



2018 General Obligation Bond Referendum

Date: June 8, 2018
To: Davidson Board of Commissioners
From: Piet Swart, Finance Director
Re: GO Bond Referendum

1. OVERVIEW

The Board will consider using GO Bonds for public facilities. If approved the GO Bond Referendum will be on the November, 2018 general election ballot for consideration by the voters of Davidson.

2. RELATED TOWN GOALS

3. OPTIONS/PROS & CONS

GO Bonds are cost efficient and require the approval of the voters

4. FYI or RECOMMENDED ACTION

The Board must decide if GO Bonds are the appropriate financing of the required public facilities and determine the dollar amount of the GO Bond referendum.

Resolution 2018-14 - Authorizes the Finance Officer to submit an application to the LGC to issue General Obligation Bonds.

Resolution 2018-15 - Certain findings of fact by the Board of Commissioners must be presented to enable the Local Government Commission of the State of North Carolina to make certain determinations as set forth in NCGS Section 159-52.

Resolution 2018-16 - Directs the Town Clerk to publish the "Notice of Intention to Apply to the Local Government Commission for Approval of Bonds" in a newspaper of general circulation.

To move forward with a GO bond referendum, a motion should be made to approve Resolution 2018-14, 15, and 16 as amended with the total GO Bond amount of \$XX,xxx,xxx.

5. NEXT STEPS

A GO Bond Schedule and a GO Bond Process Sheet follows as prepared by our bond attorneys:

**TOWN OF DAVIDSON
SCHEDULE FOR GENERAL OBLIGATION BOND REFERENDUM
NOVEMBER 2018**

- 6/12/18 Board adopts (1) Resolution directing publication of notice of intent to apply to the Local Government Commission (the “LGC”); (2) Resolution authorizing the Finance Officer to apply to the LGC; and (3) Resolution making certain findings of fact
- 6/15/18 Publish Notice of Intent in *Newspaper of General Circulation* [have to wait 10 days after publication of Notice of Intent before applying to the LGC]
- 6/25/18 File Application with LGC and prepare Sworn Statement of Debt [receive letter from LGC confirming receipt of Application which must occur before the Bond Order is introduced]
- 7/10/18 File Statement of Estimated Interest
- 7/10/18 Board (1) Introduces the Bond Order at the Board Meeting; (2) adopts the Resolution setting a public hearing on the Bond Order on 7/24/18
- 7/16/18 File Notice with Joint Legislative Commission
- 7/16/18 Publish Notice of Public Hearing on the Bond Order in *Newspaper of General Circulation* [at least 6 days before public hearing]
- 7/16/18 File Sworn Statement of Debt with the City Clerk [before public hearing]
- 7/24/18 Board (1) holds public hearings on adoption of the Bond Order; (2) adopts the Bond Order at the conclusion of the public hearing and (3) adopts the Resolution setting a Special Bond Referendum
- 7/25/18 City Clerk delivers certified copy of the Resolution setting a Special Bond Referendum to the County Board of Elections (Mecklenburg and Iredell)
- 7/27/18 Town publishes Bond Order as adopted in *Newspaper of General Circulation*
- by 9/28/18 Publish first Notice of Special Bond Referendum in *Newspaper of General Circulation* [Not less than fourteen days before last day to register to vote for Bond Referendum]
- by 10/5/18 Publish second Notice of Special Bond Referendum in *Newspaper of General Circulation* [Not less than seven days before last day to register to vote for Bond Referendum]
- 11/06/18 Referendum
- After
11/06/18 Adoption of Certificate of Canvass by the County Board of Elections (Mecklenburg and Iredell)

Board adopts Resolution Certifying and Declaring Results of Special Bond Referendum

Publish Statement of Result in *Newspaper of General Circulation*

Prepared by:
Scott Leo, Esq.
Partner
Parker Poe Adams & Bernstein LLP

GENERAL OBLIGATION BOND REFERENDUM INSTRUCTIONS (NORTH CAROLINA)

Before 1st action by Governing Board

If School Bonds, need resolution from School Board requesting referendum be held. (Counties only)

Bond Counsel needs to know how much the bond referendum will be for and for what purposes. Each purpose, per categories listed in NCGS 159-48, will need to be a separate ballot question (unless the purposes are “not unrelated” in which case they can be combined). Bond Counsel will draft all of the required actions based on this information.

Contact LGC and Board of Elections to let them know intention to go through referendum process. Let Bond Counsel know if jurisdiction is in two counties.

1st actions by Governing Board

The following 3 items need to be adopted:

- 1) Resolution Directing the Publication of Notice of Intention to Apply to the Local Government Commission for Approval of Bonds
- 2) Resolution Authorizing the Finance Officer to Apply to the Local Government Commission for Approval of the Proposed General Obligation Bonds and to Submit Such Application to the Local Government Commission
- 3) Resolution Making Certain Statements of Fact Concerning Proposed Bond Issue

Explanation of board actions: These 3 items collectively are intended to direct staff to take the actions necessary to get the process started to put the bond question(s) on the ballot. The first item that the NC Statutes require is the publication of the notice of intention to apply to the LGC for approval of the bonds to be put on the ballot. These actions direct staff to do that and also directs the finance officer to make application to the LGC. The final item is intended to have the Board make the same findings that the LGC has to make in order to approve the bonds and, per LGC policy is being done to support the application that is being made to the LGC.

Between 1st actions and 2nd actions by Governing Board

Notice of Intent to Apply to the LGC needs to be published in newspaper

Prepare LGC application; Submit LGC application 10 days after the Notice of Intent to Apply is published in newspaper – the application needs to be submitted and accepted by the LGC before the next set of actions can be taken by the governing board

Prepare Statement of Estimated Interest Amount; Statement of Estimated Interest Amount should be put on file with the Clerk on the day of the 2nd actions to be taken by the Governing Board and also sent to the LGC as part of the application

2nd actions by Governing Board

The following 2 actions need to be taken by the Governing Board:

- 1) Introduction of the Bond Order(s) – note that the bond order(s) are only introduced and should be done so by a board member and reflected in the minutes that way. Usually they get read by title by the board member introducing them, but however that makes sense for your way of doing things.
- 2) Adopt the Resolution calling the public hearing

Explanation of board actions: The first action is to simply introduce the bond order or bond orders that will be submitted to a vote. The contents of the bond order are as required by the NC General Statutes. It sets forth what the governing board will hold a public hearing on and, presumably, approve at the next meeting after the public hearing is held. The second action is to call the public hearing and direct that the notice of the public hearing be advertised in the newspaper.

Between 2nd actions and 3rd actions by Governing Board

You would have filled out the Sworn Statement of Debt as part of the LGC application – that needs to get filed with the Clerk and certified that it was filed by the Clerk.

Publish the Notice(s) of Public Hearing at least 6 days before the date for the public hearing; there is a public hearing notice for each bond order; there is information from the Sworn Statement of Debt and the Statement of Estimated Interest that needs to be filled in to the bottom paragraph of the notice

Send in the Notice to the Joint Legislative Commission. Bond Counsel prepares that for you. Needs to be signed and sent to the 3 addressees. Keep a copy for you and scan one to us. This needs to be done 45 days before the LGC will approve the application for the bonds.

3rd actions by Governing Board

The following actions need to be taken by the Governing Board:

- 1) Hold public hearing(s), one for each bond order
- 2) Adopt both order(s);
- 3) Adopt the resolution setting the bond referendum.

Explanation of board actions: Holding a public hearing on each bond order is required by NC Statutes. After the public hearings are held, the governing board will be asked to adopt each bond order, without change, as introduced as the prior meeting. The governing board can reduce the amount of bonds or insubstantially change the purpose, but other than that any change will require restarting the process. After the bond order(s) are adopted, they adopt the resolution which directs the Board of Elections to put the bond order(s) on the ballot. The bond questions that are being requested are not in exactly the same form as the bond order(s), but instead are in the form that is set forth in the NC Statutes which incorporates the amount and the purpose of the bonds as set forth in the bond order(s).

Bond Counsel will provide you with an Extract of Minutes which basically lays out the script for holding the public hearing(s) and adopting the bond order(s). The Clerk completing these minutes and certifying them becomes our documentation that those actions were taken. We are not wed to the format of this, so if the Clerk has something else in mind, that is fine but we just need evidence that those actions were taken. .

After the 3rd actions by Governing Board

- 1) The day after, the Clerk should send a certified copy of the Resolution setting the bond referendum to the County Board of Elections. You should coordinate beforehand who that should go to so that you can confirm receipt and that they have what they need to get you on the ballot. Request that they send you a Sample Ballot when it is available so that you can check to make sure it is on there and done correctly.
- 2) Publish the Notice of Adoption of the Bond Order(s). Note that the date of publication is in the bottom paragraph of the notices, so needs to be filled in for that date. This is important because this notice starts the 30 day clock ticking for anyone to challenge the validity of the proceedings to get the referendum on the ballot.
- 3) Publish the Notice of Referendum. The same notice needs to be published twice, once at least 14 days before the last day to register to vote and once at least 7 days before the last day to register to vote. The last day to register to vote is 25 days before the election, so the notices need to be published two weeks ahead of that and one week ahead of that.

That will be the end of the formal legal process leading up to the vote.

After the Referendum

- 1) The Board of Elections has to canvass the vote. They certify to that 10 days after the election. We will provide you with a Certificate of Canvass to have the Board of Elections give to us that shows will our official notice of the results.
- 2) At the next meeting after you receive that Certificate of Canvass, the governing board will adopt a Resolution that certifies the results of the election and directs the publication of notice(s) in the newspaper that declares the results.
- 3) Publish the notice(s) of the results of the election. Note that the date of publication is in the bottom paragraph of the notices, so needs to be filled in for that date. This is important because this notice starts the 30 day clock ticking for anyone to challenge the validity of the referendum.

If the voters authorized the bonds, once that 30 day period runs after the final publication, the bonds are eligible to be issued!