City Council Staff Report

Council Meeting Date

- May 26, 2026

Subject

- Resolution authorizing the issuance of 2026 Interim Limited Obligation Bonds (LOBs).

Staff Resource(s)

- Tony McDowell, Director of Finance and Management Services

Action Requested

- Adoption of a resolution authorizing the City Manager or the Finance Director to pursue on behalf of the City debt financing for capital projects with a draw program that includes the issuance of 2026 interim Limited Obligation Bonds (LOBs) in an amount not to exceed $40,000,000 for construction of various general government capital projects.

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.
- City Council held a public hearing on the issuance of the 2026 interim Limited Obligation Bonds (LOBs) at their May 12, 2026 meeting and also at that same meeting adopted a resolution authorizing the negotiation of an Installment Financing Contract associated with the LOBs.
- PNC Bank, National Association has agreed to purchase the Bond, and staff is seeking Council approval of the 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.

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 of the City Council of the City of Asheville, North Carolina, approving an amendment to an installment financing contract to provide for the financing of additional projects and authorizing the City Manager or the Finance Director to pursue on behalf of the City debt financing for capital projects with a draw program that includes an installment financing and the related issuance of interim Limited Obligation Bonds (LOBs) in an amount not to exceed $40,000,000 for construction of various general government capital projects.

Attachment(s)

- Resolution

City of Asheville Resolution Number 26-___

Resolution Approving An Installment Financing Contract, a Deed of Trust and the Delivery Thereof and Providing for Certain Other Related Matters

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 (the "*City Council*") has determined that it is in the best interests of the City to enter into an Installment Financing Contract dated as of June 1, 2026 (the "*Contract*") between the City and Asheville Public Financing Corporation (the "*Corporation*") in order to finance 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 (collectively, the "*2026 Projects*");

Whereas, as part of such plan of finance, the City expects for the 2026 Projects to be refinanced with long-term take-out financings as the 2026 Projects are complete or near completion in the future;

Whereas, to secure its obligations under the Contract, the City will (1) execute and deliver a Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2026 from the City to the deed of trust trustee named therein for the benefit of the Corporation (the "*Deed of Trust*"), granting the Corporation and its assigns a security interest in certain sites of the 2026 Projects, which is expected initially to be the site of the Municipal Building, and the improvements thereon;

Whereas, to assist the City in the financing of the 2026 Projects with the Contract, the Corporation will execute and deliver an Indenture of Trust dated as of June 1, 2026 (the "*Master Indenture*") between the Corporation and Truist Bank, as trustee (the "*Trustee*"), and Supplemental Indenture, Number 1 dated as of June 1, 2026 ("*Supplement No. 1*" and collectively with the Master Indenture, the "*Indenture*") between the Corporation and the Trustee, under which the Corporation will execute and deliver its Limited Obligation Bond, Series 2026 (the "*2026 Bond*"), evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract under the Indenture, in an aggregate principal amount not to exceed $40,000,000;

Whereas, PNC Bank, National Association (the "*Purchaser*"), has agreed to purchase the 2026 Bond and provide the funding for the 2026 Projects pursuant to the terms of the Indenture, the Contract and a Bond Purchase and Advance Agreement (the "*Purchase Agreement*") to be

entered into among the Corporation, the City, the Purchaser and the Local Government Commission of North Carolina (the "*LGC*");

Whereas, there have been described to the City Council the forms of the following documents (collectively, the "*Instruments*"), copies of which have been made available to the City Council, which the City Council proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment financing:

(1) the Contract;

(2) the Deed of Trust;

(3) the Master Indenture and Supplement No. 1; and

(4) the Purchase Agreement;

Whereas, it appears that each of the Instruments is in an appropriate form and is an appropriate instrument for the purposes intended;

Whereas, the City Council conducted a public hearing on May 12, 2026, to receive public comment concerning the approval of the execution and delivery of the Contract and the Deed of Trust and the 2026 Projects to be financed thereby; and

Whereas, the City has filed with the LGC an application with respect to the Contract and expects to receive approval of the Contract by the LGC at its June meeting; and

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

Section 1. *Ratification of Instruments.* That all actions of the Mayor, the City Manager, the Finance Director, the City Clerk, including anyone serving as such in an interim capacity, and their respective designees (the "*Authorized Officers*"), whether previously or hereinafter taken, in effectuating the proposed financing are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments.

Section 2. *Authorization to Execute the Contract, the Deed of Trust and the Purchase Agreement.* That the City approves the transactions contemplated by the Instruments in accordance with the terms of the Contract, which will be a valid, legal and binding obligation of the City in accordance with its terms. The form and content of the Instruments are hereby in all respects authorized, approved and confirmed, and the Authorized Officers are hereby authorized, empowered and directed to execute and deliver the Instruments, including necessary counterparts, in substantially the form and content presented to the City Council, 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 changes, modifications, additions or deletions therein from the form and content of the Instruments presented to the City Council. From and after the execution and delivery of the Instruments, 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 Instruments as executed.

Section 3. *City Representative.* That the Authorized Officers are hereby designated as the City's representative to act on behalf of the City in connection with the transaction contemplated

by the Instruments, and each is authorized to proceed with the financing of the 2026 Projects in accordance with the Instruments in an aggregate principal amount not to exceed $40,000,000 and to seek opinions as a matter of law from the City Attorney, which City Attorney is authorized to furnish on behalf of the City, and opinions of law from such other attorneys for all documents contemplated hereby as required by law. The City's representative and their designees are in all respects authorized to supply on behalf of the City all information pertaining to the City for use in the transactions contemplated by the Instruments. 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 to consummate the transactions contemplated by the Instruments or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution, including the on-going administration of the Instruments and related documents. Any provision in this Resolution that authorizes more than one officer to take certain actions will be read to permit such officers to take the authorized actions either individually or collectively.

Section 4. S*everability.* That if any section, phrase or provision of this Resolution is declared invalid for any reason, such declaration will not affect the validity of the remainder of the sections, phrases or provisions of 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 26th 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