City Council Staff Report

Council Meeting Date

- May 12, 2026

Subject

- 2026 Water Revenue Bonds - Approval of Bond Order and Bond Resolution

Staff Resource(s)

- Tony McDowell, Director of Finance and Management Services

Action Requested

- Adoption of Bond Order and Bond Resolution for the 2026 Water Revenue Bonds

Background

- In May 2024, City Council adopted a resolution providing staff with authorization to enter into a contract with Wharton-Smith, Inc, including contingency, totaling $26,888,196 for the construction of the Mills River Water Treatment Plant Improvements Phase 2.
- In January 2026, City Council adopted a resolution providing staff with authorization to enter into a contract with TP Howard Plumbing, Inc, including contingency, totaling $8,948,500 for the Neighborhood Enhancement Project (NEP) Area 8 - Water Distribution.
- It was noted at the time for both projects that the City intended to fund the contracts through the issuance of long-term debt.
- Mills River Water Treatment Plant Improvements Phase 2 was also awarded a $5 million State Revolving Fund (SRF)/ARPA grant.
- With expenses to-date in the Miller River project now totaling approximately $11 million and significant additional spending expected to occur in both projects in the upcoming months, staff intends to move forward with applying to the LGC for issuance of the Water Revenue Bonds associated with the Mills River and NEP 8 projects and issue the Bonds in June of this year.
- In addition, based on advice from the City's external financial advisors and bond counsel, staff is recommending refinancing the outstanding 2015 Water System Revenue Bonds, which will result in net present value debt service savings of approximately $398,000.
- To cover the expenses from the both projects, debt issuance costs, and provide funding for the refunding of the 2015 Water Revenue Bonds, staff plans, in consultation with our financial advisors and bond counsel, to issue debt in an amount not to exceed $51 million.
- City Council approved the initial resolution directing application to the Local

Government Commission (LGC) for the 2026 Water Revenue Bonds at its April 14, 2026 meeting, and the LGC approved the bonds at their May 5, 2026 meeting.
- Sale of the Bonds is planned for June 3, 2026 of this year.

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 exact amount and timing of the debt payments will be determined after issuance but staff has included estimated amounts in the Fiscal Year 2026-27 Water Budget for the payments. Water rate increases approved by City Council in March 2026 will provide revenue to assist with future debt payments.

Suggested Motion

- Motion to adopt a resolution adopting Bond Order authorizing the issuance of Water System Revenue Bonds of the City of Asheville, North Carolina, in an aggregate principal amount not to exceed $51,000,000; and
- Motion to adopt a resolution of the City of Asheville, North Carolina, authorizing the approval, execution and delivery of various documents in connection with the issuance of City of Asheville, North Carolina, Water System Revenue Bonds; providing for the sale of the bonds; setting forth the terms and conditions upon which the bonds are to be issued; and providing for certain other matters in connection with the issuance, sale and delivery of the bonds.

Attachment(s)

- Resolutions

City of Asheville Resolution Number 26-___

Bond Order Authorizing the Issuance of Water System Revenue Bonds of The City of Asheville, North Carolina in an Aggregate Principal Amount Not to Exceed $51,000,000

Whereas, the City of Asheville, North Carolina (the "*City*") is authorized by The State and Local Government Revenue Bond Act, General Statutes of North Carolina, Section 159-80 *et seq.* (the "*Act*") to issue, subject to the approval of the Local Government Commission of North Carolina (the "*LGC*"), at one time or from time to time, revenue bonds and revenue refunding bonds of the City for the purposes as specified in the Act;

Whereas, the City has previously issued its Water System Revenue Bonds under the terms of an Amended and Restated General Trust Indenture dated as of September 1, 2021 (the "*General Indenture*"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*");

Whereas, the City Council (the "*City Council*") of the City has determined to issue its Water System Revenue Bonds, Series 2026 (or other appropriate designations) (the "*Bonds*") in an aggregate principal amount not to exceed $35,000,000 to finance the costs of extensions, additions and capital improvements to, or the acquisition, renewal or replacement of capital assets of, or purchasing and installing new equipment for the water system owned by the City (the "*Projects*") and to pay the costs of issuing the Bonds;

Whereas, the City Council has also determined to issue the Bonds in an additional aggregate principal amount not to exceed $16,000,000 to refund all or a portion of the City's outstanding Water System Revenue Refunding Bonds, Series 2015 (the "*2015 Bonds*"), if advantageous to the City to achieve debt service savings, and to pay the costs of issuing the Bonds;

Whereas, the Bonds will be issued under the General Indenture and a Series Indenture, Number 7 (the "*Series Indenture*"), between the City and the Trustee, to (1) finance the Projects, (2) refund all or a portion of the 2015 Bonds and (3) pay the costs of issuing the Bonds;

Whereas, the City and the LGC have arranged for the private sale without advertisement of the Bonds to BofA Securities, Inc. (the "*Underwriter*"), under the terms of a Bond Purchase Agreement (the "*Purchase Agreement*") among the City, the LGC and the Underwriter, pursuant to which the City and the LGC will sell the Bonds to the Underwriter in accordance with the terms and conditions set forth therein; and

Whereas, an application has been filed with the LGC requesting approval of the Bonds as required by the Act;

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

Section 1. In order to raise the money required to finance the Projects, to refund all or a portion of the 2015 Bonds and to pay the costs of issuance of the Bonds, in addition to any funds which may be made available for such purpose from any other source, the Bonds are hereby authorized and shall be issued pursuant to the Act.

Section 2. The aggregate principal amount of the Bonds authorized by this order shall not exceed $51,000,000. The Bonds hereby authorized will be special obligations of the City,

secured by and paid solely from the proceeds thereof or from revenues, income, receipts and other money received or accrued by or on behalf of the City from or in connection with the operation of the City's Water System (as defined in the General Indenture).

Section 3. The issuance of the Bonds by the City, in substantially the form to be set forth in the Series Indenture, be and the same hereby is in all respects approved and confirmed. The form and content of the Bonds and the provisions of the Series Indenture with respect to the Bonds shall be approved and confirmed in a resolution of the City Council.

The principal of, premium, if any, and interest on the Bonds shall not be payable from the general funds of the City, nor shall they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the funds which are pledged under the General Indenture. Neither the credit nor the taxing power of the State of North Carolina or the City are pledged for the payment of the principal of, premium, if any, purchase price or interest on the Bonds, and no holder of the Bonds has the right to compel the exercise of the taxing power by the State of North Carolina or the City or the forfeiture of any of its property in connection with any default thereon.

Section 4. The Bonds will be purchased by the Underwriter under the terms of the Purchase Agreement.

Section 5. The proceeds from the sale of the Bonds will be deposited in accordance with the Series Indenture.

Section 6. 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 are to be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Bonds authorized hereunder.

Section 7. All resolutions or parts thereof of the City Council in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 8. This Bond Order is effective immediately on its adoption and pursuant to §159-88 of the General Statutes of North Carolina, as amended, need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the City Council other than the procedures set out in the Act.

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 Authorizing the Approval, Execution and Delivery of Various Documents in Connection with the issuance of City of Asheville, North Carolina Water System Revenue Bonds; Providing for the Sale of the Bonds; Setting Forth the Terms and Conditions Upon Which the Bonds are to be Issued; and Providing for Certain Other Matters in Connection With the Issuance, Sale and Delivery of the Bonds

Whereas, the City of Asheville, North Carolina (the "*City*") is authorized by The State and Local Government Revenue Bond Act, General Statutes of North Carolina, Section 159-80 *et seq.* (the "*Act*") to issue, subject to the approval of the Local Government Commission of North Carolina (the "*LGC*"), at one time or from time to time, revenue bonds and revenue refunding bonds of the City for the purposes as specified in the Act;

Whereas, the City Council (the "*City Council*") of the City has determined to issue its Water System Revenue Bonds, Series 2026 (or other appropriate designations) (the "*Bonds*") in an aggregate principal amount not to exceed $35,000,000 to finance the costs of extensions, additions and capital improvements to, or the acquisition, renewal or replacement of capital assets of, or purchasing and installing new equipment for the water system owned by the City (the "*Projects*") and to pay the costs of issuing the Bonds;

Whereas, the City Council has also determined to issue the Bonds in an additional aggregate principal amount not to exceed $16,000,000 to refund all or a portion of the City's outstanding Water System Revenue Refunding Bonds, Series 2015 (the "*2015 Bonds*"), if advantageous to the City to achieve debt service savings, and to pay the costs of issuing the Bonds;

Whereas, the City will issue the Bonds under an Amended and Restated General Trust Indenture dated as of September 1, 2021 (the "*General Indenture*") between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"), and Series Indenture, Number 7 (the "*Series Indenture*" and together with the General Indenture, the "*Indenture*") between the City and the Trustee;

Whereas, the City and the LGC have arranged for the sale of the Bonds to BofA Securities, Inc. (the "*Underwriter*"), under the terms of a Bond Purchase Agreement (the "*Purchase Agreement*") among the City, the LGC and the Underwriter, pursuant to which the City and the LGC will sell the Bonds to the Underwriter in accordance with the terms and conditions set forth therein; and

Whereas, copies of the forms of the following documents relating to the transactions described above have been filed with the City:

1. the General Indenture;

2. the Series Indenture;

3. the Purchase Agreement; and

4. a Preliminary Official Statement (the "*Preliminary Official Statement*") with respect to the Bonds, which after the inclusion of certain pricing and other

information will become the final Official Statement (the "*Official Statement*") relating to the Bonds;

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

Section 1. The Bonds are hereby authorized and will be issued pursuant to the Act to raise the money required, in addition to any funds which may be made available for such purpose from any other source, to (1) finance the Projects, (2) refund all or a portion of the 2015 Bonds and (3) pay the costs of issuing the Bonds.

The City's Finance Director, and his designees, are hereby directed to evaluate the merits and potential benefits to the City of refunding the 2015 Bonds and are hereby authorized to pursue the refunding of the 2015 Bonds if the City can achieve sufficient net present value savings from the refunding of the 2015 Bonds as determined by the City's Finance Director, and his designees.

Section 2. The City's issuance of the Bonds in the aggregate principal amount not to exceed $51,000,000, in substantially the form and content set forth in the Series Indenture, subject to appropriate insertions and revisions in order to comply with the provisions of the General Indenture and the Series Indenture, be and the same hereby are in all respects approved and confirmed, and the provisions of the General Indenture and the Series Indenture with respect to the Bonds (including without limitation the maturity dates and rates of interest to be inserted in the Series Indenture) be and the same hereby are approved and confirmed and are incorporated herein by reference. The proceeds from the sale of the Bonds will be deposited in accordance with the Series Indenture.

The principal of, premium, if any, and interest on the Bonds shall not be payable from the general funds of the City, nor shall they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the funds which are pledged under the Indenture. Neither the credit nor the taxing power of the State of North Carolina or the City are pledged for the payment of the principal of, premium, if any, or interest on the Bonds, and no holder of Bonds has the right to compel the exercise of the taxing power by the State of North Carolina or the City or the forfeiture of any of its property in connection with any default thereon.

Section 3. The form and content of the Series Indenture, including the exhibits thereto, are hereby in all respects approved and confirmed, and the Mayor, the City Manager, the Finance Director of the City and the City Clerk, and their respective designees (collectively, the "*Authorized Officers*"), are hereby authorized, empowered and directed, individually or collectively, to execute and deliver the Series Indenture for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the City's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Series Indenture, the Authorized Officers are hereby authorized, empowered and directed, individually or collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the General Indenture and the Series Indenture as executed. The Trustee is hereby appointed as Registrar and Paying Agent under the Series Indenture.

Section 4. The Bonds shall be sold to the Underwriter pursuant to the terms of the Purchase

Agreement. The form and content of the Purchase Agreement are in all respects approved and confirmed, and the Authorized Officers are hereby authorized, empowered and directed to execute and deliver the Purchase Agreement for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the City's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Purchase Agreement, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed.

Section 5. The form, terms and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and the Official Statement by the Underwriter, in connection with the sale of the Bonds with investors is hereby in all respects authorized, approved and confirmed. The Mayor, the City Manager or the Finance Director of the City are hereby each authorized, empowered and directed to deliver the Official Statement for and on behalf of the City in substantially the form and content of the Preliminary Official Statement presented to the City Council but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate.

Section 6. The City Manager and the Finance Director of the City, or their respective designees, are each hereby authorized to execute a no-arbitrage certificate in order to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Section 7. No stipulation, obligation or agreement herein contained or contained in the Bonds, the General Indenture, the Series Indenture, the Purchase Agreement, or any other instrument related to the issuance of the Bonds shall be deemed to be a stipulation, obligation or agreement of any officer, agent or employee of the City in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 8. The Authorized Officers are hereby authorized, empowered and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by (1) this Resolution, (2) the General Indenture, (3) the Series Indenture and (4) the Purchase Agreement (collectively, the "*Instruments*"), except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of the Instruments, (b) any agreement to which the City is bound, (c) any rule or regulation of the City or (d) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina.

Section 9. All acts and doings of the Authorized Officers previously taken and required to be taken in the future that are in conformity with the purposes and intents of this Resolution, the furtherance of the issuance of the Bonds, the execution, delivery and performance of the Series Indenture and the Purchase Agreement described herein are hereby in all respects ratified, approved and confirmed. Any provision in this Resolution that authorizes more than one officer of the City to take certain actions shall be read to permit such officers to take the authorized

actions either individually or collectively.

Section 10. If any one or more of the agreements or provisions herein contained shall be 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 shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Bonds authorized hereunder.

Section 11. All resolutions or parts thereof of the City Council in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 12. This Resolution shall take effect upon 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