

The Smithfield Town Council met in Special Session on Thursday, March 11, 2021 at 6:30 pm in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:
 John Dunn, Mayor Pro-Tem
 Travis Scott, District 3
 Dr. David Barbour, District 4
 Stephen Rabil, At-Large

Councilmen Absent
 Marlon Lee, District 1
 David Stevens, District 2
 Roger Wood, At-Large

Administrative Staff Present
 Michael Scott, Town Manager
 John Blanton, Fire Chief
 Shannan Parrish, Town Clerk
 Greg Siler, Finance Director

Call to Order

Mayor Moore called the meeting to order at 6:34 pm.

Approval of the Agenda

Prior to approving the agenda, Town Manager Michael Scott requested that an additional business item be added to the agenda: *Fire Department pick-up trucks.*

Councilman Barbour made a motion, seconded by Mayor Pro-Tem, to approve the agenda as amended. Unanimously approved.

Public Hearing

1. Police Department Expansion Financing: In accordance with NCGS 160A-20, the Town of Smithfield must hold a public hearing to receive public comments concerning the financing of the Police Department Expansion Project

Councilman Barbour made a motion, seconded by Mayor Pro-Tem Dunn, to open the public hearing. Unanimously approved.

Finance Director Greg Siler explained he received quotes from three banks for the financing of the Police Department Expansion Project. A Request for Proposals was also sent to First Citizens Bank, but they chose not to participate. Bids received are as follows:

	<u>BB&T</u>	<u>KS Bank</u>	<u>United Community</u>
<i>Rate</i>	2.480%	2.875%	2.13%
		16 year	
<i>Fees</i>	\$5,900	\$0	N/A
<i>Prepayment Penalty</i>	N/A	N/A	N/A
<i>Annual Payment</i>	Declining Payments Starting at	Fixed at	Fixed at
	\$71,438	\$61,520	\$61,380
<i>Interest Paid</i>	\$150,795	\$200,233	\$136,134
Total Repayment including fees	\$941,267	\$984,805	\$920,705

Mr. Siler explained that United Community Bank offered the lowest interest rate at 2.13%. He explained there was a change to the offer since the rate is typically only honored for 45 days. Since it would be 52 days before closing, United Community Bank charged an additional \$500 to hold the 2.13% interest rate.

Mayor Moore questioned if Mr. Siler tried to negotiate with the bank concerning this fee. Mr. Siler responded he had agreed to those terms since the amount was miniscule. Mayor Moore asked Mr. Siler to try to negotiate this fee with the bank.

Mr. Siler explained that the term of the loan was fifteen years. Should the Town carry the loan for the entire fifteen years, the amount of interest paid would be \$136,634 including the \$500 fee.

Councilman Scott questioned if the interest rates would increase or decrease if the Town chose to only finance half the loan amount. General Fund fund balance could be used for the remainder of the project. Mr. Siler responded he was uncertain if the interest rate would change. Mr. Siler further stated the Town had the option of repaying the total debt off sooner without penalty.

Mr. Siler explained there were two resolution that must be adopted by the Council before it could be submitted to the Local Government Commission (LGC) for approval.

Mayor Moore asked if there was anyone in attendance that wished to speak on the matter. There was no one in attendance that wished to speak on the matter.

Councilman Barbour made a motion, seconded by Councilman Rabil, to close the public hearing. Unanimously approved.

Councilman Barbour made a motion, seconded by Mayor Por-Tem Dunn, to adopt Resolution No. 676 (04-2021). Unanimously approved.

Town of Smithfield
Resolution No. 676 (04-2021)
Approving Financing Terms

WHEREAS: The Town of Smithfield ("Town") has previously determined to undertake a project for the financing a 3500 square foot addition to the police building, (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The Town hereby determines to finance the Projects through United Community Bank in accordance with the proposal dated February 19, 2021. The amount financed shall not exceed \$784,572, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.13%, and the financing term shall not exceed 15 years from closing.
2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the Town are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Projects as contemplated by the proposal and this resolution. The Financing Documents may include a Financing Agreement, Deed of Trust, UCCs, and/or a Project Fund Agreement as United Community Bank may request.
3. The Finance Director is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Director is authorized to approve changes to any Financing Documents previously signed by Town officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Director shall approve, with the Finance Director's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.
4. The Town shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The Town hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).
5. The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the projects that is to be financed from the proceeds of the United Community Bank financing described above. The Town intends that funds that have been advanced, or that may be advanced, from the Town's general fund, or any other Town fund related to the project, for project costs may be reimbursed from the financing proceeds.
6. All prior actions of Town officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Councilman Barbour made a motion, seconded by Mayor Pro-Tem Dunn, to adopt Resolution No. 677 (05-2021). Unanimously approved.

TOWN OF SMITHFIELD
RESOLUTION NO. 677 (05-2021)

**RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR APPROVAL
OF A FINANCING AGREEMENT AUTHORIZED BY NORTH CAROLINA GENERAL
STATUTE 160A-20**

WHEREAS, the Town of Smithfield, North Carolina, desires to secure financing for the expansion of the police building in Smithfield to better serve the citizens of Smithfield; and provide much needed office and evidence room space; and

WHEREAS, The Town of Smithfield, North Carolina, desires to finance the Projects by the use of an installment contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and

WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract;

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Smithfield, North Carolina, meeting in special session on the 11 day of March, 2021, make the following findings of fact:

1. The proposed contract is expedient because the Town is growing due to annexation and new subdivisions; and the police department have outgrown the existing building.
2. The proposed contract is preferable to a bond issue for the same purpose because the cost to expand the police building is less than a million dollars and The Town can service the debt on this project, fund other projects, and keep a healthy fund balance without significantly increasing the tax burden on the residents of the Town. The proposed amount of up to \$784,572 could not be prudently raised with current appropriations, unappropriated fund balance and non-voted bonds that could be raised in a timely manner.
3. The cost of financing under the proposed contract is expected to be less than the costs of issuing general obligation bonds.
4. The sums to fall due under the contract are adequate and not excessive for the proposed purpose. The Town will carefully review proposed financing rates with the help of the LGC and will closely monitor proposed construction costs to ensure sums are not excessive.
5. The Town of Smithfield debt management procedures and policies are good, as verified by the Town's Finance Director and through annual audits. The Town is in compliance with all applicable laws and will continue to manage its debt in such a manner.
6. The maximum increase in taxes necessary to meet the sums to fall due under the proposed contract will be no greater than 0 cents per \$100 valuation and is not deemed to be excessive.
7. The Town of Smithfield, North Carolina, is not in default in any of its debt service obligations.
8. The attorney for the Town of Smithfield has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Town Manager or Finance Director is hereby authorized to act on behalf of the Town of Smithfield, North Carolina, in filing an application with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption this 11th day of March, 2021.

Councilman Barbour made a motion, seconded by Councilman Rabil, to approve the funding and financing terms from United Community Bank. Unanimously approved.

Business Items

1. Consideration and request for approval to correct the salary of the recently promoted Public Works Street Division Crew Leader

Town Manager Michael Scott explained that at the last Council meeting, the Council approved the promotion of the Public Works Street Division Crew Leader at a 10% increase in salary. Upon further review, staff discovered the 10% increase in salary was less than the minimum starting salary for the crew leader position. Normally, the increase would be up to 10% or up to the minimum starting salary for the position whichever was greater. The Town Manager was requesting the Council allow the employee's salary to be increased to the minimum salary of the crew leader position.

Councilman Barbour made a motion, seconded by Mayor Pro-Tem Dunn, to approve the salary adjustment of the recently promoted Public Works Street Division Crew Leader to that of the minimum salary for the crew leader position. Unanimously approved.

2. Fire Department Pick-up trucks

Town Manager Michael Scott explained that at the last Council meeting, the Council approved the purchase of two pick-up trucks for the Fire Department. These two vehicles were included in the current fiscal year budget for a combined total of \$65,100. He explained staff was having difficulties purchasing the vehicles because they were no longer in production. Staff had found a few that were available at local auto dealerships, but often they were sold before staff could receive purchase approval from the Council. The Town Manager explained he was seeking approval from the Council to allow him to purchase the two pick-up trucks for the Fire Department not to exceed the budgeted amount of \$65,100.

Councilman Barbour made a motion, seconded by Mayor Pro-Tem Dunn, to allow the Town Manager to purchase two pick-up trucks for the Fire Department not to exceed the budgeted amount of \$65,100. Unanimously approved.

Adjourn

Councilman Barbour made a motion, seconded by Mayor Pro-Tem Dunn, to adjourn the meeting. The meeting adjourned at approximately 6:50 pm.

ATTEST:

Shannan L. Parrish, Town Clerk




M. Andy Moore, Mayor