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July 6, 2016

Joint Legislative Committee on Local Government  
North Carolina General Assembly  
Legislative Building  
16 West Jones Building  
Raleigh, North Carolina 27601

Attention: Committee Chairs and Committee Assistant

Fiscal Research Division  
North Carolina General Assembly  
Legislative Office Building - Suite 619  
300 North Salisbury Street  
Raleigh, North Carolina 27603-5925

RE: Financing of construction projects by the Town of Kernersville of Kernersville, North Carolina

Ladies and Gentlemen:

In accordance with Section 120-157.2(a) of the General Statutes of North Carolina, as amended, the Town of Kernersville, North Carolina (the Town) hereby notifies you of its intent to file applications with the Local Government Commission for approval of installment financing contracts. The applications will be for approval of financing contracts to purchase equipment, land, and construction.

One set of purchases consist of equipment and construction. The purchase of a new police communication system (\$2,400,000) will replace the current 800 megahertz system with the P25 System. Several construction projects are planned. Town Hall parking lots will be improved at a cost of \$550,000. The parking lots have not been improved since their initial construction in 1991. Other construction projects include the following: 1) bathhouse improvements at Harmon Park (\$150,000); 2) shelter improvements at Fourth of July Park (\$50,000); and 3) fencing improvements at the Ivey Redmon Athletic Sports Complex (\$35,000). All these purchases are estimated to total \$3,185,000 and be financed for a period of approximately ten (10) years at an anticipated interest rate of less than 4.0%.

The other set of purchases include the construction of a new Fire Station and a new Public Services building. The land and construction for the Fire Station is estimated to cost \$6,200,000. The new Fire Station will replace Fire Station #42 that has been "temporarily" located at its current site since the late 1970's. The new Public Services facility is estimated to cost \$5,130,000 and will replace several buildings that were constructed in the 1940's and 1950's. Construction of the new Fire Station and Public Services facilities estimated to total \$11,330,000 will be financed for a period of twenty (20) years at an anticipated interest rate of less than 4.25%.

**ALDERMEN**

Kenny Crews - Irving Neal - Joe L. Pinnix Jr. - Tracey H. Shifflette - Chris Thompson



NORTH CAROLINA'S  
**PIEDMONT  
TRIAD**

The purchase of the aforementioned equipment and construction utilizing installment financing contracts is necessary and expedient because the Town has been, and is, experiencing economic growth. As such, the need for future Town facilities and equipment is anticipated and expected. These purchases will well serve the citizens of the Town.

The Town of Kernersville - Board of Aldermen approved the Fiscal Year 2016-17 annual operating budget on June 28, 2016. Within this budget, a schedule of fees, charges and other available funds will provide adequate funding for Town operations including the repayment of the loans associated with the aforementioned purchases. The Board of Aldermen approved a 2.75 cent per \$100 property valuation tax increase for the purpose of funding these purchases and the operations of the Town. The Town anticipates the North Carolina Local Government Commission will consider approval of the issuance of this proposed debt at its meeting on October 4, 2016.

Please do not hesitate to contact me at 336-992-0504 or [fader@toknc.com](mailto:fader@toknc.com) if you require further information.

TOWN OF KERNERSVILLE, NORTH CAROLINA

By:   
Franz Ader, PE, MPA  
Finance Director