City Council Staff Report

Council Meeting Date

- May 12, 2026

Subject

- Public Hearing on the issuance of 2026 Interim Limited Obligation Bonds(LOBs) and Resolution authorizing the negotiation of an Installment Financing Contract and requesting the release of property from a Deed of Trust.

Staff Resource(s)

- Tony McDowell, Director of Finance and Management Services

Action Requested

- To hold a public hearing on the issuance of 2026 Interim Limited Obligation Bonds (LOBS); and
- Resolution authorizing the negotiation of an Installment Financing Contract and providing for certain other related matters thereto; and
- Resolution requesting the release of property from a Deed of Trust related to Limited Obligation Bonds

Background

- The City has been utilizing a multi-year Capital Improvement Program (CIP) and Debt Model since fiscal year 2013-14.
- As a part of that multi-year financial model, the City routinely enters into short-term draw programs with financial institutions through the issuance of interim Limited Obligation Bonds (LOBs).
- The short term draw programs provide cash to reimburse the City for capital expenses prior to the issuance of long term fixed rate financing.
- Staff is seeking Council approval of the initial resolution authorizing the installment financing and related issuance of 2026 Interim Limited Obligation Bonds (LOBs) in an amount not to exceed $40,000,000. The projects covered under this debt issuance include a wide range of strategic capital goals the City wishes to meet in public safety, multi-modal transportation, parks & recreation, and facility maintenance.
- Specific projects of note covered under this debt issuance include repairs to the Municipal Building and as well other city facilities, maintenance to various parking garage structures, various street improvements/resurfacing, fire apparatuses and Transit buses.
- Staff is also seeking Council approval requesting the release of property from a Deed of Trust.
- Approval of the final resolution is scheduled for Council's May 26, 2026 meeting.

- A public hearing is required prior to Council's approval of the final resolution.

Vendor Outreach Efforts:

- N/A

Council Vision 2036 Focus Area(s):

- Financially Resilient City

Council Priority Recovery Area(s):

- None

Committee(s):

- None

Fiscal Impact

- The interim LOBs draw program includes an amount not to exceed $40,000,000.
- Approximately $14,500,000 will likely have already been expended and will be taken on the first draw at closing as a reimbursement to the City.
- The City then expects to spend the remaining monies over a twenty-four-month period. The City will then look to convert the program into a long-term fixed rate financing at or around July 2028.
- The debt service payments for this financing are already included in the multi-year CIP/Debt Financial Model.

Suggested Motion

- Motion to adopt a resolution authorizing the negotiation of an Installment Financing Contract and providing for certain other related matters thereto; and
- Motion to adopt a resolution Requesting the Release of Property from a Deed of Trust related to Limited Obligation Bonds

Attachment(s)

- Resolutions

City of Asheville Resolution Number 26-___

Resolution Authorizing the Negotiation of an Installment Financing Contract and Providing for Certain Other Related Matters Thereto

Whereas, the City of Asheville, North Carolina (the *"City"*) is a validly existing municipal corporation, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the *"State"*);

Whereas, the City has the power, pursuant to the General Statutes of North Carolina, to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

Whereas, the City Council of the City of Asheville, North Carolina (the *"City Council"*), has determined to undertake a plan of finance to fund the costs of various capital projects in the City, including but not limited to projects for City facilities, public safety, transportation, parking, infrastructure, transit, parks and recreation, economic development and acquisition of vehicles and equipment (the *"Projects"*);

Whereas, as part of such plan of finance, the City expects to enter into short-term construction financing for Projects to be refinanced with long-term take-out financings as Projects are complete or near completion;

Whereas, the Asheville Public Financing Corporation (the "*Corporation*") will assist the City by the issuance of its Limited Obligation Bonds (the "*Bonds*") to finance the Projects;

Whereas, as part of its plan to finance the Projects, the City Council hereby determines that it is in the best interest of the City to finance the Projects and related costs of issuance by (1) entering into an Installment Financing Contract (the "*Contract*") with the Corporation, and (2) to secure the City's obligations under the Contract, entering into a deed of trust, security agreement and fixture filing (the "*Deed of Trust*") related to the City's fee simple interest in certain real property on which the Projects are located, together with the improvements thereon (collectively, the "*Mortgaged Property*"), that will provide security for the City's obligations under the Contract;

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

Whereas, the City hereby determines that the Contract allows the City to finance the Projects and take title thereto at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the City;

Whereas, the City hereby determines that the estimated cost of financing the Project is an amount not to exceed $40,000,000, and that such cost of the Projects exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances

and non-voted bonds that could be issued by the City in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

Whereas, although the cost of financing the Projects pursuant to the Contract is expected to exceed the cost of financing the Projects pursuant to a bond financing for the same undertaking, the City hereby determines that the cost of financing the Projects pursuant to the Contract and the Deed of Trust and the obligations of the City thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) 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; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the benefits of the Projects; and (3) insufficient revenues are produced by the Projects so as to permit a revenue bond financing;

Whereas, the City has determined and hereby determines that the estimated cost of financing the Projects 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 preambles;

Whereas, the City does not anticipate any property tax increase to pay installment payments falling due under the Contract; provided, however, that any property tax increase, if necessary, to pay installment payments falling due under the Contract will not be excessive;

Whereas, the sums to fall due under the Contract will be adequate but not excessive for its proposed purpose;

Whereas, no deficiency judgment 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 money 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 as applied to governmental units;

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 (the "*LGC*"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

Whereas, a public hearing on entering into the Contract after publication of a notice with respect to such public hearing has been held by the City Council and approval of the LGC with respect to entering into Contract must be received;

Whereas, the City hereby determines that all findings, conclusions and determinations of the City in this Resolution are subject to modification or affirmation prior to the execution and delivery of the Contract;

Whereas, the City Council hereby determines to (1) retain Parker Poe Adams & Bernstein LLP, as bond counsel (*"Bond Counsel"*), (2) retain DEC Associates, Inc., as financial advisor, and (3) retain Truist Bank, as trustee (the "*Trustee*"), in connection with the execution of Contract and the related Limited Obligation Bonds (collectively, the "*Financing Team*"); and

Now, Therefore, be it resolved by the City Council of the City of Asheville that:

Section 1. ***Authorization to Negotiate Amendment***. That the City Manager or the Finance Director, with advice from the City Attorney and bond counsel, are hereby authorized and directed to proceed and negotiate on behalf of the City for the financing of the Projects under the Contract for a principal amount not to exceed $40,000,000 to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina, and to provide in connection with the Contract, as security for the City's obligations thereunder, a Deed of Trust conveying a lien and interest in the Mortgaged Property, including the improvements thereon. The initial financing of the Projects under the Contract is expected to be a privately-placed short-term construction financing.

Section 2. ***Application to LGC.*** That the filing by the Finance Director or his designee of an application with the LGC for its approval of Contract and all relevant transactions contemplated thereby on a form prescribed by the LGC and stating in such application such facts and attaching thereto such exhibits regarding the City and its financial condition as may be required by the LGC is hereby authorized, approved and ratified.

Section 3. ***Direction to Retain Professionals.*** That the use of the Financing Team in connection with the City's execution of Contract and the issuance of the related Limited Obligation Bonds is hereby approved and ratified. The Finance Director, or his designee, is hereby authorized to retain such other professionals as she deems necessary in her judgment to carry out the transaction contemplated in this Resolution.

Section 4. ***Other Acts Authorized.*** That the Mayor, the City Manager, the City Attorney, the Finance Director and the City Clerk, and their respective designees, are hereby authorized, individually and collectively, to do any and all other things necessary to complete the steps necessary for the transactions described in this Resolution.

Section 5. ***Repealer.*** That all motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 6. ***Effective Date.*** That this Resolution is effective on the date of its adoption.

Read, approved and adopted this 12th day of May, 2026.

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Esther E. Manheimer, Mayor

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Brad Branham, City Attorney

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Magdalen Burleson, City Clerk

City of Asheville Resolution Number 26-___

Resolution Requesting the Release of Property from a Deed of Trust related to Limited Obligation Bonds

Whereas, the City of Asheville, North Carolina (the *"City"*) has previously entered into an Installment Financing Contract dated as of June 1, 2012, between the Asheville Public Financing Corporation (the "*Corporation*") and the City, as amended by an Amendment Number One to the Installment Financing Contract dated as of June 1, 2016 between the Corporation and the City, an Amendment Number Two to the Installment Financing Contract dated as of November 1, 2017 between the Corporation and the City, Amendment Number Three to June 1, 2018 to the Installment Financing Contract between the Corporation and the City, Amendment Number Four to the Installment Financing Contract dated as of April 1, 2021 between the Corporation and the City, Amendment Number Five to the Installment Financing Contract dated as of June 1, 2022 between the Corporation and the City, and Amendment Number Six to the Installment Financing Contract dated as of April 1, 2025 between the Corporation and the City (collectively, the "*Contract*"), in order to finance and refinance various capital projects;

Whereas, to assist the City in financing such projects, the Corporation executed and delivered multiple series of Limited Obligation Bonds under an Indenture of Trust dated as of June 1, 2012, as supplemented by Supplemental Indenture, Number 1 dated as of June 1, 2016, Supplemental Indenture, Number 2 dated as of November 1, 2017, Supplemental Indenture, Number 3 dated as of June 1, 2018, Supplemental Indenture, Number 4 dated as of April 1, 2021, Supplemental Indenture, Number 5 dated as of June 1, 2022, and Supplemental Indenture, Number 6 dated as of April 1, 2025, each between the Corporation and Branch Banking and Trust Company, the successor to which is Truist Bank, as trustee (the "*Trustee*");

Whereas, to secure its obligations under the Contract, the City executed and delivered a Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2012, as amended by a Notice of Extension and Amendment to Deed of Trust dated as on June 1, 2016 (collectively, the "*Deed of Trust*"), on the real property on which City Hall, the City's Public Works Facility and Municipal Building is located;

Whereas, the City would like to release the sites of the City's Municipal Building and the City's Public Works Facility from the Deed of Trust in order to have those sites available to secure future financings of the City, and therefore the City requests the Trustee, as assignee of the beneficiary under the Deed of Trust, to release such sites described in the appendix to this Resolution;

Now, Therefore, be it resolved by the City Council of the City of Asheville that:

Section 1. For the purpose set forth above, the City hereby requests that the Trustee, as the assignee of the beneficiary under the Deed of Trust, release in accordance with Section 1.14 of the Deed of Trust, the sites of the Public Works Facility and the Municipal Building, as described in the appendix hereto, from the Deed of Trust.

Section 2. The Mayor, the City Manager, the Finance Director and the City Clerk, and

their respective designees, are hereby designated to act on behalf of the City to effectuate the release of property from the Deed of Trust as described in this Resolution, and all actions of such officers on behalf of the City with respect to such release, whether previously or hereinafter taken, are hereby approved, ratified and authorized. The City will provide for the payment of all expenses in connection with the release as described in this Resolution.

Section 3. If any one or more of the agreements or provisions herein contained is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and will be deemed separable from the remaining agreements and provisions and in no way affect the validity of any of the other agreements and provisions hereof.

Section 4. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 5. This Resolution is effective on its adoption.

Read, approved and adopted this 12th day of May, 2026.

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Esther E. Manheimer, Mayor

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Brad Branham, City Attorney

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Magdalen Burleson, City Clerk

APPENDIX A

DESCRIPTION OF REAL PROPERTY RELEASED FROM DEED OF TRUST

Lying and being in the City of Asheville, Buncombe County, North Carolina, and more particularly described as follows:

Public Works Facility

Being all of that property having an address of 161 S. Charlotte St, Asheville (the "Public Works Facility") and being more particularly described as follows:

Being all of two tracts of land consisting of 2.73 acres and 4.55 acres as shown on a plat prepared for the City of Asheville, North Carolina, recorded in Plat Book 62 at Page 118, Buncombe County, North Carolina Registry, reference to which plat is hereby made for a more particular description.

Municipal Building

Being all of that property having an address of 100 Court Plaza, Asheville (the "Municipal Building") and being more particularly described as follows:

Beginning at a point in the Eastern margin of South Market Street, said point having N.C.G.S. Grid Coordinates N 690262.742, E 944708.551 (NAD 1927) and being located S 53 deg. 38' 04" E 2298.73 feet from N.C.G.S. Monument "Flint"; Thence N 78 deg. 23' 45" E 145 feet to a point in the right of way of Spruce Street; Thence S 12 deg. 01' 15" E 207.50 feet to a point in the right of way of Spruce Street:

Thence S 76 deg. 25' 31" W 145.48 feet to a point in the Eastern margin of South Market Street; Thence along said margin N. 11 deg. 54' 15" W 212.50 feet to the point and place of beginning, as shown on a survey prepared by Richard M. Biggs, R.L.S., dated November 26, 1997, and being the same property conveyed to the City of Asheville by deeds recorded in Deed Book 179 at Page 22, Deed Book 216 at Page 581, Deed Book 216 at Page 589, and Deed Book 216 at Page 588 in the Buncombe County Registry.