



**NOTICE TO JOINT LEGISLATIVE COMMITTEE ON LOCAL GOVERNMENT
OF PROPOSED LOCAL GOVERNMENT FINANCING**

August 15, 2018

Joint Legislative Committee on Local
Government
16 West Jones Street
Raleigh, North Carolina 27601
Attention: Committee Chairs and Assistant

Fiscal Research Division
Legislative Office Building
300 North Salisbury Street, Suite 619
Raleigh, North Carolina 27603-5925
Attention: Director

North Carolina Local Government Commission
3200 Atlantic Avenue
Longleaf Building
Raleigh, North Carolina 27604
Attention: Secretary

***City of Kannapolis, North Carolina
Limited Obligation Bonds***

In accordance with N.C. Gen. Stat. §120-157.2(a), the City of Kannapolis, North Carolina (the “City”) hereby notifies you of its intent to seek approval of the North Carolina Local Government Commission (the “Commission”) (1) construction, equipping and furnishing of a sports and entertainment facility to be used primarily for minor league baseball to be located in City’s downtown (the “Project”); and (2) to pay certain costs incurred in connection with the execution and delivery of the financing for the Project.

Pursuant to N.C. Gen. Stat. §160A-20, the City and Kannapolis Public Facilities Corporation (the “Corporation”) have previously entered into an installment financing contract to finance a city hall and law enforcement center, improvements to property owned by the City to be used by the community college, infrastructure improvements to downtown area and construction of two fire stations (the “Contract”). To secure its obligations under the Contract, the City has granted to the Corporation and its assigns a lien on the real property on certain of the city hall and law enforcement center and the two fire stations financed under the Contract (the “Existing Collateral”).

To finance the Project, the City and the Corporation expect to enter into a third amendment to the Contract and, in connection with such amendment, the Corporation expects to execute and deliver limited obligation bonds in a principal amount of approximately not to exceed \$52,000,000 (the “LOBs”). The LOBs will be secured on parity with the City’s existing obligations under the Contract by a lien on the Existing Collateral and the Project to be financed. The LOBs will amortize over a term of approximately 20 years. The City expects that it may enter into further amendments to the Contract to finance future projects of the City.

PPAB 4374322v1

The obligation of the City to make the installment payments and additional payments under the Contract will constitute a limited obligation of the City, payable solely from currently budgeted appropriations of the City and shall not constitute a general obligation or other indebtedness of the City within the meaning of the Constitution of the State of North Carolina or a direct or indirect pledge of the faith and credit or taxing power of the City within the meaning of the Constitution.

The City expects that the North Carolina Local Government Commission (the "*Commission*") will consider for approval the City's proposal to finance the Project at the Commission's meeting scheduled for October 2, 2018 or such later meeting as the City and the Commission may determine.

If you have any further questions, please feel free to contact me at (704) 920-4307.

CITY OF KANNAPOLIS, NORTH CAROLINA



Eric Davis
Finance Director