



RESOLUTION APPROVING APPLICATIONS OF UNITS OF LOCAL GOVERNMENT FOR APPROVAL OF CERTAIN FINANCING AGREEMENTS IF THE AGREEMENT IS FOR REFINANCING OBLIGATIONS UNDER A PRIOR FINANCING AGREEMENT AND IF THE NEW AGREEMENT MEETS CERTAIN CRITERIA

WHEREAS, Article 8 of The Local Government Finance Act, Chapter 159 of the General Statutes of North Carolina (the "Act") applies to any contract, agreement, memorandum of understanding, and any other transaction having the force and effect of a contract (other than agreements made in connection with the issuance of revenue bonds, special obligation bonds issued pursuant to Article 7A of this Chapter, or of general obligation bonds additionally secured by a pledge of revenues) made or entered into by a unit of local government (as defined by G.S. 159-7(b) or, in the case of a special obligation bond, as authorized in G.S. 159-146), relating to the lease, acquisition, or construction of capital assets, which contract meets the requirements set forth in G.S. 159-148;

WHEREAS, G.S. 160A-20(e) provides that contracts entered into by a unit of local government (as defined therein) are subject to approval by the Local Government Commission (the "Commission") if they meet the requirements set forth in G.S. 160A-20(e) and are not otherwise excepted under G.S. 160A-20(e);

WHEREAS, G.S. 159-149 provides that a unit of local government may not enter into any contract subject to Article 8 of the Act unless it is approved by the Commission following the filing of an application with the Secretary of the Commission for Commission approval of the contract, which application shall state such facts and have attached to it such documents concerning the proposed contract and the financial condition of the contracting unit as the Secretary may require;

WHEREAS, G.S. 159-151 provides that the Commission shall approve the application if, upon the information and evidence it receives, it finds and determines the matters covered by Section 159-151 and described below; and

WHEREAS, from time to time units of local government have opportunities to realize debt service savings by entering into agreements to refinance existing agreements previously entered pursuant to G.S. 160A-20 or otherwise subject to G.S. 159-148 on account of market conditions at the time of the refinancing arrangement; frequently time is of the essence in obtaining access to financial markets for entering into the refinancing arrangements; and the Commission has determined to facilitate timely market access to the financial markets by approving applications to refinance existing agreements previously entered pursuant to G.S. 160A-20 or otherwise subject to G.S. 159-148 under certain conditions;

NOW, THEREFORE, BE IT RESOLVED by the Local Government Commission that:

Section 1. The Commission hereby approves contracts subject to Commission approval pursuant to G.S. 159-151 requested under applications that may be filed with the Commission by units of local government if (i) the contract is an arrangement to refinance a unit's payment obligations under a contract previously approved by the Commission pursuant to G.S. 159-151, the refinancing produces net savings to

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the unit with respect to the payment obligations coming due under the contract, and there is no increase in the principal amount other than a reasonable amount of costs of issuance for the refinancing, (ii) the payment obligations under the refinancing contract do not have a final payment date later than the final payment date of the payments to be refinanced, (iii) the refinancing transaction produces approximately level annual savings to the unit over its duration with respect to the payment obligations coming due under the existing contract and the proposed refinancing contract, and (iv) the additional requirements set forth in Section 2 are satisfied. An application so filed shall include a financial analysis prepared by or on behalf of the unit setting forth the payment obligations under the contract to be refinanced and the payment obligations under the refinancing contract, which analysis must demonstrate that the requirements of (i), (ii) and (iii) are met.

Section 2. G.S. 159-151(b) provides that the Commission shall approve contracts subject to Commission approval pursuant to G.S. 159-151 if it makes the findings and determinations set forth therein. The approval by the Commission set forth in Section 1 of applications for contracts subject to Commission approval pursuant to G.S. 159-151 is based on the following findings and determinations by the Commission and additional requirements of an application:

- (1) The finding that the proposed refinancing is necessary or expedient is satisfied by the requirement that the refinancing arrangement must produce net savings, final payment dates must be no later than the payment date of the payments to be refinanced, and the refinancing arrangement must produce approximately level annual savings to the unit over its duration, and therefore the refinancing arrangement is expedient.
- (2) The finding that the contract, under the circumstances, is preferable to a bond issue for the same purpose is satisfied since the Commission would have been required to make such a finding in connection with its approval of the financing contract being refinanced.
- (3) The finding that the sums to fall due under the contract are adequate and not excessive for the proposed purposes thereof is satisfied if the refinancing amount is only sufficient to refinance the financing contract being refinanced and pay related costs of issuance and for no other purpose.
- (4) The finding that the unit's debt management procedures and policies are good is met if the unit has not defaulted on any debt service obligation in the preceding ten years (as confirmed by a signed statement from the unit), has timely filed its most recent audited financial statements with the Commission in accordance with the then current Commission requirements and is not a unit on the most recent Unit Assistance List issued by the Department of State Treasurer.
- (5) The finding that the increase in taxes, if any, necessary to meet the sums to fall due under the contract will not be excessive is satisfied because the refinancing arrangement will result in lower sums to fall due than would have been due under the original contract.
- (6) The finding that the unit is not in default on any of its debt service obligations is met if, based on the Commission's records, the unit's records, and a signed statement by the unit, the unit is not in such a default.

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Section 3. If a unit of local government files an application as provided by Section 1 that meets the additional requirements of Section 2 as certified by the Secretary of the Commission, this resolution shall constitute the order approving the unit's application pursuant to G.S. 159-152. The Secretary is hereby authorized to evidence the Commission's approval by a certification of such approval as provided by G.S. 159-149 and the certification will be proof that the conditions and requirements set forth in this resolution have been satisfied.

Section 4. The Secretary of the Commission shall cooperate with the unit in the preparation of such offering documents and other instruments that will be used in connection with the refinancing arrangement and the Commission hereby approves such use of the offering documents and other instruments. The Secretary of the Commission or any Deputy Secretary is hereby authorized to approve the forms of other documents relating to the refinancing arrangement and to execute and deliver such other documents on behalf of the Commission.

Section 5. This resolution shall be effective immediately upon its adoption and applies to applications for the approval of refinancing contracts or arrangements filed with the Commission on or after the effective date hereof.

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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 Approving Applications – Certain Refinancing Agreements* adopted by the North Carolina Local Government Commission at its meeting held on July 1, 2025.

WITNESS my hand this 1st day of July, 2025.



Denise Canada, Secretary of the North Carolina
Local Government Commission

