systems in the state (<u>G.S. 159G-45(a)</u>), and
- "identification criteria" to identify those units which could be defined as distressed (<u>G.S. 159G-45(b</u>)).

Once a unit is designated by SWIA and the LGC as distressed, the unit must take a number of actions defined in <u>G.S. 159G-45(b)(1) through (3):</u>

- conduct an asset assessment and rate study,
- participate in a training and educational program, and
- develop short-term and long-term action plans.

Assessment Criteria

The Assessment Criteria include data points in the following categories:

- **Criteria required by statute** (size of population served, transfers of funds in or out of the utility fund, debt service coverage ratio, and status of a repair and maintenance program)
- **Infrastructure and Organizational** (e.g. system violations or imposed moratorium, revenue outlook, population density, rates, affordability)
- **Financial** (e.g. depreciation/remaining life of system, operating surplus or deficit, operating margin, receivables ratio, missing audit reports)

Department of Environmental Quality (DEQ) staff serve as staff to SWIA. DEQ staff compile the data from different sources (DEQ, LGC, UNC School of Government Environmental Finance Center) and assign numerical scores for each data point.

Viable Utility Reserve – Identifying Distressed Units November 4, 2025, LGC Briefing Page 2

DEQ staff conduct annual reassessments of all local government water and wastewater systems. There are currently 151 local government units designated as distressed out of roughly 500 local government units with water and/or wastewater systems statewide.

Identification Criteria

A unit may be identified as distressed in any one of four different categories:

- D1. A unit whose fiscal affairs are under the control of the LGC under <u>G.S. 159-181</u>; or
- D2. A unit that has not submitted its annual audits for the last two (2) fiscal years to the LGC as required by <u>G.S. 159-34</u>; or
- D3. A unit with a total Assessment Criteria score that of 9 or higher for units providing drinking water services, wastewater services, or both; or
- D4. A unit for which other information is available to or known by SWIA or the LGC that reflects and is consistent with, but does not expressly appear in, the Assessment Criteria to account for situations in which the Assessment Criteria score does not wholly or accurately reflect a system's level of risk due to the limitations of available data.

Process of Identifying Distressed Units

DEQ and LGC staff review the annual assessments and confer to determine which units qualify for identification as distressed and make recommendations to their respective boards, SWIA and LGC.

The LGC may designate distressed units under Identification Criteria D1 and D2 without further approval by SWIA.

Both SWIA and LGC must vote to designate distressed units under Identification Criteria D3 and D4.

Viable Utility Reserve - Grant funding

The General Assembly has appropriated funds into an established Viable Utility Reserve account managed within DEQ. Grant funds are available to local government units for several purposes, including:

- Projects that would provide infrastructure for regional service of public water or wastewater
- Rehabilitation of existing public water or wastewater infrastructure
- Decentralizing an existing public water system or wastewater system into smaller viable parts
- Funding studies on any one or more of the following:
 - o Rates
 - Asset inventory and assessment
 - o Merger and regionalization options

The LGC is not considering any VUR grants today. As proposed grants come before the LGC, more background and details about the VUR grant funding requirements and process will be provided.

<u>Action Item</u> - LGC Resolution designating 4 units as distressed – vote required



DENISE CANADADIVISION DIRECTOR

RESOLUTION DESIGNATING DISTRESSED UNITS PURSUANT TO NORTH CAROLINA GENERAL STATUTE 159G-45

WHEREAS, the North Carolina General Assembly enacted Session Law 2020-79, entitled in part "AN ACT TO IMPROVE THE VIABILITY OF THE WATER AND WASTEWATER SYSTEMS OF CERTAIN UNITS OF LOCAL GOVERNMENT . . . ; TO CREATE AND PROVIDE FUNDING FOR THE VIABLE UTILITY RESERVE TO PROVIDE GRANT MONEY FOR LOCAL GOVERNMENT UNITS, . . . " (the "Act"); and

WHEREAS, Section 1.(k) of the Act amended Article 2 of Chapter 159G of the General Statutes ("G.S.") by adding a new Section 159G-45 requiring that the State Water Infrastructure Authority (the "Authority") and the Local Government Commission (the "Commission"):

- (a) develop criteria to assess and review local government units and
- (b) utilize the assessment and review process to identify distressed units; and

WHEREAS, the Authority and the Commission have adopted criteria for assessing units, last updated in March 2025 (the "Assessment Criteria"); and

WHEREAS, the Authority and the Commission have adopted criteria for identifying distressed units, last updated in March 2025 (the "Identification Criteria") as follows:

- 1. A unit whose fiscal affairs are under the control of the Commission pursuant to its authority granted by G.S. 159-181 ("under Commission fiscal control"); or
- 2. A unit that has not submitted its annual audits for the last two (2) fiscal years to the Commission as required by G.S. 159-34; or
- 3. A unit with a total Assessment Criteria score that equals or exceeds 9 for units providing drinking water services, or wastewater services, or both; or
- 4. A unit for which other information is available to or known by the Authority or Commission that reflects and is consistent with, but does not expressly appear in, the Assessment Criteria to account for situations in which the Assessment Criteria score does not wholly or accurately reflect a system's level of risk due to the limitations of available data; and

WHEREAS, the process and frequency for the cycle of assessment of units (the "Process") was adopted by the Authority and Commission pursuant to G.S. 159G-45(d), last updated in March 2025; and

WHEREAS, the staff of the Authority completed an assessment of local government units in the summer of 2025 pursuant to the terms of the Process; and

WHEREAS, the Process stipulated that local government units which meet or exceed the Assessment Criteria score for two consecutive years may be designated as distressed by the Authority and the Commission under Identification Criterion 3; and

WHEREAS, the following local government unit has met or exceeded the Assessment Criteria score threshold for two consecutive years, the staffs of the Authority and Commission propose that the following unit be identified as distressed pursuant to Identification Criterion 3, and the Authority voted to designate this unit as distressed at its September 17, 2025 meeting:

| <u>Unit</u> | Type of System | 2025 Score | 2024 Score |
|------------------|-----------------------|------------------|------------|
| Town of Woodland | Both drinking water a | nd wastewater 10 | 10 |

WHEREAS, the Process stipulated that the Commission may adopt a resolution identifying local government units as distressed under Identification Criterion 2 for units that do not submit a second consecutive audit timely as of July 1 preceding the next regularly scheduled reassessment and that upon adoption of such a resolution, the local government unit will be automatically designated distressed by the Authority without further action; and

WHEREAS, the following local government units have not submitted annual audit reports timely as of July 1, 2025, for two consecutive years and after consultation with Authority staff, staff of the Commission propose that the following units be identified as distressed pursuant to Identification Criterion 2:

| Unit | Type of System |
|------------------|------------------------------------|
| Town of Aulander | Both drinking water and wastewater |
| Town of Candor | Both drinking water and wastewater |
| Town of Columbus | Both drinking water and wastewater |

NOW THEREFORE, BE IT RESOLVED by the Commission, pursuant to its authority recited herein, that:

The Commission identifies and designates the Town of Woodland as a Distressed Unit under Identification Criterion 3; and given the Authority's vote to designate this local government unit as

Resolution Designating Distressed Units Pursuant To Viable Utility Legislation November 4, 2025 Page 3

distressed at its September 17, 2025 meeting, upon adoption of this resolution by the Commission, this local government unit is hereby designated as distressed under G.S. 159G-45(b); and

The Commission identifies and designates the following local government units as Distressed Units under Identification Criterion 2: the Towns of Aulander, Candor, and Columbus; and pursuant to the Process adopted by the Authority and Commission, upon adoption of this resolution, these units are hereby designated as distressed under G.S. 159G-45(b) without further action by the Authority.

I, Denise Canada, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution Designating Distressed Units Pursuant To North Carolina General Statute 159G-45 adopted by the North Carolina Local Government Commission at its meeting held on November 4, 2025.

WITNESS my hand this 4th day of November 2025.

Denise Canada, Secretary

North Carolina Local Government Commission