



Town of Oak Island

FEMA Storm Projects Financing Update and Process for Moving Forward

February 9, 2021

FEMA Storm Projects Financing – Update From November 20, 2020 Presentation

- Current and potential beach projects (estimates in current \$s)
 - Early 2021 Matthew project – total \$15.6 million - FEMA \$7.2 million, Town \$5.2 million, State grant \$3.2 million
 - Late 2021 Florence project – total \$17.8 million - FEMA \$7.6 million, Town \$8.9 million, State grant \$1.3 million
- New method to fund FEMA portion - \$14.8+ million for both
 - Usual method – Town pays bills (f/b), FEMA reimburses and holds back last 25% to completion
 - New method – use of borrowed funds, low cost and eliminates using Beach Fund balances for FEMA construction cashflows and hold back
- Without this method Town several million \$s out of pocket for up to 12+ months (receipt of final 25%) – Beach Funds do not have capacity due to storm project match \$14.1 million and other annual beach needs into future

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- Special Obligation Bonds (SOBs) borrowing method available
 - Pledge FEMA grant reimbursements – used before in N.C.
 - Last 25% would remain outstanding until final payment
- SOBs Statute requires use of Municipal Service District (MSD)
- District would include project area, cover entire ocean front
- No tax is required to be levied to use SOBs, only presence of MSD
- Town would create MSD before closing of SOBs
- DEC would assist in selecting bank partner, negotiating business terms and closing financing
- Town attorney and Bond attorney would assist with legal and documentation process

Next Steps/Calendar

- Major events going forward
 - February 9 Council meeting
 - Council hears this presentation, vote on moving forward with SOBs
 - Council hears future actions to adopt ocean front MSD, vote on moving forward
 - February 22 mail notice to proposed MSD residents
 - March 9 Council meeting
 - Adopt initial SOBs resolution to proceed and filing LGC application
 - March 23 special called Council meeting on MSD
 - Hold public hearing on formation of MSD
 - Adopt final action to implement MSD
 - April 13 Council meeting to adopt final SOBs financing resolution selecting bank, setting terms, approve documents and authorize entering into SOBs
 - April 13 LGC approval
 - Closing of SOBs transaction on or about April 16