

RESOLUTION OF THE PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
SUPPORTING THE PRESERVATION OF AFFORDABLE
FINANCING THROUGH TAX-EXEMPT FINANCING

WHEREAS, municipal bonds are the means by which state and local governments and school districts finance critical infrastructure, including roads, bridges, hospitals, schools and utility systems; and

WHEREAS, the Public Works Commission of the City of Fayetteville provides electric, water and sanitary utility services to the Fayetteville/Cumberland, North Carolina area; and

WHEREAS, the Public Works Commission of the City of Fayetteville uses municipal revenue bonds as a resource to support the construction and replacement of critical utility infrastructure; and

WHEREAS, the federal tax exemption on municipal bond interest has been in place since the first federal income tax was enacted in 1913, and as a result, state and local governments save, on average, two percentage points on their borrowing to finance investment in public infrastructure; and

WHEREAS, investors in municipal bonds are generally exempt from paying federal income tax on the bond interest payments so even a partial income tax on otherwise tax-exempt interest would cause investors to demand higher returns on their municipal bond investments to make up for the tax they would have to pay; and

WHEREAS, one proposal being discussed would apply to interest on bonds already issued by governments and purchased by investors; and

WHEREAS, this would represent a violation of the basic assumption of investors that Congress will not change the terms governing the taxability of interest for bonds already outstanding; and

WHEREAS, the outcome of reducing or eliminating the tax exemption on municipal bond interest would be higher borrowing costs for state and local governments, less investment in infrastructure and fewer jobs; and

WHEREAS, the benefit of lower capital costs attributable to tax-exempt financing is passed on to citizens who use our utility services through reduced rates and greater local investments; and

WHEREAS, periodically Congress and the President have proposed legislation to tax or alter the federal tax exemption for interest on municipal bonds.


NOW THEREFORE BE IT RESOLVED, THAT the Public Works Commission of the City of Fayetteville, North Carolina strongly opposes any and all efforts to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

ADOPTED, this 22nd day of May 2013.

PUBLIC WORKS COMMISSION OF THE
CITY OF FAYETTEVILLE, NORTH CAROLINA


Wilson A. Lacy, Chairman

ATTEST:


Lynne B. Greene, Secretary

**RESOLUTION OF THE PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
TO PARTICIPATE IN THE NORTH CAROLINA PUBLIC
EMPLOYEE DEFERRED COMPENSATION PLAN**

WHEREAS, the Public Works Commission of the City of Fayetteville wishes to provide a qualified defined contribution plan to their employees; and

WHEREAS, the State of North Carolina has established the North Carolina Public Employee Deferred Compensation Plan, a qualified governmental Deferred Compensation Plan under Internal Revenue Code §457(b) for public employees of North Carolina.

NOW THEREFORE BE IT RESOLVED, THAT the Public Works Commission of the City of Fayetteville, North Carolina has adopted the North Carolina Public Employee Deferred Compensation Plan also known as "NC Deferred Comp" under the terms of the Plan document and the Third-Party Administrator Agreement. All employees shall become eligible to defer compensation effective August 3, 2013.

ADOPTED, this 10th day of July 2013.

PUBLIC WORKS COMMISSION OF THE CITY
OF FAYETTEVILLE, NORTH CAROLINA



Wilson A. Lacy, Chairman

ATTEST:



Lynne B. Greene, Secretary