

THE BOND BUYER

North Carolina commission approves nearly \$2 billion of local bonds

By

[Chip Barnett](#)

Published

October 11, 2023, 10:57 a.m. EDT

The North Carolina Local Government Commission has approved almost \$2 billion in bond and local financing requests from municipalities across the state.

The LGC, chaired by State Treasurer Dale Folwell, must sign off on the issuance of any state and local government debt.

The North Carolina Housing Finance Agency received approval Oct 3 to issue \$750 million of revenue bonds to increase the supply of affordable housing.



A new library and museum in Wilmington, North Carolina, is the centerpiece of New Hanover County's Project Grace, bond financing for which was narrowly approved by the state's Local Government Commission. **New Hanover County**

NCHFA said the bond proceeds will be used to continue its home ownership program for families of low and moderate income for 2023 and 2024. The amount will exceed the almost \$419 million that the LGC approved for affordable housing financing in all of fiscal 2022.

The city of Charlotte received LGC approval for three bond requests totaling \$535 million.

The first was an issue to refund \$235 million in outstanding general obligation bonds to achieve nearly \$1.4 million in interest savings.

The second was for a \$100 million certificate of participation refunding that is expected to realize more than \$2.3 million in savings through lower interest rates.

The third was for a \$200 million short-term note sale for streets and neighborhood improvement projects as part of a draw on a previously approved bond authorization.

Last month, Charlotte [received approval](#) to sell bonds for airport projects and for improvements at the Spectrum Center arena.

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

The LGC voted to give a green light to the Fayetteville Public Works Commission's request for \$300 million in financing for three projects.

The agency will issue \$295 million of revenue bonds for 17 projects to improve electric, water and sanitary sewer systems. Part of the money would be used to refund a previous bond issue.

Approval also was granted for a \$5 million increase in a revolving loan for water/sewer improvements at Big Rockfish Creek Outfall. And a \$430,000 revolving loan increase was approved to abandon six lift stations that will be replaced by new lines to reroute the flows.

Currituck County got approval to sell \$60 million of limited obligation bonds to build a new Tulls Creek Elementary School due to population growth.

The Onslow Water and Sewer Authority got the go-ahead to issue \$50 million of revenue bonds for wastewater treatment and collections systems. The LGC also approved the Onslow County Hospital Authority's sale of \$23.1 million of revenue bonds for capital improvement projects.

Brunswick County's was okayed to issue \$25 million in revenue bonds to increase the treatment capacity of the Shallotte wastewater treatment plant while

Wilkes County can now sell \$25 million of limited obligation bonds to build a county government administration building.

The Burlington Housing Authority got the green light to issue \$25 million in conduit revenue bonds. The proceeds will be loaned to CFC-Burlington I LLC of Arizona to partially fund the acquisition of an existing hotel for renovation and making it into a 131-unit multifamily rental housing development for low- and moderate-income families.

Lee County was approved to sell \$17 million of limited obligation bonds to create a multi-sport complex while Person County can issue \$13 million of limited obligation bonds to renovate its high school.

One controversial request that got the green light was the New Hanover County's plan to finance the Project Grace redevelopment project, which passed by a 5-to-4 vote.

New Hanover County said it needed \$57 million to fund the project, which spans a three-acre, county-owned block in downtown Wilmington.

The development would see the building of a 95,000-square-foot library and museum, but would also require demolition of all existing buildings.

"This idea was around for nearly a decade before I was state treasurer. There's been nothing graceful about it," Folwell said, before casting his vote against it.

"The drama around this and other projects was completely avoidable, but they lacked the right level of transparency, competence and an eye on conflicts of interest that can have the potential of punishing taxpayers," he said.

Groundbreaking is expected to start by the end of this year, with a projected opening of the new facility projected by the end of 2025. Commercial and residential development is also planned for the block.

The LGC also approved financing requests from: Banner Elk, \$1 million; Boiling Springs, \$500,000; Greensboro, \$3 million; King, \$3.7 million; Leland, \$8 million; Mebane, \$6 million; and Nashville, \$3.2 million.

Last week's meeting was on the Appalachian State University campus in Boone as part of Folwell's initiative to bring state government operations to other parts of the state.

On a call with the media Tuesday, Folwell discussed the importance of transparency in government, which included access to public records and their retention.

"We have made public records compliance a hallmark of our office during my two terms," he said.

Folwell took exception to a recent initiative by the state legislature that mostly exempts them from the public records law.

"While I may not be an expert on public records law, I agree with former N.C. Gov. Jim Martin who says 'doing right is rarely wrong,'" he said.



"We will continue to have a culture at the treasurer's office of conservatism, common sense, courtesy and open communication," said North Carolina State Treasurer Dale Folwell.

"As state treasurer and keeper of the public purse and the recipient of the Open Government Coalition's 'Sunshine Award,' I feel strongly that restricting public access to important public information reduces confidence in all levels of government, which is already at historical lows," he said.

"It matters because in so many ways our society is at a crossroads, trying to decide whether to unite or divide," he said. "Answering the why and how legislation is written is becoming even more important than ever.

"By allowing individual lawmakers to determine what records are public and what material can be destroyed without ever seeing the sunshine of public view, creates a system that does not have standards or accountability. It prevents the public from learning who and what influenced certain decision-making on their behalf," Folwell said.

He also addressed the current turmoil in the financial markets as oil prices rise and stocks fall in the wake of the terror attack against Israel.

"The credit rating of North Carolina is higher than the United states of America, as the result of our federal government's incompetence and inability to govern," he said. "This has put trillions of dollars of debt under pressure and caused even more inflation."

Moody's Investors Service, S&P Global Ratings and Fitch Ratings all assign triple-A ratings to the state's general obligation bonds.

He noted the pension system was now seeing earnings coming in flat for the calendar year.

"We were up about 4% about eight weeks ago," he said, adding however that the pension plan remained one of the strongest and best funded in the nation.

Still, "We are facing major headwinds even in as good a shape as we are because of Washington, D.C.'s inability to balance their budget and live within their means and to reduce their addiction to debt," he said.

"We are still on course to retire nearly 60% of our state debt," he said. So as the federal government continues to have an appetite for money, our appetite for debt is decreasing."

Folwell, a Republican and a former state lawmaker in his second term as treasurer, has entered the 2024 race to replace Democrat Gov. Roy Cooper, who is barred by term limits from serving another term.

"We will continue to have a culture at the treasurer's office of conservatism, common sense, courtesy and open communication as the keepers of the public purse," he said.

In addition to approving local debt, the Local Government Commission, which operates out of the treasurer's office, 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.