

THE BOND BUYER

North Carolina Commission OKs \$1B of bonds, notes for Charlotte, Durham

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Published

September 13, 2023, 10:47 a.m. EDT

The North Carolina Local Government Commission approved more than \$1 billion in bond requests from the cities of Charlotte and Durham on Tuesday while returning financial control to the town of Robersonville.

Charlotte submitted two requests, one for airport projects and another for improvements at the Spectrum Center arena.

The LGC approved Charlotte's request to sell \$475 million of revenue bonds to fund a major expansion of the terminal at Charlotte Douglas International Airport and other capital projects, as well as to refinance existing debt. A second request was okayed for a \$280 million bond anticipation note sale to allow new work to begin.



Charlotte received approval from the North Carolina Local Government Commission to issue revenue bonds and bond anticipation notes for projects at Charlotte Douglas International Airport. *Bloomberg News*

Additionally, Charlotte received approval to issue \$110 million of BANs for Spectrum Center renovations and modernization, including energy efficiency upgrades. The city-owned arena is the home of the NBA Charlotte Hornets.

Some of the proceeds would also be used to make improvements to a city-owned fire station.

[In 2022](#), the commission approved Charlotte's request to issue revenue bonds for the airport. Proceeds from that sale are financing improvements, which include a major terminal, and to refund an outstanding bond issue.

The city was also granted approval last year to sell \$300 million of BANs for capital improvement projects and to refinance an existing BAN. On May 12, the airport sold \$373 million of new money tax-exempt bonds.

Additionally, the commission last year okayed [Charlotte's request](#) to issue more than \$1 billion of bonds and notes for infrastructure work. Proceeds will finance

water, wastewater and sewer plants and lines and refund BANs and an outstanding bond issue.

Since 2013, Charlotte has sold roughly \$5.6 billion of bonds, with the biggest year in 2022 when it sold \$851 million.

On Tuesday, Durham received the green light from the commission for a \$138 million sale of limited tax obligation bonds.

Proceeds will fund new facilities and go for improvements to streets, parks and recreation, a fire station and public safety, sidewalks, information technology infrastructure, public works and general facility repairs. The financing also would refund \$5 million of Series 2013 bonds for savings.

Most bond sales in the state must be approved by the commission, chaired by State Treasurer Dale Folwell, which reviews if the amount that municipalities want to borrow is reasonable for the projects proposed and whether they can pay it back.

The LGC approved Inlivan Housing Redefined in Mecklenburg County's request to issue \$24.5 million of conduit revenue bonds. Proceeds would be loaned to Shamrock Drive to finance some of the costs associated with building a low-income rental housing development to be called Aldersgate Apartments. The development would consist of 100 units for senior citizens and 36 units for families.

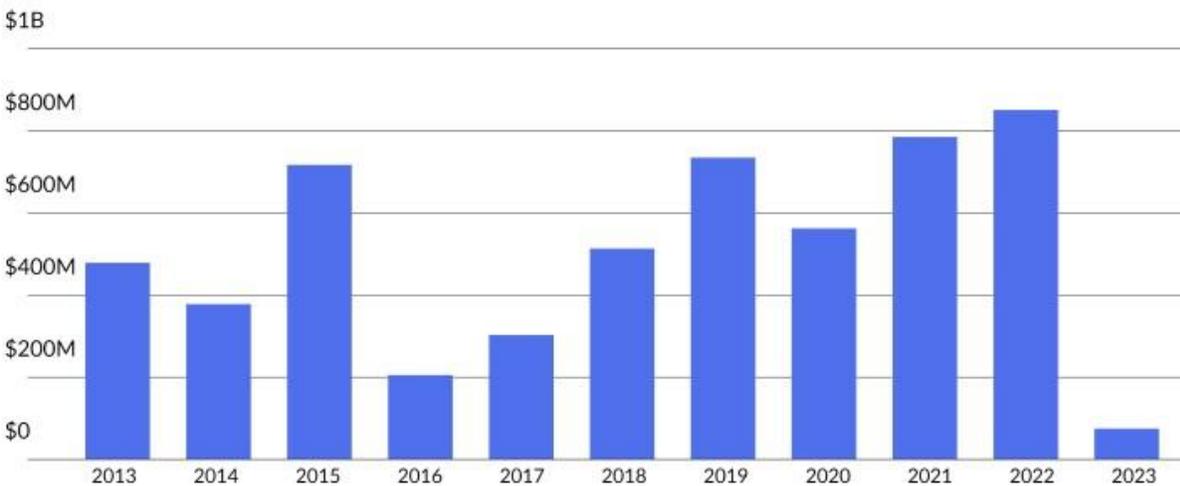
The Raleigh Housing Authority got the go-ahead to sell \$21 million of conduit revenue bonds for a loan to Terrace at Rock Quarry Limited Partnership. Proceeds would be used to finance some of the costs of building a 132-unit multifamily rental housing development to be called Terrace at Rock Quarry. The housing would help low-income residents, with some units set aside for the mobility impaired, disabled and homeless.

Holly Springs got LGC approval to issue \$17 million of limited obligation bonds to build a new fire station, purchase a fire truck and perform street work for a new operations center.

Additionally, the LGC approved Apex's request for a \$3.46 million "two-thirds" general obligation bond sale that would finance the construction of a new municipal building for its planning and inspection departments.

Queen City sales

A decade of municipal bond issuance by Charlotte



Source: Refinitiv

In North Carolina, a two-thirds GO is an exception to a regular GO bond issue, which requires a public vote before it can come to market. A municipality can issue a two-thirds GO without a vote in an amount up to two-thirds of the municipality's indebtedness which was retired in the previous year.

In [other financings](#), the commission approved:

- New Bern's request for a \$10 million installment purchase to build a new Stanley White Recreation Center and a separate revenue bond of \$6.1 million for sewer system infrastructure;
- Maiden's request for a \$7.5 million installment purchase to build a new fire station on Main Street;
- Mount Pleasant's \$6 million in interim financing with U.S. Department of Agriculture revenue bonds for a regional pump station and to rehabilitate sewer lines and manholes;
- Conover's \$4.9 million installment purchase for wastewater treatment equipment; and
- Oxford's requests for state revolving fund loans of \$4.8 million for wastewater treatment plant improvements and \$1.5 million for sewer system improvements.

The LGC monitors the [financial well-being](#) of 1,100 local government units in the state and provides guidance on statutory requirements. On a few occasions the LGC has assumed [financial control](#) of those local government units which are deemed to be in a bad financial condition and helps them get back on track.

It also [dissolved](#) a town government — East Laurinburg — for the first time in 2021.

On Tuesday, the commission voted to return financial control to the town of [Robersonville](#).

Three years ago, the commission used its authority to impound the town's books and assume control of its fiscal operations. It took this action because the town had not submitted required audits, had not met its statutory responsibilities for budget and fiscal control policies and failed to produce an action plan to remedy them.

In August, the LGC staff found that Robersonville was now compiling monthly financial reports for its town board, conducting bank reconciliations and using new software for utility and property tax billing. Its property tax collections have increased, staff has been trained, it is catching up on audits and an experienced, professional manager is now in place.

Also at the meeting, the LGC discussed New Hanover County's controversial [Project Grace](#) development proposal for downtown Wilmington.

Folwell and officials from the county are working to resolve differences in financing mechanisms for the project.

The county's agreement with Cape Fear Development stipulates that the cost to the county for the construction of a new museum and library, parking deck improvements, and the development fee is not to exceed \$55.9 million. The county would finance this amount with a bond sale. This differs from the previous model of a lease financing option.

The county contends that given its triple-A ratings, it will be able to borrow at the lowest interest rate possible. The county's GOs are rated Aaa by Moody's Investors Service and AAA by S&P Global Ratings. Both rating agencies assign stable outlooks on the credit.

The issue will be voted on at the commission's October meeting.

"We appreciate the Local Government Commission's thoughtful consideration of Project Grace and the opportunity to engage in today's robust and in-depth dialogue," the county Board of Commissioners said after the meeting in a

statement released on X, the message board formerly known as Twitter. "This initiative continues to have unanimous, bipartisan support and is crucial for New Hanover County's progress. We eagerly await the LGC's final review and a vote in October."

Separately, Folwell called on the North Carolina House of Representatives Tuesday to protect hospital patients and taxpayers and their families by passing [Senate Bill 321](#), the Medical Debt De-Weaponization Act.

The Senate unanimously passed the bill despite opposition from hospital lobbyists and now awaits action by the House.

He also released report that showed wide variations in hospital prices throughout the state, price markups from Medicare rates and failures in price transparency.

"Some things are worth getting mad about. When hospitals overcharge patients, it eats into workers' wages and makes health insurance premiums increasingly unaffordable," Folwell said. "This is the biggest transfer of wealth of our lifetime — especially from lower-and fixed-income people— to these multibillion-dollar corporations and their cartel-like associations who disguise themselves as nonprofits."