



CITY COUNCIL WORK SESSION
City Council Chambers
Tuesday, January 25, 2022 at 3:00 PM

AGENDA

All planning to attend the Bessemer City Council's Work Session will be required to wear a mask.

Call to Order

Discussion Items

1. **Audit Presentation**-Tony Brewer will present the audit to Council.
2. **Resolution- Approving Installment Financing**

Department Head Reports

City Manager's Report

Council General Discussion

Adjourn

Individuals requiring special accommodations at this public meeting should contact ADA Coordinator, Hydeia Hayes, at (704) 729-6509 or Countrywide at (704) 866-3300 or State Relay Service at 1-800-375-8662.

CITY OF BESSEMER CITY STINGER PARK LIGHTING FINANCING PROPOSALS

SOURCE OF PROPOSAL	TERM OF FINANCING (YEARS)	INTEREST TYPE	INTEREST RATE	FIRST YEAR DEBT SERVICE	TOTAL INTEREST	TOTAL COST INTEREST & UNDERWRITING	OTHER INFORMATION
HomeTrust	10	Fixed	2.23%	\$ 158,265.25	\$ 152,197.50	\$ 152,197.50	No bank fees. City must provide proof of insurance coverage and last three years of financial statements. Prepayment penalty of 1% if the City prepays during the first half of the loan term. Offer must be approved by March 1, 2022, rate valid through April 1, 2022
HomeTrust	15	Fixed	2.79%	\$ 122,332.18	\$ 281,092.70	\$ 281,092.70	No bank fees. City must provide proof of insurance coverage and last three years of financial statements. Prepayment penalty of 1% if the City prepays during the first half of the loan term. Offer must be approved by March 1, 2022, rate valid through April 1, 2022
Truist	10	Fixed	2.27%	\$ 158,772.25	\$ 154,927.50	\$ 154,927.50	No bank fees. Prepayment penalty of 1%, or not callable during first half of loan term and callable without penalty during second half. Audited financial statements to be delivered within 270 days after the conclusion of each fiscal year-end throughout the term of the financing. Rate valid through March 15, 2022.
Truist	15	Fixed	2.54%	\$ 119,136.33	\$ 255,904.90	\$ 255,904.90	No bank fees. Prepayment penalty of 1%, or not callable during first half of loan term and callable without penalty during second half. Audited financial statements to be delivered within 270 days after the conclusion of each fiscal year-end throughout the term of the financing. Rate valid through March 15, 2022.



A RESOLUTION OF THE CITY COUNCIL OF BESSEMER CITY, NORTH CAROLINA, APPROVING AN INSTALLMENT FINANCING CONTRACT

WHEREAS, Bessemer City, North Carolina is a duly and regularly created, organized and validly existing political subdivision of the State of North Carolina, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina;

WHEREAS, the City has the power, pursuant to North Carolina General Statutes to (I) purchase real and personal property, (II) enter into installment financing contracts in order to finance the purchase of real personal property used, or to be used, for public purposes, and (III) to finance the construction of fixtures or improvements on real property by contracts that create, in the real property on which such fixtures or improvements are located, a security interest to secure repayment of moneys advanced or made available for such construction;

WHEREAS, the City Council, of Bessemer City, North Carolina, hereby determines that it is in the best interest of the City to receive an advance of funds in an aggregate principal amount of not more than \$1,300,000 by entering into an installment financing contract with a North Carolina corporation, and a deed of trust or other security agreement related thereto to secure the City's obligations under the Contract. This financing is new debt of \$1,300,000 for the purpose of constructing Stinger Park lighting.

Section 1 Ratification of Prior Actions. That all actions of the City, the City Manager, the Finance Officer of the City, and the City Clerk and their respective designees in effectuating the proposed financing are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments.

Section 2. That Bessemer City does hereby approve the financing of the project referenced above, in accordance with the terms of the proposal made by Truist Bank, a copy of which is attached hereto. The annual interest rate for the project is 2.27 percent for ten (10) years financing term. The Installment Purchase Contract and the Deed of Trust in connection therewith, which said financing will be valid, legal and binding obligation of the Bessemer City in accordance with their terms. The form and content of the Contract and related documents are in all respects authorized, approved and confirmed and the City Manager is hereby authorized, empowered and directed to do

all such acts to execute all such documents as may be necessary to carry out and comply with the provisions of the Contract as approved.

Section 3. That the City Manager is hereby designated as the City's representative to act on behalf of the City in connection with the transactions contemplated hereby and by the Instruments referenced herein, and the City Manager is further authorized and directed to seek opinions as to matters of law from the City Attorney, which opinions the City Attorney is hereby authorized to furnish on behalf of the City.

The City Manager is further authorized to execute and deliver for and on behalf of the City, any and all additional certificates, documents, opinions, or other papers and to perform all other acts as may be required by the instruments or as he and the City Attorney may deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 4. That if any section, phrase or provisions of this Resolution is for any reason declared to be invalid, then such declaration shall not effect the validity of the remainder of the sections, phrases, or provisions of this Resolution which shall remain and continue in full force and effect.

Section 5. That all motions, orders, resolutions, ordinances and parts thereof which are or may be in conflict herewith are hereby repealed.

Section 6. This Resolution is subject, however, to Bessemer City obtaining approval for the proposed installment purchase financing from the North Carolina Local Government Commission.

Section 7. That this Resolution shall become effective immediately upon its adoption.

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

WHEREAS, the City hereby determines that the estimated cost of the new project is approximately \$1,300,000 and that such cost exceeds the amount that can be prudently raised from currently available appropriations and unappropriated fund balances in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State.

WHEREAS, although the cost of financing the project pursuant to the Contract could exceed the cost of financing the project pursuant to a bond financing for the same

undertaking, the City hereby determines that the cost of financing the project pursuant to the Contract and the Deed of Trust and the obligations of the City thereunder is preferable to a general obligation bond financing for several reasons, including but not limited to the following: (I) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; and (II) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of acquiring the project;

WHEREAS, the City hereby determines that the estimated cost of financing the project pursuant to the Contract reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preamble;

WHEREAS, obligation of the City to make Installment Payments under the Contract is a limited obligation of the City payable solely from currently budgeted appropriations of the City and does not constitute a pledge of a faith and credit of the City within the meaning of any constitutional debt limitation;

WHEREAS, in order to secure the City's obligations under the Contract, the City will enter into the Deed of Trust trustee named for the benefit of the Corporation;

WHEREAS, the City Attorney will render an opinion to the effect that entering into the Contract and the transactions contemplated thereby are authorized by law and constitute a purpose for which public funds may be expended pursuant to the Constitution and laws of the State;

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

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

WHEREAS, the City's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the City has conformed with generally accepted accounting principles in preparing its Annual Budget Ordinance;

WHEREAS, past audit reports of the City indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the City has not been censured by the North Carolina Local Government Commission, external auditors or any other regulatory agencies in connection with such debt management and contract obligation payments policies;

WHEREAS, the City Council conducted a public hearing with respect to the project on January 24, 2022 to receive public comments on the Project, the proposed financing, the Contract and the Deed of Trust for the Project, and the City will file an application with the LGC for approval of the LGC with respect to the City entering into the Contract;

WHEREAS, the forms of the Contract, upon review of the City Attorney, the City proposes to approve, enter into and deliver, applicable, to effectuate the proposed financing at the interest rate and maximum principal amount as specified therein; and

WHEREAS, it appears that the Instrument is in appropriate form and is an appropriate instrument of the purposes intended;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, BESSEMER CITY, NORTH CAROLINA, AS FOLLOWS:

The motion to adopt this Resolution was made by Council Member

_____ and was passed by those members present at the meeting of the City Council, Bessemer City, North Carolina, held on

January 25, 2022

Becky S. Smith, Mayor
City Clerk

Hydeia Y. Hayes,