

Council Members
Barry Kaufman, Mayor
Jimmie Accardi, Vice Mayor
Weidner Abernethy
Kelly Melang



Town Manager
Bob Pudney
Town Attorney
Stacy C. Eggers IV

STATEMENT OF DISCLOSURES ON GENERAL OBLIGATION BONDS

The Town Council of the Town of Beech Mountain, North Carolina (the “Town”) introduced the following bond order of the Town at its June 13, 2023 meeting:

“BOND ORDER AUTHORIZING THE ISSUANCE OF \$15,000,000 GENERAL OBLIGATION WATER SYSTEM BONDS OF THE TOWN OF BEECH MOUNTAIN, NORTH CAROLINA”

Section 159-55.1 of the General Statutes of North Carolina requires the Town’s finance officer to file with the Town Clerk after the bond order is introduced and before the public hearing, a statement of disclosures stating the following: (1) an estimate of the total amount of interest that will be paid on the general obligation bonds over the expected term of the bonds, if issued, and a summary of the assumptions on which the estimate is based, (2) an estimate of the increase in property tax rate, if any, necessary to service the proposed debt, and (3) the amount of two-thirds bonds capacity the unit has available for the current fiscal year, if any.

To satisfy the requirements of Section 159-55.1 of the General Statutes of North Carolina with respect to the proposed bonds to be issued under the bond order referenced above the following statements of disclosure are made:

(1) An estimate of the total amount of interest that will be paid on the proposed bonds over the expected term of the bonds, if issued, is \$9,510,157 (assuming a 5.74% interest rate per (1)(iii) below). The assumptions upon which the estimate is based are:

(i) that the bonds will be issued as a single series in the aggregate principal amount of \$15,000,000;

(ii) that \$10,500,000 principal amount of the bonds that is expected to be paid from the Town’s General Fund will amortize in 20 equal annual principal installments of \$525,000 from the assumed date of issuance of the bonds and that \$4,500,000 principal amount of the bonds that is expected to be paid from the Town’s Water & Sewer Fund will amortize in 20 payments of level principal and interest (also known as level debt service);

(iii) that interest on the bonds will be paid in semiannual installments over the expected 20-year term of the bonds and the bonds will bear interest at an interest rate of 5.74%, which represents the Bond Buyer 20 Index as of May 25, 2023 plus 2.00% (200 basis points).

(2) Based on the assumptions in (1) above, the Town estimates an increase in the property tax rate necessary to service the proposed bonds (serviced by the Town’s General Fund) of \$0.11 per \$100 of assessed valuation. The tax rate increase would take effect in FY2026 when it is expected that the first year of principal and interest payments would become due. The Town estimates an increase in the Water and Sewer Base Rates necessary to service the proposed bonds (serviced by the Town’s Water & Sewer Fund)

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of 3.00% in each of FY2025 – FY2029.

(3) The amount of two-thirds bonds capacity the Town has available for the current fiscal year is \$0.00.

The foregoing information is intended to satisfy the requirements of Section 159-55.1 of the General Statutes of North Carolina and the interest rate is based on a “safe harbor” rate that the North Carolina Local Government Commission has determined for purposes of its approval process. This information will also be used for the notices required as part of the bond authorization process.

The Town also wants to make voters aware that for its long-term projections the Town has used an interest rate assumption of 5.00% for the proposed issuance of the bonds. Based on the same assumptions in (1)(i) and 1(ii) above but assuming an interest rate of 5.00% on the bonds, the Town estimates that the total amount of interest that will be paid on the proposed bonds over the expected term of the bonds, if issued, is \$8,234,333 and an increase in the property tax rate necessary to service the proposed bonds (serviced by the Town’s General Fund) of \$0.1025 per \$100 of assessed valuation. The tax rate increase would take effect in FY2026 when it is expected that the first year of principal and interest payments would become due. Based on these assumptions, the Town estimates an increase in the Water and Sewer Base Rates necessary to service the proposed bonds (serviced by the Town’s Water & Sewer Fund) of 2.50% in each of FY2025 – FY2029.

The information contained herein is preliminary and is for general informational purposes only. There is no assurance that the assumptions on which this disclosure is based will occur, and the actual occurrence of certain of the assumptions is beyond the Town’s control. Differences between the actual circumstances at the time the bonds are issued from the assumptions included in this disclosure could result in significant differences between the disclosures made herein and the actual occurrences. The validity of the bonds authorized by the bond order is not subject to challenge on the grounds that the actual occurrences when issued proved to be different than the disclosures set forth in this statement. This statement will be filed with the North Carolina Local Government Commission, posted online on the Town’s website and maintained by the Town Clerk.

June 16th, 2023

A handwritten signature in black ink, appearing to read "Steve Smith", is written over a horizontal line.

Steve Smith
Finance Director
Town of Beech Mountain, North Carolina

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STATE OF NORTH CAROLINA)
)
TOWN OF BEECH MOUNTAIN) SS:

I, Tamara Mercer, Town Clerk of the Town of Beech Mountain, North Carolina, a municipal corporation of the State of North Carolina, hereby certifies that the foregoing statement was filed with the Local Government Commission of North Carolina, filed in my office and posted online on the Town of Beech Mountain website on the 16th day of June, 2023.



Town Clerk
Town of Beech Mountain, North Carolina

