



**Aug. 20, 2014**

## **MINUTES**

The Holly Springs Town Council met in special called session on Wednesday, Aug. 20, 2014 in the Holleman Room of Holly Springs Town Hall, 128 S. Main Street. Mayor Sears presided, calling the meeting to order at 6 p.m. A quorum was established as the mayor and five council members were present as the meeting opened. The purpose of the meeting was to consider in a workshop setting information about how limited obligation bond financing works.

**Council Members Present:** Mayor Sears and Councilmen James Cobb, Hank Dickson and Tim Sack and Councilwomen Linda Hunt-Williams and Cheri Lee.

**Council Members Absent:** None.

**Staff Members Present:** Chuck Simmons, town manager; John Schifano, town attorney; Joni Powell, town clerk, (recording the minutes); Daniel Weeks, senior project manager; Mark Andrews, public information officer; John Herring, police chief; Len Bradley, parks and recreation director; Adam Huffman, assistant parks and recreation director; Stephanie Sudano, director of engineering; Kendra Parrish, senior engineer; Mary Hogan, finance director; Patty Dressen and Lisa Blackburn of the finance department; and the Town's financing consultant Ted Cole and bond counsel Bob Jessup.

Mr. Jessup explained how limited obligation bonds (LOBs) are set up and how they are sold to raise money for capital projects. While regular bank installment financing is what towns normally do, limited obligation bonds sometimes offer more favorable terms. He said LOBs work the same as regular bank financing but what is different is how the money gets to the town: bond holders offer better terms and easier collateral rules.

Mr. Cole said the town's consultants are floating with the bond market until closing, but the model they are using for purposes of the workshop and preliminary planning is borrowing \$18,968,786 for 18 years at between 2.96% and 3.12% in annual interest. The final amounts of the principle and interest rate would not be determined until after the actual bond sale in mid-September, he added.

*[Note: On Sept. 19, the town manager reported that the Town of Holly Springs successfully placed \$17,105,000 of limited obligation bonds through a public offering of securities underwritten by Robert W. Baird and Co. Incorporated. The offering was well received by the marketplace, including both retail and institutional investors. Strong demand for the Town's bonds coupled with favorable municipal market trends allowed the Town to recognize interest rate savings over previous projections. The Town's all-in borrowing cost was 3.0%, fixed for the entire 18-year term of the financing.]*

Mr. Cole explained the debt affordability analysis that would accompany a borrowing of nearly \$19 million. He said the analysis supports that the dollars would be there to repay the new debt, along with existing debt with no tax rate increase. He then review the financing schedule.

Mr. Weeks gave an overview of projects that would be covered by the financing, the costs, sources of various funding for each and the construction schedules: Projects are the North Main Athletic Complex Phase II (NMAC;) a new law enforcement center (LEC;) Avent Ferry Road intersection improvements (Avent Ferry;) and the Main Street Extension project (Main St. Ext.)

Project	Cost Estimate	Borrow	Other Funding Sources	Construction Schedule
NMAC	\$11,708,981	\$8,050,000	\$3,658,981	3Q 2014 thru 2Q 2015
LEC	\$9,382,424	\$7,550,000	\$1,832,424	4Q 2014 thru 4Q 2015
Avent Ferry	\$1,650,000	\$625,000	\$1,025,000	2Q 2015 thru 4Q 2015
Main St. Ext.	\$9,390,000	\$2,406,000	\$6,984,000	1Q 2015 thru 2Q 2016
<b>Totals</b>	<b>\$32,131,405</b>	<b>\$18,631,000</b>	<b>\$13,500,405</b>	

Mr. Simmons reported that the Local Government Commission had reviewed the Town's financing plan and had approved it. He said staff is comfortable with the plan as well.

**Consensus:** The Council consensus was to direct staff to proceed with the sale of limited obligation bonds during September to fund nearly \$19 million in capital projects for the the Town.

**Adjournment:** There being no further business for the evening, the Aug. 20, 2014 special meeting of the Holly Springs Town Council was adjourned following a motion by Councilman Sack, a second by Councilman Dickson and a unanimous vote.

Respectfully Submitted on Tuesday, Oct. 7, 2014.

*Joni Powell* \_\_\_\_\_  
 MC

..... these minutes follow and are a part of the official record.

