

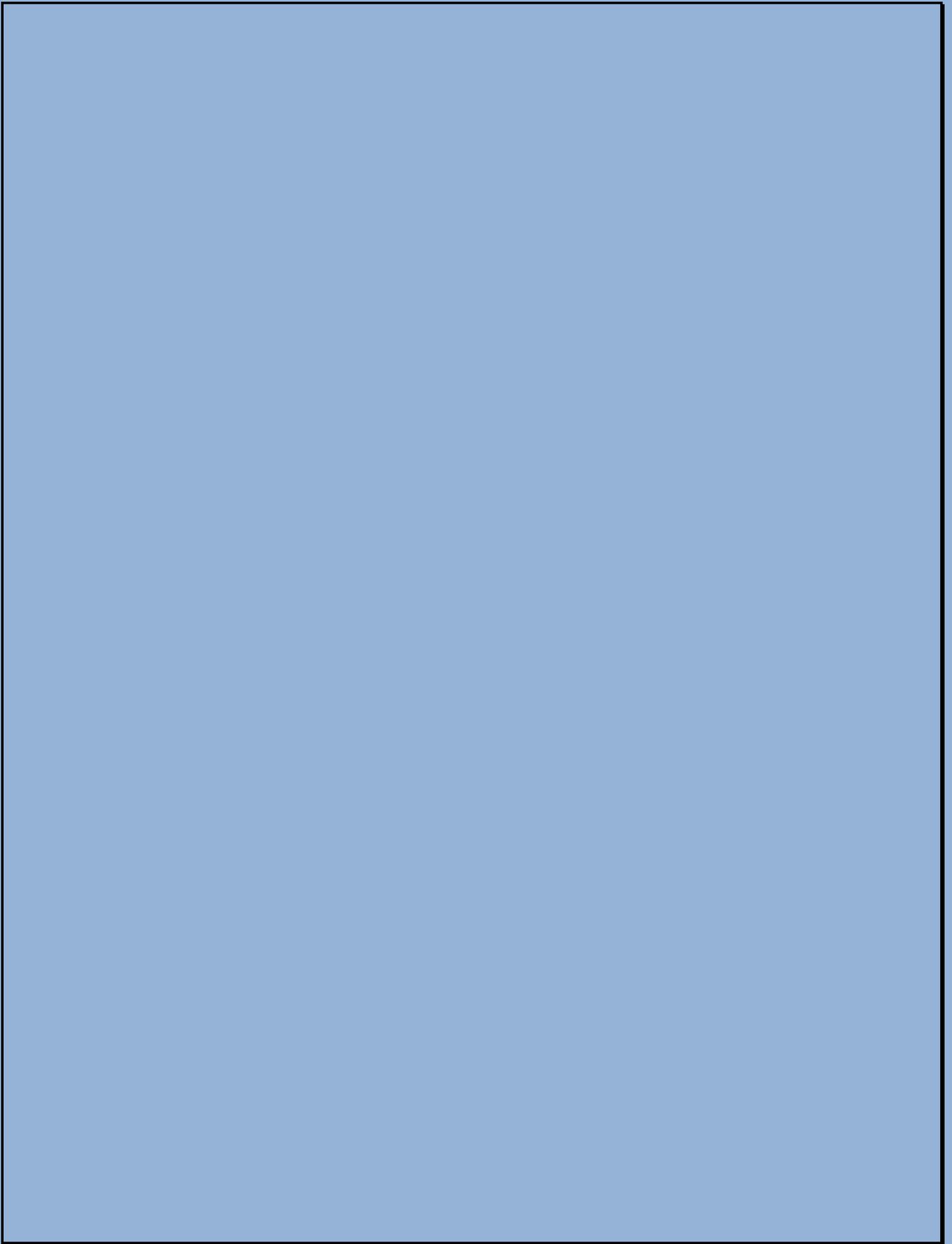


**Thursday, March 11, 2021
6:30 pm
Town Hall Council Chambers**

SPECIAL MEETING

I. Call to Order	
II. Approval of the Agenda	
III. Public Hearing	<u>Page</u>
a. <u>Police Department Expansion Financing:</u> 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 (Finance Director – Greg Siler) <u>See</u> attached information.....	1
IV. Business Items	
a. Consideration and request for approval to correct the salary of the recently promoted Public Works Street Division Crew Leader (HR Director – Tim Kerigan & Public Works Superintendent – Lawrence Davis) <u>See</u> attached information.....	9
V. Adjourn	

Public Hearing





Request for Town Council Action

Public Hearing: **Financing for Police Addition Project**
Date: 03/11/2021

Subject: Consideration to Approve the Lowest Bidder, United Community Bank, for Financing of the Police Building Addition Project Estimated to Cost \$784,572

Department: Finance

Presented by: Finance Director - Greg Siler

Presentation: Public Hearing

Issue Statement: The Town of Smithfield wishes to enter into an Installment Purchase Contract (NCGS. 160A-20) to finance a 3500 square foot addition to the police building. The loan amount is \$784,572. A requirement of NCGS 160A-20 is that the Town must hold a public hearing.

Financial Impact:

- Annual loan payments will be \$61,380
- Total interest over 180 months (15 years) is \$136,134
- First payment of \$30,690.18 is payable in October, 2021

Action Needed: Award the lowest bidder, United Community Bank, the financing agreement for \$784,572 at 2.13% for 15 years.

Recommendation: Authorize Town Manager to sign a 15-year promissory note with United Community Bank on \$784,572 at a rate of 2.13 percent.

Approved: Town Manager Town Attorney

Attachment(s):

1. Rate and Term Comparison Spreadsheets
2. Resolution No. 676 (04-2021) of Governing Body Approving Terms with United Community Bank
3. Amortization Schedule
4. No. 677 (05-2021) Authoring the filing of an application for approval of a financing agreement



Staff Report

**Financing
for Police
Addition
Project**
**Public
Hearing:**

In accordance with NCGS 160A-20, before entering into a contract involving real property, the Town shall hold a public hearing. The public hearing was duly advertised in the News and Observer on Friday, February 26, 2021.

A request for proposal was sent out on February 2, 2021, to Four (4) banks soliciting financing bids on the 3500 square foot addition. The addition will include the following:

- 250 square foot of office space
- New Men's Locker Room/Bathroom
- Armory
- New Evidence Room
- Drive through Garage/Storage
- Additional 25 parking spaces
- Parking lot connector in the rear

The Town received financing bids from 3 of 4 lenders on the \$784,752 loan request. All bids were based on a 15- or 16-year term with semiannual payments. United Community Bank proposed 2.13%, BB&T proposed 2.48% and KS Bank proposed 2.875%. The fixed semi-annual payment using United Community Bank rate of 2.13% for 15 years is \$30,690 or \$61,380 annually.

Board approval to proceed with financing was decided with the approval of the 2021 Fiscal Year Budget and Budget Ordinance.

**Town of Smithfield Financing Proposal Results for Police Building Addition. Loan amount \$784,572
 15 years (180 Months) with semi-annual payments**

	<u>BB&I</u>	<u>First Citizens</u>	<u>KS Bank</u>	<u>United Community</u>
Rate	2.480%	No appetite at this time	2.875% 16 year	2.13%
Fees	\$5,900	\$0	\$0	N/A
Prepayment Penalty	N/A	N/A	N/A	N/A
Annual Payment	Declining Payments Starting at \$71,438	\$0	Fixed at \$61,520	Fixed at \$61,380
Interest Paid	\$150,795		\$200,233.00	\$136,134.00
Total Repayment (Including Bank Fees)	\$941,267	\$0	\$984,805	\$920,705

Loan Amortization Schedule

Enter values	
Loan amount	\$ 784,572.00
Annual interest rate	2.13%
Loan period in years	15
Number of payments per year	2
Start date of loan	7/1/2021
Optional extra payments	\$

Loan summary	
Scheduled payment	\$ 30,690.18
Scheduled number of payments	30
Actual number of payments	30
Total early payments	\$ -
Total interest	\$ 136,133.52

Lender name: United Community Bank

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	1/1/2022	\$ 784,572.00	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 22,334.49	\$ 8,355.69	\$ 762,237.51	\$ 8,355.69
2	7/1/2022	\$ 762,237.51	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 22,572.35	\$ 8,117.83	\$ 739,665.15	\$ 16,473.52
3	1/1/2023	\$ 739,665.15	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 22,812.75	\$ 7,877.43	\$ 716,852.40	\$ 24,350.96
4	7/1/2023	\$ 716,852.40	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 23,055.71	\$ 7,634.48	\$ 693,796.70	\$ 31,985.43
5	1/1/2024	\$ 693,796.70	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 23,301.25	\$ 7,388.93	\$ 670,495.45	\$ 39,374.37
6	7/1/2024	\$ 670,495.45	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 23,549.41	\$ 7,140.78	\$ 646,946.04	\$ 46,515.14
7	1/1/2025	\$ 646,946.04	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 23,800.21	\$ 6,889.98	\$ 623,145.83	\$ 53,405.12
8	7/1/2025	\$ 623,145.83	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 24,053.68	\$ 6,636.50	\$ 599,092.15	\$ 60,041.62
9	1/1/2026	\$ 599,092.15	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 24,309.85	\$ 6,380.33	\$ 574,782.30	\$ 66,421.95
10	7/1/2026	\$ 574,782.30	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 24,568.75	\$ 6,121.43	\$ 550,213.55	\$ 72,543.39
11	1/1/2027	\$ 550,213.55	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 24,830.41	\$ 5,859.77	\$ 525,383.14	\$ 78,403.16
12	7/1/2027	\$ 525,383.14	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 25,094.85	\$ 5,595.33	\$ 500,288.28	\$ 83,998.49
13	1/1/2028	\$ 500,288.28	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 25,362.11	\$ 5,328.07	\$ 474,926.17	\$ 89,326.56
14	7/1/2028	\$ 474,926.17	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 25,632.22	\$ 5,057.96	\$ 449,293.95	\$ 94,384.52
15	1/1/2029	\$ 449,293.95	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 25,905.20	\$ 4,784.98	\$ 423,388.75	\$ 99,169.51
16	7/1/2029	\$ 423,388.75	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 26,181.09	\$ 4,509.09	\$ 397,207.65	\$ 103,678.60
17	1/1/2030	\$ 397,207.65	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 26,459.92	\$ 4,230.26	\$ 370,747.73	\$ 107,908.86
18	7/1/2030	\$ 370,747.73	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 26,741.72	\$ 3,948.46	\$ 344,006.01	\$ 111,857.32
19	1/1/2031	\$ 344,006.01	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 27,026.52	\$ 3,663.66	\$ 316,979.49	\$ 115,520.98
20	7/1/2031	\$ 316,979.49	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 27,314.35	\$ 3,375.83	\$ 289,665.14	\$ 118,896.82
21	1/1/2032	\$ 289,665.14	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 27,605.25	\$ 3,084.93	\$ 262,059.89	\$ 121,981.75
22	7/1/2032	\$ 262,059.89	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 27,899.25	\$ 2,790.94	\$ 234,160.64	\$ 124,772.69
23	1/1/2033	\$ 234,160.64	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 28,196.37	\$ 2,493.81	\$ 205,964.27	\$ 127,266.50
24	7/1/2033	\$ 205,964.27	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 28,496.66	\$ 2,193.52	\$ 177,467.60	\$ 129,460.02
25	1/1/2034	\$ 177,467.60	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 28,800.15	\$ 1,890.03	\$ 148,667.45	\$ 131,350.05
26	7/1/2034	\$ 148,667.45	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 29,106.88	\$ 1,583.31	\$ 119,560.57	\$ 132,933.36
27	1/1/2035	\$ 119,560.57	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 29,416.86	\$ 1,273.32	\$ 90,143.71	\$ 134,206.68
28	7/1/2035	\$ 90,143.71	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 29,730.15	\$ 960.03	\$ 60,413.56	\$ 135,166.71
29	1/1/2036	\$ 60,413.56	\$ 30,690.18	\$ -	\$ 30,690.18	\$ 30,046.78	\$ 643.40	\$ 30,366.78	\$ 135,810.11
30	7/1/2036	\$ 30,366.78	\$ 30,690.18	\$ -	\$ 30,366.78	\$ 30,043.37	\$ 323.41	\$ -	\$ 136,133.52

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.

Approved this 11th day of March, 2021.

Attest: _____
(Shannan Parrish, Town Clerk)

By: _____
M. Andy Moore, Mayor)

SEAL

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 polices 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.

The motion to adopt this resolution was made by Councilman _____
 _____, seconded by Councilman _____
 _____ and passed by a vote of _____ to _____.

 M. Andy Moore, Mayor

ATTEST:

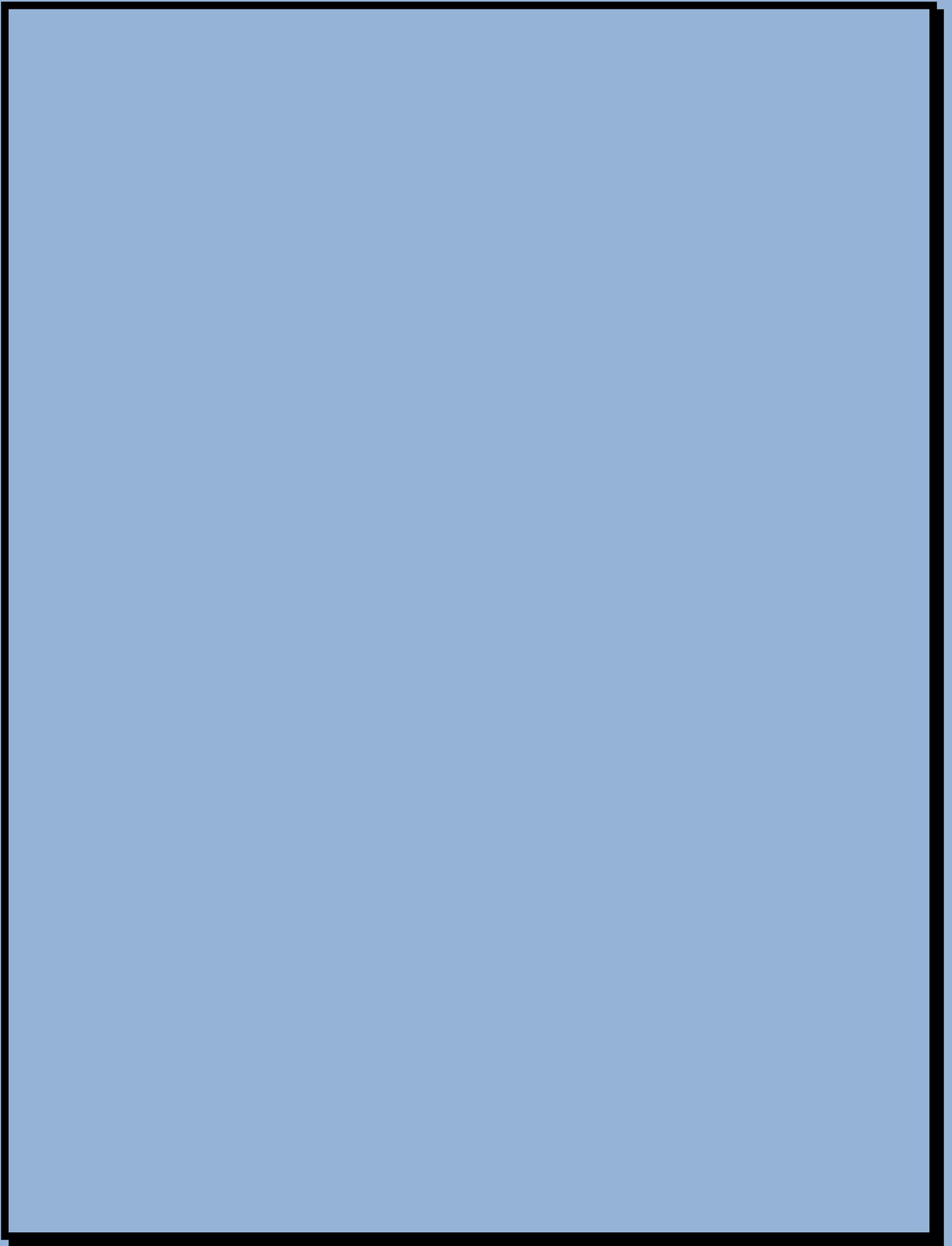
 Shannan L. Parrish, Town Clerk

This is to certify that this is a true and accurate copy of Resolution No.677 (05-2021) Adopted by the Town of Smithfield Town Council on the 11th day of March, 2021

 Shannan L. Parrish, Town Clerk

 Date

Business Item





Request for Town Council Action

Business Agenda Item: Date:	Crew Leader Promotion 03/11/2021
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Subject: Promotion – Correction from the 3/2/2021 Town Council Agenda

Department: Public Works - Streets

Presented by: Lawrence Davis / Tim Kerigan

Presentation: Consent Item

Issue Statement

Promotion of an employee in the Public Works Street Division from an Equipment Operator to Crew Leader due to a recent retirement. This is a correction to the March 2nd Consent Agenda Item 2

Financial Impact

This pay increase is accounted for in the Public Works - Streets budget and will not require a budget amendment to the current salary line item. The increased annual pay for this employee would be less than the retiring employee. Effective date would be March 15, 2021.

Action Needed

Approve Promotion.

Recommendation

Staff recommends the approval of the promotion.

Approved: Town Manager Town Attorney

Attachments:

1. Staff Report



Staff Report

**Business
Agenda
Item:** **Crew Leader
Promotion**

At the March 2, 2021 meeting, the Council approved consent Agenda Item 2. *Consideration and request for approval to promote an employee to the Public Works Crew Leader position due to a recent retirement.* After the meeting, staff discovered there was an error in the rate of pay.

Section 18. *Salary Effect of Promotions, Demotions & Transfers* in the Employee Handbook states the following: When an employee is promoted, the employee's salary shall normally be advanced to the minimum rate of the new position, or to a salary which provides an increase of up to 10% at the Manager's discretion. Staff discovered that the minimum salary (\$38,459.20) for the promotion was greater than the 10% increase (\$35,761.44) previously approved.