

## Jim Palenick

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**From:** Jim Palenick [jpalenick@dallasnc.net]  
**Sent:** Friday, April 12, 2013 2:38 PM  
**To:** 'rcdc18@charter.net'; 'ronniemorrow@att.net'; 'JOHN BEATY'; 'Martin, Scott'; 'huggybarber@att.net'; 'hoyle withers'  
**Cc:** 'Maria Stroupe'; 'A Martin'; 'btrudnak@dallasnc.net'; 'David Kahler'; 'dhuffman@dallasnc.net'; 'slambert@dallasnc.net'; 'gbuckner@dallasnc.net'; 'J. Thomas Hunn'  
**Subject:** Town Manager's Report (#26)  
**Attachments:** Finance calendar details.pdf; lateral replacement assistance program.docx

Mayor & Board of Aldermen:

Please accept the following as the **Town Manager's Report for the Week-ended Friday, April 12, 2013.**

- There were some questions at the last Board Meeting regarding the Town's Financial Assistance Program for the replacement of water service laterals at homes to be serviced by the water-mains being replaced. The program (details attached) will reimburse home-owners 75% of the total cost of the service lateral replacement to a maximum of \$300.00, so long as the home-owner uses a pre-qualified plumbing contractor and the work uses approved materials. Only those homes occupied by their owners and connected to Mains being replaced will be eligible to apply for the reimbursement.
- I have also attached hereto a copy of the calendar and draft Request for Proposals for the debt financing for the three-phase water-main replacement project. As you will see on the calendar, our Financial consultants will distribute the RFP on Monday the 15<sup>th</sup>, and responses will be due back on the 26<sup>th</sup>. We will select the most-competitive, private placement provider on the 29<sup>th</sup> and then adopt a Resolution approving the financing at our Meeting on May 14<sup>th</sup>. State Local Government Commission approval is expected on June 4<sup>th</sup> and a final closing is tentatively scheduled for June 11<sup>th</sup>. Construction Bids for Phases II and III will be due in early May, and awarded at the May 14<sup>th</sup> Meeting as well. You will see on the RFP that we are seeking a borrowing of "up to" \$3,600,000 for a period of 20 years; and are hoping to back the debt only with the water distribution system and its capacity for generating revenues, but will entertain additional collateral (Town Hall and Police Station) if required.
- A final "punch-list" inspection was conducted for the Tree-trimming contract earlier this week and the results thereof were provided to the Contractor (Mackey Tree service) for "final-out". Those results showed only three, specific locations which were deemed incomplete under our interpretation of the contract. Mr. Mackey has responded in writing that he concurs with item #1 and will complete, but objected to our interpretation on items #2 & #3, and stated that he believes them to be beyond the scope of the contract, but has offered to complete both for additional charges of \$1,950.00. While I personally believe that our interpretation of the contract regarding those two items under dispute would prevail if contested, I also realize that the circumstances and conditions of the two trees/limbs to be trimmed are unusual at best and the associated contract language isn't as precise as I would prefer. As such, upon satisfactory completion of punch-list item #1, I am prepared to release the final 20% payment to Mackey's and close-out the contract. Item's #2 & #3 will then be contracted out, either to Mr. Mackey at his bid of \$1,950.00; or to an alternative contractor if a more competitive price is available. Mr. Mackey will also be paid for some additional work he performed during the contract efforts which were outside the scope of the contract terms, and/or not shown on the contract maps.
- I will be conducting Department Budget review meetings with each of the Department Heads between April 18<sup>th</sup> and the 22<sup>nd</sup>. A draft budget should be completed, with narrative, by May 15<sup>th</sup>.

Thank You,

Jim Palenick  
Interim Town Manager

# Town of Dallas, NC

## 2013 Water & Sewer Private Placement

### Preliminary Financing Calendar



APRIL 2012						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

MAY 2012						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE 2012						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

<u>Date</u>	<u>Action</u>	<u>Responsible Parties</u>
April 9	Town adopts Initial Resolution; Calls for Public Hearing	Town
April 15	Distribute RFP	FA; Town
April 19	Submit Letter to Joint Legislative Committee	BC
April 26	RFP Responses Due	Bank
April 29	Select Private Placement Provider; Publish Notice of Public Hearing in Newspaper	Town
May 1	Kick-off Call with LGC TBD Dial-In: 866.390.5250 Passcode: 7355668	All
May TBD	Submit LGC Application	Town
May 6	Distribute Documents	BC; PC
May X	Bids Delivered for Phase 2/3	Town
May TBD	Document Review TBD Dial-in: 866.390.5250 Passcode: 7355668	All
May 14	Holds Public Hearing; Adopts Resolution Approving the Financing; Approves Bid Contracts	BC; Town
June 4	LGC Approval (Full Commission)	LGC
June 11	Closing	All

#### Participants

Local Government Commission  
Private Placement Provider - ???  
Bond Counsel - Parker Poe  
Provider Counsel - ???

LGC  
PP  
BC  
PC

Town of Dallas  
Financial Advisor - DEC Associates  
Trustee - ???

Town  
FA  
TR

Wednesday, April 10, 2013

v1



On behalf of the  
Town of Dallas, North Carolina

April 15, 2013

On behalf of the Town of Dallas, North Carolina (the "Town"), DEC Associates, Inc., as Financial Advisor to the Town, is soliciting institutions for interest in an Installment Financing to obtain up to \$3,600,000 for improvements to the Town's water line system. Details regarding the projects, program specifications and requirements for the submission of the proposal are highlighted below.

**DEC** Associates,  
Inc.  
*Defining Emerging Concepts*

Mr. Jeremy A. Carter  
Director

2133 Southend Drive, Unit 306  
Charlotte, NC 28203  
T (704) 834-7479  
F (704) 834-7481  
jcarter@decassociatesinc.com

#### I. Project Information

The project consists of three (3) phases of upgrades and improvements to 12", 8", 6", and 2" waterlines throughout the Town. Phase I of the project is well underway and a portion of the obtained funds will be used to reimburse the Town for those expenditures. Phase II and III has been engineered and designed and are currently out for bids. The Town expects to have those bids in hand in early May. A detailed list of the phases and their currently estimated costs are available upon request.

The Town expects to obtain Local Government Commission (LGC) approval at the June 4, 2013 meeting and close soon thereafter.

#### II. Specifications

Not to Exceed Amount:	\$3,600,000; this financing will be <b>bank-qualified</b> under Section 265 of the Internal Revenue Code of 1986.
Term:	Please provide us the longest term your institution is willing to offer up to 20 years
Payments:	Level principal and interest (level debt service) with annual principal and annual or semi-annual interest
Interest Rate:	Fixed; this financing will be <b>bank-qualified</b> under Section 265 of the Internal Revenue Code of 1986.
Security:	The financing will be secured by a lien position or UCC filing in the project improvements. It is the Town's preference to pledge only the UCC on the improvements; however, they are willing to entertain additional property collateral if required by your institution.
Prepayment:	Identify prepayment provisions that would be acceptable to the institution. Alternative prepayment options may be included.
Taxing Power:	The general taxing power of the Town will <u>not</u> be pledged, directly or indirectly, to secure repayment due to any bank, assignee, or purchaser. All payments are subject to the annual appropriations of the Town.
Other:	The Town reserves the right to review and negotiate all other additional business points of the transaction and any major points of interest should be addressed in your proposal. Parker Poe Adams & Bernstein, LLP will serve as Bond Counsel to the Town and will prepare all documents associated with this financing.



On behalf of the  
Town of Dallas, North Carolina

### III. Submission of Proposal

***All proposals are due no later than Noon on April 26, 2013***

**Proposals are to be submitted by email in Adobe PDF or Microsoft Word format to:  
jcarter@decassociatesinc.com & jpalenick@dallasnc.net**

Proposals must specify at a minimum the following information:

- The name, street address, telephone number, fax number and email address for the Bank's primary contact person for the transaction.
- The term of the financing.
- The interest rate of the financing.
- A list of all additional costs other than the fees of the Town's bond counsel and the Town's financial advisor to be associated with this transaction, including origination or placement fees, counsel fees, and other expenses. State whether such costs have a minimum or maximum level and how such costs are calculated. **The Town will rely on there being no additional costs beyond those specified in your response to this Request for Proposal.**
- A statement to the effect that the bank agrees to the specifications set forth in section II of this Request for Proposal.
- A clear and complete statement of whether there are any conditions to the closing of the transaction other than preparation of acceptable documentation. The Town will rely on there being no such conditions unless stated in the proposal.
- A statement addressing the law firm the Bank wishes to use for the financing.
- Please send us the Bank's current increased cost language it would propose as part of this financing, if applicable.
- Proposals should be based on gross funding of the project (without consideration of investment earnings).

The Town reserves the right to request additional information from the proposers and reserves the right to reject all proposals and to waive any irregularity or informality. Although the selection will be based substantially on lowest total financing cost (including both interest cost and upfront fees and expenses, if any), the Town reserves the right to select the Bank that best meets the needs of the Town.

After receipt of the proposals by Noon on April 26, 2013, the Town, together with its Financial Advisor, will engage in further discussions with selected Banks to define the most appropriate structure to meet the Town's needs.

As a term of this request, the Town retains the right to select a proposer on the basis of its proposal until 5:00pm on April 29, 2013 subject only to the terms stated in the proposal. The proposer shall have no right to withdraw a proposal thus accepted prior to June 11, 2013, or a later closing date, except in accordance with any terms or conditions stated in this request or in the proposal.

Parker Poe Adams & Bernstein, LLP is serving as Bond Counsel to the Town in connection with the financing. By submitting a proposal, each proposer represents that it understands that Parker Poe Adams & Bernstein, LLP, in its capacity as Bond Counsel, represents the Town, and the successful proposer agrees to waive any conflict of interest that Parker Poe Adams & Bernstein, LLP involvement in connection with the financing to such successful proposer presents.

Thank you for your support of the Town and this financing. We look forward to your response.

**DEC** Associates,  
Inc.  
*Defining Emerging Concepts*

Mr. Jeremy A. Carter  
Director

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Charlotte, NC 28203  
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**TOWN OF DALLAS**  
**HOME-OWNER FINANCIAL ASSISTANCE PROGRAM**  
**FOR:**  
**REPLACING**  
**Obsolete, Galvanized-Iron Water Service Laterals**

Throughout 2013 and 2014 the Town of Dallas will be replacing and reconstructing many of the aging, underground Water Mains within the community. In an effort to encourage and assist Home-owners to also replace the “water service laterals” connecting their home to the water meter, the Town has developed and put into place the following Program:

**Program:** (Home-Owners)

- To be eligible, the home must be served by, and connected to, one of the Water-mains being replaced.
- Town of Dallas will reimburse “eligible” home-owners 75% of the total cost of replacement, up to a maximum reimbursement of \$300.00.
- Town of Dallas has established a list of pre-qualified, plumbing contractors (see attached) who may be engaged by the home-owner to complete the work.
- Following completion of the work by a pre-qualified contractor, the Home-owner can request, and the Town will issue a reimbursement check to the home-owner. However, the Home-owner has ultimate responsibility for payment of invoiced expenses of the contractor.
- The Home-owner may choose, and the contractor may install, any AWWA-approved piping materials (copper, polymer), but total Town reimbursement of expenses shall not exceed the maximums detailed herein.
- The reimbursement program is only available to Home-owners for service lateral replacement at the residence you personally occupy. Properties held for investment and/or rented out shall not qualify as eligible for reimbursement.

(Plumbing Contractors)

- To acquire “Pre-qualification” status from the Town of Dallas and become eligible to participate, you must complete and return the “preferred contractor” application

form from the Town of Dallas, and meet the eligibility criteria detailed thereon for licensure and insurance requirements, and be fully current on any financial obligations to the Town.

**Pre-Qualified Plumbing Contractors:**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

6. \_\_\_\_\_

7. \_\_\_\_\_

8. \_\_\_\_\_

9. \_\_\_\_\_

10. \_\_\_\_\_