



**Robert W. Muller**  
Mayor

**Douglas A. Remaley**  
Commissioner

**George Farah, III**  
Mayor Pro Tem

## **Town of Nags Head**

Post Office Box 99  
Nags Head, North Carolina 27959  
Telephone (252) 441-5508  
FAX (252) 441-0776  
[www.townofnagshead.net](http://www.townofnagshead.net)

**R. Brantley Murray**  
Commissioner

**J. Webb Fuller**  
Town Manager

**Anna D. Sadler**  
Commissioner

### Board of Commissioners Policy

## **Policy Guidelines for Conduit Financing**

(Adoption Date: May 2, 2001)

(Updated: June 4, 2003)

1. The organization requesting the financing must be a 501(c)(3) organization, as designated by the Internal Revenue Service.
2. The financing must be for a public purpose, the organization's purpose and programs must be consistent with the Town of Nags Head's programs, and the project to be financed must be of such significance to the community that it is in the public's interest that the Town assist in providing financing for the project.
3. The amount of the financing must be at least \$2,000,000.
4. The organization must present a sound business plan to the Town that demonstrates to the Town's satisfaction that the organization has the ability to repay the financing, to operate and maintain the facility financed, and to meet its indemnification responsibilities.
5. The organization must receive an unqualified opinion from bond counsel acceptable to the Town regarding the validity of the obligations and, if appropriate, an unqualified opinion that the interest on the obligations will be exempt from federal income tax.
6. The financial institution must have an acceptable rating and the financing team, including, but not limited to, the credit enhancement facility, the underwriter, and the placement agent, must be acceptable to the Town.
7. The organization must agree to compensate the Town for services rendered by Town personnel in evaluating the organization's proposal and in arranging the financing, and to pay any and all out-of-pocket costs incurred by the Town during the placement and closing of the financing, in addition to an annual administration fee relating to the financing.

8. The organization must agree to indemnify the Town for any loss or damage suffered by the Town resulting from the Town's participation in the financing.
9. The organization must guarantee payment to bond holders of any costs incurred as a result of a change in taxable status of the financing.
10. The organization must be responsible for any and all applicable continuing disclosure requirements under federal, state or local laws and regulations.
11. The Board of Commissioners of the Town of Nags Head must approve the conduit financing request.