

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in regular session on Monday, September 10, 2018 at 6:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Vice-Chairman Archie B. Taylor, Jr., Commissioners Dan Brummitt, Carolyn Faines, Leo Kelly, Jr., and Gordon Wilder.

Absent: Chairman Thomas S. Hester, Jr. and Commissioner Yolanda Feimster.

Also present were County Manager Jordan McMillen, Finance Director David C. Beck, County Attorney Jonathan S. Care, and Clerk to the Board Kelly H. Grissom.

Public comments were heard first. Ms. Sandra Butler Tubbs began by thanking the board for appointing her to the Senior Tarheel Legislature. She also spoke about a recent attempted break-in to her home and a home invasion to her neighbor's home. She stated that her neighborhood is in the process of forming a neighborhood watch program. She also noted that there are not enough police on the ground.

Ms. Susette McLendon expressed her concerns about allowing a RV/camper on any parcel of land in Vance County without a single family dwelling. She stated that this is currently happening in her area and would like it to be addressed. She stated that the 14 consecutive days in the Zoning Ordinance needs to be eliminated because the county is not a state recreational park. State park rules are a maximum of 14 days. She also requested that the time frame between getting a permit from the health department and the time of construction needs to be addressed.

This matter was referred to the Planning/Environmental Committee for further review.

Mr. David Thomas, Henderson-Oxford Airport Authority, provided an update on airport activities. He stated that a runway lighting and apron rehab is underway. Future projects include a complete runway rehab in order to handle heavier aircraft as well as the construction of another access road and a set of tee-hangars. He also presented a recommendation letter from the airport authority to appoint Brian Boyd to the airport authority board. Although Vance County's policy is to only appoint Vance County residents, he asked if an exception could be made in this matter. Mr. Boyd resides in Wake Forest. The vacancy has been advertised for several months, with no applications received.

After brief discussion, motion was made by Commissioner Dan Brummitt, seconded by Commissioner Gordon Wilder, vote unanimous, to make an exception to the county's policy, and appoint Brian Boyd to the Airport Authority for a one year term.

Ms. Lina Lue, Cooperative Extension 4-H Agent, introduced Mr. Darnez Taylor as the county's 4-H representative at the North Carolina Association of County Commissioners' Youth Summit in August. Mr. Taylor stated that he is a sophomore at Henderson Collegiate and thanked the board for the opportunity to attend the summit. He stated that it allowed him to develop stronger leadership skills and understand the work of commissioners. The board thanked Mr. Taylor for representing Vance County so well.

Ms. Porcha Brooks, Tax Administrator, was next on the agenda and presented the following untimely exemption applications for 2018 as follows:

**Untimely Exemptions**

Name	Exemption Requested	Tax Administrator's Recommendation
Danny and Patricia House Parcels 0408 01005, 0408 02027, 0408 02028, 0408 02029 and 0408 02042	Present Use Forestry	Approve Application
Margaret Conolly Garnett Street Investment LLC Parcel 0064 02003	Present Use Forestry	Approve Application
Valerie Royster and Barbara Perry Parcel 0056 03020B	Elderly Exemption	Approve Application
James and Helen Davis Parcel 0401 03011	Disabled Exemption	Approve Application
Linda Champ Parcel 0202 02008	Disabled Exemption	Approve Application

As a point of disclosure, Commissioner Dan Brummitt stated that he is a relative of Danny and Patricia House, but not immediate family. He stated that he has no interest in the properties.

Ms. Brooks noted that all exemption applications met the qualifications of the exemptions and would have been approved if the applications had been submitted by the deadline. Since it is past the deadline, approval of the exemption applications must be made by the Board of Commissioners.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Carolyn Faines, vote unanimous, to approve the five untimely exemption applications as presented.

**Water District Board**

At this time, Vice-Chairman Taylor called the Water District Board to order.

*Water System Phase 3 Bond Order.* County Manager Jordan McMillen stated that Phase

3 of the water project will be funded by over \$1,000,000 in grants from USDA along with the water district issuing \$212,000 in revenue bond debt. The board must adopt a bond order to authorize the issuance of the revenue bonds. The Local Government Commission (LGC) will consider this financing as part of their meeting on September 11<sup>th</sup>. Once LGC approval is granted, USDA will finalize the interest and payment numbers which will be inserted into the bond order prior to closing. The interest rate will not exceed 1.875%.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Dan Brummitt, vote unanimous, to approve the bond order as presented authorizing the issuance of water system revenue bonds to provide funds for the Phase 3 water system expansion.

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**BOND ORDER AUTHORIZING THE ISSUANCE OF WATER SYSTEM REVENUE BONDS TO PROVIDE FUNDS TO ACQUIRE, CONSTRUCT AND EQUIP IMPROVEMENTS TO THE DISTRICT'S WATER SYSTEM; PROVIDING FOR THE ISSUANCE OF ADDITIONAL REVENUE BONDS; PROVIDING FOR THE ISSUANCE OF REVENUE BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE OF REVENUE BONDS; PROVIDING FOR THE COLLECTION OF SERVICE CHARGES FOR THE USE OF THE SYSTEM; PROVIDING FOR THE CREATION OF CERTAIN SPECIAL FUNDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE REVENUE BONDS AND NOTES CERTAIN NET REVENUES OF THE SYSTEM; SETTING FORTH THE RIGHTS AND REMEDIES OF HOLDERS; AND SETTING FORTH THE DETAILS OF CERTAIN RELATED MATTERS**

WHEREAS, the Vance County Water District (the "District") has been duly created pursuant to Part 2 of Article 2 of Chapter 130A of the North Carolina General Statutes, as amended, and is existing as a body corporate and politic, empowered to exercise all powers of a water district authorized pursuant to such Article and as otherwise provided by the State of North Carolina;

WHEREAS, the District owns and operates an existing water system in its territorial jurisdiction that provides water services to its customers in the District; and

WHEREAS, the District is authorized by The State and Local Government Revenue Bond Act, constituting Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended (the "Act"), to issue its revenue bonds to provide moneys for the acquisition, construction, reconstruction, extension, improvement or payment of the cost of one or more revenue bond projects, including water systems or facilities; and

WHEREAS, the District initially desires to finance the cost of the undertaking in which it is engaged consisting of various improvements to the District's water system (the "Project"); and

WHEREAS, the District has filed an application with the Local Government Commission of North Carolina for the issuance of revenue bonds in a principal amount not to exceed \$212,000 for the purpose of providing funds, together with other available funds, to pay the costs of the Project and certain fees and expenses relating to the sale of issuance of such bonds, or notes in anticipation of the issuance of such bonds;

WHEREAS, the District may in the future undertake improvements to the existing water system and has determined to provide at this time a mechanism for financing such additional improvements with the proceeds of bonds issued hereunder;

NOW, THEREFORE, BE IT ORDERED by the Board of Commissioners for the County of Vance (the "Board"), in its capacity as the governing body of the Vance County Water District, as follows:

## ARTICLE I

### GENERAL PROVISIONS AND DEFINITIONS

Section 1.01. Contract with Holders. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Bond Order shall be deemed to be and shall constitute a contract between the District and the Holders from time to time of the Bonds; and the covenants and agreements herein set forth to be performed by or on behalf of the District shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds so issued or to be issued, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise.

Section 1.02. Definitions; Interpretation. In addition to the capitalized terms defined elsewhere in this Bond Order, the following capitalized terms as used in this Bond Order shall have the following meanings, unless some other meaning is manifestly intended:

“Act” means The State and Local Government Revenue Bond Act, constituting Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

“Additional Bonds” means any additional Bonds issued pursuant to this Bond Order in accordance with the provisions of Article III hereof.

“Annual Budget” means any budget or amended budget for the System adopted or in effect pursuant to Section 7.07 hereof.

“Auditors” means any independent firm of certified public accountants that is employed by the District to audit the District’s books and accounts at the end of each Fiscal Year.

“Board” means the Board of Commissioners for the County of Vance, North Carolina, in its capacity as the governing body of the District, or the board or body in which the general legislative powers of the District shall now or hereafter be vested.

“Bond” or “Bonds” means any bond or bonds authorized by this Bond Order and includes the bond anticipation notes authorized pursuant to Section 2.10, the Initial Bond and any Additional Bonds issued in accordance with the provisions of this Bond Order.

“Bondholder” or “Holder” or any similar term, when used with reference to a Bond or Bonds means any person who shall be the registered owner of any outstanding Bond or Bonds.

“Bond Order” means this Bond Order, together with all orders amendatory hereof and all orders supplemental hereto as herein permitted.

“Bond Registrar” means the Finance Officer of the District or any other officer succeeding to or exercising his or her principal functions and duties.

“Chairman” means the Chairman of the Board of Commissioners of the District or any officer succeeding to or exercising his or her principal functions and duties.

“Clerk” means the Clerk of the Board of Commissioners of the District or any officer succeeding to or exercising his or her principal functions and duties.

“Commission” means the Local Government Commission of North Carolina.

“Consulting Engineer” means an independent engineer or engineering firm employed by the District to perform the functions and duties imposed on a Consulting Engineer by this Bond Order.

“Counsel” means an attorney or firm of attorneys selected by the District.

“Debt Service Fund” means the fund created and so designated by Section 5.02 hereof.

“Debt Service Requirement” means, with respect to Bonds in any Fiscal Year, the sum of (a) the amount required to pay the interest on the Bonds then outstanding which is payable in such Fiscal Year and (b) the amount required to pay the principal of the Bonds then outstanding which is payable in such Fiscal Year, the computation of such amount to be based on the assumption that

(i) the Bonds at the time outstanding will be retired according to their stated maturities or mandatory redemption requirements, (ii) any bond anticipation notes issued pursuant to this Bond Order and maturing during such Fiscal Year will be refunded with Additional Bonds such that the principal amount of such bond anticipation notes is not due and payable by the District from Net Revenues in such Fiscal Year and (iii) if the Bonds bear interest at a variable rate, the rate is the ceiling rate.

“Debt Service Reserve Fund” means the fund created and so designated by Section 5.02 hereof.

“Debt Service Reserve Fund Requirement” means an amount equal to the maximum Debt Service Requirement for any Fiscal Year.

“Depository” means any bank or trust company duly authorized under the laws of the United States of America or the State to engage in the banking business within the State and designated by the Board as a depository of moneys under the provisions of this Bond Order.

“District Representative” means the Manager of the District and any other person or persons designated to act on behalf of the District by written certificate of the Board signed by the Chairman and furnished to the Bond Registrar or any Depository containing the specimen signature of such person or persons.

“Clerk” means the Secretary or any assistant or deputy Secretary or any other officer succeeding to or exercising his or her principal functions and duties.

“Fiscal Year” means the period of twelve months commencing on July 1 of any year and ending on June 30 of the following year.

“Identifiable Bondholder” means any Holder who shall have filed with the Bond Registrar a request in writing setting forth such Holder’s name and address and the particular reports, notices or other documents which the Holder desires to receive and which shall be mailed to such Holder under the provisions of this Bond Order.

“Initial Bond” means the Bond authorized under Section 2.01 hereof.

“Net Revenues” means the Revenues received by the District during any period less the Operating Expenses for such Fiscal Year.

“Operating Expenses” means the District’s reasonable and necessary current expenses of maintaining, repairing and operating the System, including, without limiting the generality of the foregoing, all administrative, general and commercial expenses, insurance and surety bond premiums, payments for the billing and collection of Service Charges, architectural and engineering expenses, fees and expenses of the Bond Registrar, legal expenses, any taxes which may be lawfully imposed on the District or its income or operations or the property under its control, ordinary and current rentals of equipment or other property, usual expenses of maintenance and repair, and any other current expenses required to be paid by the District under the provisions of this Bond Order or by law, all to the extent properly and directly attributable to the System, but not including any reserves for operation, maintenance or repair or any allowance for depreciation, amortization, interest or similar charges.

“Project” means Project as defined in the preamble to this Bond Order.

“Qualified Investments” means any investments of political subdivisions of the State permitted under Section 159-30 of the General Statutes of North Carolina, as amended and as may be amended from time to time, or any successor provision.

“Revenue Fund” means the fund created and so designated by Section 5.02 hereof.

“Revenues” means all income received by the District from, in connection with, or as a result of, its ownership or operation of the System, including all moneys received in payment of rates, fees and other charges for the use of and for the services furnished by the System and investment income, but excluding the proceeds of any borrowing for payment of the costs of, or grants or donations intended for, specific System Improvements.

“Secretary” means the Secretary of the Commission or his or her deputies or designated assistants.

“Series Resolution” means the resolution of the Board providing for the issuance of any Additional Bonds and fixing the details thereof.

“Service Charges” means rates, fees and charges, including service, connection and other charges, for the use of, and for the services and facilities furnished or to be furnished by the System, as prescribed or fixed by the Board.

“State” means the State of North Carolina.

“State Treasurer” means the Treasurer of the State of North Carolina or his or her deputies or designated assistants.

“Subordinated Indebtedness” means indebtedness the terms of which shall provide that it shall be subordinate and junior in right of payment to the prior payment in full of the Bonds. For purposes of this Bond Order, obligations or debt instruments issued to the State as part of the State’s clean water revolving loan program or the State’s clean water bond loan program are deemed to be Subordinated Indebtedness for purpose of this Bond Order.

“Subordinated Indebtedness Debt Service Requirement” means, with respect to Subordinated Indebtedness in any Fiscal Year, the sum of (a) the amount required to pay the interest on the Subordinated Indebtedness then outstanding which is payable in such Fiscal Year and (b) the amount required to pay the principal of the Subordinated Indebtedness then outstanding which is payable in such Fiscal Year, the computation of such amount to be based on the assumption that (i) the Subordinated Indebtedness at the time outstanding will be retired according to its stated maturity or mandatory redemption requirements and (ii) if the Subordinated Indebtedness bears interest at a variable rate, the rate is the ceiling rate.

“Surplus Fund” means the fund created and so designated by Section 5.02 hereof.

“System” means the Project and any System Improvements.

“System Improvements” means any construction, reconstruction, improvement, enlargement, betterment or extension of the District’s water system, including all plants, works, instrumentalities and properties used or useful in collecting, treating, pumping and distributing water.

“USDA” means the United States of America, acting by and through Rural Development, an agency of the United States Department of Agriculture, as purchaser of the Initial Bond.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “bond,” “owner,” “Holder” and “person” shall include corporations and associations, including public bodies, as well as natural persons.

## ARTICLE II

### AUTHORIZATION OF PROJECT AND INITIAL BOND; TERMS, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF BONDS

Section 2.01. Authorization of Project and Initial Bond. (a) The District shall issue, in accordance with and pursuant to the Act and this Bond Order, its negotiable bond in an aggregate principal amount of \$212,000 (the “Initial Bond”) for the purpose of providing funds, together with other available funds, to pay the costs of the Project and certain fees and expenses relating to the sale and issuance of the Initial Bond.

(b) The Initial Bond is designated “Water System Revenue Bond, Series 2018,” dated as of the date of delivery thereof. The Initial Bonds shall bear interest from the date of issuance thereof, payable annually on June 1, commencing June 1, 2019. The Initial Bond shall mature in annual installments payable on the first day of June of each year commencing June 1, 2021 and ending June 1, 2058. The Initial Bond shall bear interest on the unpaid part of such principal at a rate not to exceed one and seven eighths per centum (1.875%) per annum until payment thereof, such interest to be payable on June 1, 2019, and annually thereafter on the first day of June of each year until paid. The final interest rate of the Initial Bond, not to exceed 1.875%, and the final

principal maturity schedule of the Initial Bond shall be determined by the Local Government Commission prior to the date of issuance of the Initial Bond. The principal and interest on the Initial Bonds shall be the amounts that will result in interest only on the Initial Bond through June 1, 2020, followed by 38 approximately level payments of annual principal and interest commencing June 1, 2021 and ending June 1, 2058. The final principal schedule shall be set forth in the Initial Bond.

Initial Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date in which event it shall bear interest from such interest payment date or (b) authenticated prior to the first interest payment date in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, the bond shall bear interest from the date to which interest has been paid.

The principal of and the interest and any redemption premium on the Initial Bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof.

Payment of interest on the Initial Bond shall be made by the Finance Officer of the District, acting in the capacity of Bond Registrar hereunder, on each interest payment date to the person appearing on the registration books of the District hereinafter provided for as the registered owner of the Initial Bond (or the previous bond or bonds evidencing the same debt as that evidenced by such bond) at the close of business on the record date for such interest, which shall be the 15<sup>th</sup> day (whether or not a business day) of the calendar month next preceding such interest payment date. During the time that USDA is the registered owner of the Initial Bond, payment of the installments of principal and interest when due and payable on the Initial Bond shall be made at the office of such fiscal agent as USDA shall designate without presentation or surrender thereof and, during any such time as an assignee thereof is the registered owner of the bond, payment of the installments of principal when due and payable on the bond shall be made at the office of the Bond Registrar, upon the presentation and surrender thereof, and payment of the interest when due and payable on the Initial Bond shall be made by check mailed to such assignee at his address as it appears on the bond registration books of the District hereinafter mentioned without the presentation or surrender thereof.

(c) The Initial Bond and the endorsements thereon shall be in substantially the following form:

(Registered as to both principal and interest)

No. R-1 \$212,000

United States of America  
State of North Carolina  
County of Vance

VANCE COUNTY WATER DISTRICT  
COMBINED ENTERPRISE SYSTEM REVENUE BOND, SERIES 2018

The Vance County Water District, a municipal corporation duly organized and validly existing under the laws of the State of North Carolina (the "District"), is justly indebted and for value received hereby promises to pay to the

UNITED STATES OF AMERICA, UNITED STATES  
DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT

or registered assigns or legal representative the principal sum of

TWO HUNDRED TWELVE THOUSAND DOLLARS

in annual installments on the 1<sup>st</sup> day of June in the following years and amounts:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2021		2040	
2022		2041	
2023		2042	
2024		2043	
2025		2044	
2026		2045	
2027		2046	
2028		2047	
2038		2029	
2039		2030	
2031		2050	
2032		2051	
2033		2052	
2034		2053	
2035		2054	
2036		2055	
2037		2056	
2048		2057	
2049		2058	

and to pay interest from the date hereof on the unpaid part of such principal sum at the rate of \_\_\_\_\_ per centum (\_\_\_%) per annum until payment thereof, such interest to be payable on June 1, 2019, and annually thereafter on the first day of June of each year until paid. The interest so payable on any such interest payment date will be paid to the person in whose name this bond is registered at the close of business on the record date for such interest, which shall be the 15<sup>th</sup> day (whether or not a business day) of the calendar month next preceding such interest payment date. Both the principal of and the interest on this bond are payable in any coin or currency of the United States of America which, at the respective date of payment thereof, is legal tender for the payment of public and private debts.

During the time that the United States of America is the registered owner of this bond, payment of the installments of principal and interest when due and payable on this bond shall be made at the office of such fiscal agent as the United States of America shall designate without presentation or surrender hereof and, during any such time as an assignee hereof is the registered owner of this bond, payment of the installments of principal when due and payable on this bond shall be made at the office of the Finance Officer of the District, acting in the capacity of Bond Registrar, upon the presentation and surrender hereof, and payment of the interest when due and payable on this bond shall be made by check mailed to such assignee at his address as it appears on the bond registration books of said Town maintained by the Bond Registrar without the presentation or surrender hereof. Upon receipt of said payments of principal and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar hereinafter mentioned, and said Town shall be fully discharged of its obligation on this bond to the extent of the payment so made. Upon final payment this bond shall be surrendered to the Bond Registrar for cancellation.

This Bond is issued pursuant to and in accordance with Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended, and a bond order adopted by the Board of Commissioners (the "Board") for the District on September 10, 2018 (the "Bond Order"). The proceeds of this Bond shall be used to pay a portion of the cost of the Project (as defined in the Bond Order).

This Bond is a special obligation of the District payable solely from the Net Revenues (as defined in the Bond Order). Neither the credit nor the taxing power of the District is pledged for the payment of this Bond and no holder of this Bond has the right to compel the exercise of the taxing power by the District or the forfeiture of any of the District's property in connection with any default thereon, and the District is not obligated to pay the principal of or interest on this Bond except from Net Revenues. Reference is hereby made to the Bond Order and the Series Resolution and to all amendments and supplements thereto for a description of the provisions, among others, respecting the nature and extent of the security, the rights, duties and obligations of the District, the rights of the holder of this Bond and the terms upon which this Bond is issued and secured.



At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Bond Order, this bond may be exchanged for an equal aggregate principal amount of bonds having maturities corresponding to the maturities of the installments of principal of this bond then unpaid, issuable in fully registered form in the denomination of \$1,000 or any integral multiple thereof and bearing interest at the same rate.

Initially, this bond is registered as to both principal and interest in the name of USDA on books of said District kept by the Finance Officer of the District, as Bond Registrar, and the transfer hereof may hereafter be registered by the registered owner hereof only upon an execution of an assignment hereon duly executed by such registered owner or his attorney or legal representative. Notice of such assignment shall be given promptly by the assignor to the Bond Registrar by registered mail, such notice to be in such form as shall be satisfactory to the Bond Registrar, and upon receipt of such notice this bond shall be registered as to both principal and interest on such registration books in the name of the assignee named in such notice.

As long as USDA is the registered owner of the bond, this bond may be redeemed, at the option of the District, at any time prior to the maturity of any installment of the principal thereof, either in whole or in part in the inverse order of the maturity dates of the installments of principal, from any moneys that may be made available for such purpose, at the aggregate principal amount of the installments of principal to be redeemed, together with the interest accrued thereon to the date fixed for redemption, but without any premium. During any time as an assignee of USDA is the owner of this bond, the principal installments of the bond maturing on or after June 1, 2029 may be redeemed in whole or in part on any date on or after June 1, 2028, from any moneys that may be made available for such purpose, at the aggregate principal amount of the installments of principal to be redeemed, together with the interest accrued thereon to the date fixed for redemption, but without any premium.

On the date designated for redemption, notice having been given and moneys for payment of the redemption price being held in trust for such purpose, all as provided in the Bond Order, this bond or part hereof shall become and be due and payable, and the interest on this bond or part hereof so redeemed shall cease to accrue.

The Bond Registrar shall not be required to exchange or register any transfer of (a) any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or (b) any bond called for redemption in whole or in part pursuant to the Series Resolution.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of North Carolina to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed in regular and due form and time as so required.

IN WITNESS WHEREOF, the Vance County Water District has caused this bond to be manually signed by the Chair of the Board of Commissioners and its official seal to be impressed hereon and attested by its Clerk, all as of the \_\_\_\_<sup>th</sup> day of \_\_\_\_\_ 2018.

[Do not sign] \_\_\_\_\_  
Chair, Vance County Water District Board of  
Commissioners

[SEAL]

[Do not sign] \_\_\_\_\_  
Clerk, Vance County Water District Board of  
Commissioners

#### CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The Local Government Finance Act of North Carolina.

GREGORY GASKINS  
Secretary of the Local Government Commission

By: [Do not sign]  
Designated Assistant

### CERTIFICATE OF AUTHENTICATION

This bond is issued under the provisions of the within-mentioned Series Resolution.

Finance Officer of the Vance County Water District,  
as Bond Registrar

[Do not sign]  
Bond Registrar

Date of Authentication: \_\_\_\_\_

### ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

In the presence of:

NOTICE: The signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration of enlargement or any change whatever.

(d) The Local Government Commission of North Carolina is hereby requested to sell the Initial Bond at private sale pursuant to G.S.159-123 to USDA at a purchase price of \$212,000 at an interest rate of not to exceed 1.875% per annum.

Section 2.02. Character of Bonds. The Bonds shall be special obligations of the District payable solely from the Net Revenues.

Section 2.03. Terms of Bonds. The Bonds are issuable as fully registered bonds. The Initial Bond shall have the terms provided therefor in this Bond Order. Additional Bonds shall be dated, shall bear interest until their payment, such interest to the maturity thereof being payable at such rate or rates and at such time or times, and shall be stated to mature (subject to the right of prior redemption) at such times as set forth in the Series Resolution providing for the issuance of the Additional Bonds. Both principal of and interest on the Bonds shall be paid by check mailed to the Holder thereof or otherwise as may be provided in a Series Resolution for any particular series of Bonds. Each Bond shall be payable with respect to principal, redemption premium, if any, and interest in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The Bonds shall be redeemable prior to their respective maturities as provided in Article IV hereof and as additionally provided in the Series Resolution providing for the issuance of such Bonds.

Section 2.04. Execution of Bonds. Each Bond shall be executed in the name of the District by manual or facsimile signatures of the Chairman and the Clerk to the Board of Commissioners

of the District and shall have impressed or printed thereon the official seal of the District or a facsimile thereof; provided, however, that at least one manual signature must appear on each Bond (which may be the signature of the Secretary to the Commission). Any Bond may be signed, sealed or attested on behalf of the District by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond or the date of delivery thereof such person shall not have held such office. In case any officer who shall have signed or sealed any of the Bonds shall cease to be such officer of the District before the Bonds so signed or sealed shall have been delivered, such Bonds may nevertheless be delivered as herein provided as if the person who so signed or sealed such Bonds had not ceased to be such officer.

Section 2.05. Registration and Transfer of Bonds. The District shall cause books for the registration of and for the registration of transfers of the Bonds as provided in this Bond Order to be kept by the Bond Registrar. The transfer of any Bond shall be registered upon the books kept for the registration of and registration of transfers of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the Holder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the District shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond of the same series registered in the name of the transferee in an aggregate principal amount equal to the unpaid principal amount of such Bond, having maturities corresponding to the principal installments of said Bond and bearing interest at the same rate.

In all cases in which the Bonds shall be transferred hereunder, the District shall execute, the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Bond Order. The District and the Bond Registrar may make a charge for every such transfer of Bonds sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such transfer. Neither the District nor the Bond Registrar shall be required to make any such registration of transfer of Bonds during the fifteen (15) days immediately preceding an interest payment date on the Bonds or in the case of any proposed redemption of Bonds, immediately preceding the date of mailing of notice of such redemption, or after such Bond or any portion thereof has been selected for redemption.

Any transfer of a Bond shall only be to any bank, insurance company or similar financial institution or to any other entity approved by the Commission. Transfer of a Bond by any subsequent Holder may also only be to a bank, insurance company or similar financial institution or to any other entity approved by the Commission.

Section 2.06. Ownership of Bonds. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and the interest on any such Bond shall be made only to the Holder thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid.

Section 2.07. Mutilated, Destroyed, Stolen or Lost Bonds. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the District may prepare and cause to be executed, authenticated and delivered a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond and upon surrender of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon the owner furnishing to the satisfaction of the Bond Registrar, the Commission and the District evidence that such Bond has been destroyed, stolen or lost, proof of the ownership thereof, a surety Bond or other indemnification instrument in twice the face amount of the Bond or in such other amount required by applicable law, payment of the cost of preparing and issuing any new Bonds, including the reasonable expenses and charges of the District and the Bond Registrar in connection therewith and evidence of compliance with such other reasonable regulations as the Bond Registrar and Board may prescribe. All Bonds surrendered hereunder shall be surrendered to the Bond Registrar and shall be cancelled. All Bonds issued in accordance with this Section shall be signed by the Chairman and the Clerk who are in office at the time and shall contain a recital to the effect that they are issued in exchange for or in place of certain Bonds and are to be deemed a part of the same series as such Bonds.

Section 2.08. Authentication of Initial Bond; Application of Proceeds. The Initial Bond shall be executed substantially in the manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication, but prior to or simultaneously with the authentication by the

Bond Registrar and delivery of the Initial Bond by the State Treasurer there shall be filed with the Bond Registrar the following:

(a) copy, certified by the Clerk to be true and correct copies, of this Bond Order; and

(b) an opinion of Counsel to the effect that the issuance of the Initial Bond has been duly authorized.

No Bond shall be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

When the documents mentioned in clauses (a) to (b), inclusive, of this Section shall have been filed with the Bond Registrar and when the Initial Bond shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall authenticate and deliver the Initial Bond to or upon the order of the purchasers thereof, but only upon payment to the State Treasurer of the purchase price of the Initial Bond. The Bond Registrar shall be entitled to rely upon the foregoing certificates with respect to the matters contained therein.

The proceeds of the Initial Bond shall be deposited in a separate segregated account with a financial institution approved by USDA, and pending the expenditure thereof to pay costs of the Initial Project are hereby pledged for the further security of the Holder of the Initial Bond. Amounts deposited to such special account may be invested as permitted by law, provided that such proceeds shall be invested so that funds will be available when needed to pay costs of the Initial Project. Proceeds of the Initial Bonds shall be withdrawn by the District and disbursed to pay Costs of the Initial Project, provided that each withdrawal and disbursement of such proceeds is subject to the prior approval of USDA.

Section 2.09. Approval of Issuance and Sale of Bonds. No Bonds shall be issued unless they are approved and sold by the Commission and until the Secretary shall have endorsed thereon a certificate evidencing approval in accordance with the provisions of the Act.

Section 2.10. Issuance of Revenue Bond Anticipation Notes. The District is authorized to issue, in anticipation of the receipt of the net proceeds of any Bonds, Water System Revenue Bond Anticipation Notes for the purpose of providing funds to pay the cost of the Project or any System Improvements. The payment of the principal of, redemption premium, if any, and interest on said notes shall be secured by a pledge, charge and lien upon the proceeds of any Bonds, if and when issued, and by the pledge of the Net Revenues pursuant to Section 5.03 hereof. The Revenues, as received by the District, shall immediately be subject to the lien of the pledge of the Net Revenues without any physical delivery thereof or further act. All covenants, obligations and agreements of the District contained in this Bond Order shall be deemed to be covenants, obligations and agreements of the District with the Holders of any Bonds issued under the provisions of this Bond Order.

### ARTICLE III

#### ADDITIONAL BONDS

Section 3.01. Refunding of Outstanding Bonds. The District may, to the extent permitted by the Act and the provisions of this Section, issue, from time to time, bonds or bond anticipation notes (herein referred to as "Additional Bonds") which shall be payable from the same funds as previously issued Bonds for the purpose of refunding all or any portion of the Initial Bond or any Additional Bonds. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such refunding obligations shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as any other Bonds. The Bond Registrar shall not authenticate and deliver any Additional Bonds for this purpose unless theretofore or simultaneously therewith there shall have been filed with the Bond Registrar the following:

(a) a copy, certified by the Clerk to be a true and correct copy, of the Series Resolution authorizing the issuance of the Additional Bonds and prescribing the details thereof;

(b) a certificate of the Commission showing the award of the Additional Bonds and specifying the interest rate or rates thereof;

(c) a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Board directing the authentication of the Additional Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) an opinion of Counsel to the effect that the issuance of the Additional Bonds has been duly authorized and that all conditions precedent to the delivery of the Additional Bonds have been fulfilled and further stating that the District is in compliance with all covenants and undertakings in connection with all outstanding Bonds; and

(e) such documents as shall be required by the Bond Registrar to evidence that provision has been satisfactorily made for the redemption of the Bonds to be refunded.

When the documents mentioned in clauses (a) to (e), inclusive, of this Section shall have been filed with the Bond Registrar and when said Additional Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall deliver said Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the State Treasurer of the purchase price of said Additional Bonds.

Section 3.02. Financing of System Improvements. The District may, to the extent permitted by the Act and the provisions of this Section, issue, from time to time, bonds or bond anticipation notes (herein referred to as “Additional Bonds”), which shall be payable from the same funds as previously issued Bonds for the purpose of financing System Improvements. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such obligations shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as any other Bonds. The Bond Registrar shall not authenticate and deliver any Additional Bonds for this purpose unless theretofore or simultaneously therewith there shall have been filed with the Bond Registrar, the following:

(a) a copy, certified by the Clerk to be a true and correct copy, of the Series Resolution authorizing the issuance of the Additional Bonds and prescribing the details thereof and providing that the System Improvements to be financed with the proceeds thereof are thereby made a part of the System and that the Net Revenues of such System Improvements are thereby pledged under this Bond Order as additional security for the Bonds, including such Additional Bonds;

(b) a certificate of the Commission showing the award of said Additional Bonds and specifying the interest rate or rates thereof;

(c) a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Board directing the authentication of said Additional Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) an opinion of Counsel to the effect that the issuance of said Additional Bonds has been duly authorized and that all conditions precedent to the delivery of said Additional Bonds have been fulfilled and further stating that the District is in compliance with all covenants and undertakings under this Bond Order and each Series Resolution in connection with all outstanding Bonds;

(e) a certificate, signed by the District Representative stating that all payments required by Section 5.05 into the Debt Service Fund and into the Debt Service Reserve Fund prior to the beginning of the month during which the Additional Bonds are issued have been made; and

(f) a statement, signed by the District Representative, to the effect that the estimated Net Revenues for each of the first two complete Fiscal Years following the Fiscal Year in which the System Improvements being financed are expected to be placed in service will be at least 110% of the Debt Service Requirements on all outstanding Bonds for each such Fiscal Year, including the proposed Additional Bonds to be issued.

Section 3.03. Approval by Local Government Commission. Additional Bonds shall not be issued unless they are approved and sold by the Commission and until the Secretary shall have endorsed thereon a certificate evidencing approval in accordance with the Act.

Section 3.04. Waiver of Additional Bonds Limitations. The limitations hereinabove set forth with respect to the issuance of Additional Bonds may be waived or modified by the written consent of Holders owning sixty per centum (60%) or more of the outstanding Bonds.

Section 3.05. Terms of Additional Bonds. Additional Bonds will be in such form, will be dated such date or dates, will mature in such installments of principal and interest, will bear interest at such rate or rates, will be in such denomination or denominations (but in all events in a minimum denomination of at least \$100,000) and may contain such provisions for redemption prior to their respective maturities, all as provided by the District in the Series Resolution authorizing such Additional Bonds. Additional Bonds will contain an appropriate series designation.

It is specifically intended and hereby provided that in providing for the issuance of Additional Bonds, the District may hereafter provide (a) for segregation of Net Revenues (or any portion thereof) into one or more special funds or accounts, (b) for Net Revenues (or any portion thereof), including any special funds or accounts as referenced in subsection (a), to be held by a third-party fiduciary for holders of Bonds, (c) for the establishment of reserves to secure payment of all or any particular series of Bonds, and (d) for the imposition on the District of additional financial and other covenants to provide for the security of Bonds, but only if and to the extent the Additional Bonds are issued and secured on a parity basis with the Initial Bond. In addition, supplements or amendments to this Bond Order (or other agreements pursuant to which Bonds have been or may be issued or secured) providing for the issuance of Additional Bonds may provide for the application of moneys recovered upon the exercise of remedies on default on any basis which treats the claims of the holder of the Initial Bond on a parity basis with the claims of the holders of such Additional Bonds. Such documents may provide for any amendments to this Bond Order or subsequent documents (i) without the consent of the owners of any Bonds, provided that such amendments do not materially adversely affect the rights and interests of any owners of the Bonds, or (ii) otherwise with the consent of the Commission and all affected owners of Bonds.

#### ARTICLE IV

##### REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Terms and Conditions. As long as USDA is the registered owner of the Initial Bond, the scheduled principal installments of the Initial Bond may be redeemed, at the option of the District, at any time prior to the maturity of such installment of the principal thereof, either in whole or in part in the inverse order of the maturity dates of the installments of principal, from any moneys that may be made available for such purpose, at the aggregate principal amount of the installments of principal to be redeemed, together with the interest accrued thereon to the date fixed for redemption, but without any premium. During any time as an assignee of USDA is the owner of the Initial Bond, the principal installments of the Initial Bond maturing on or after June 1, 2029 may be redeemed in whole or in part on any date on or after June 1, 2028, from any moneys that may be made available for such purpose, at the aggregate principal amount of the installments of principal to be redeemed, together with the interest accrued thereon to the date fixed for redemption, but without any premium.

In case of a redemption of all or any part of the Initial Bond, a notice of redemption shall be sent by registered mail, mailed at least forty (40) days prior to the date fixed for redemption, addressed (a) during the time that USDA is the owner of the bond, to the Finance Office, Rural Development, United States Department of Agriculture, 1530 Market Street, St. Louis, Missouri, 63103, or to such other address as USDA may designate by registered or certified mail forwarded to the District at least fifty (50) days prior to any redemption date, and (b) during any time as an assignee of USDA is the owner of the Initial Bond, to the address as it appears on the registration book of the District maintained by the Bond Registrar.

Additional Bonds shall be subject to redemption, both in whole and in part, at such times and prices, as may be provided by the Series Resolution authorizing the issuance of such Additional Bonds.

Section 4.02. Notice of Redemption. Whenever the District shall elect to redeem any Additional Bonds, notice thereof, stating the redemption date and place of payment and identifying the Bonds by reference to their numbers and further stating that on such redemption date there shall become due and payable upon each Bond so to be redeemed the principal thereof and the redemption premium, if any, together with the interest accrued to the redemption date and that

from and after such date interest thereon shall cease to accrue, shall be given as may be provided by the Series Resolution authorizing the issuance of such Bonds.

Section 4.03. Payment of Redeemed Bonds. Notice having been given in the manner provided, any Bonds so called for redemption shall become due and payable on the redemption date so designated at the redemption price set forth in said notice. Upon presentation and surrender of the Bonds so called for redemption at the place of payment specified in said notice, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder or his duly authorized attorney, such Bonds shall be paid at the aforementioned redemption price. In case part but not all of an outstanding Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the applicable redemption price and the District shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Holder or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a registered Bond of the same series and maturity, bearing interest at the same rate and of any authorized denomination.

If, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed shall be available therefor at the place of payment specified in the notice of redemption, then from and after the redemption date, the Bonds or the installments of principal thereof so called for redemption shall cease to bear interest. All moneys held for the redemption of particular Bond or for the prepayment of particular installments thereof shall be held in trust for the account of the Holders of the Bonds to be so redeemed in whole or in part.

If said moneys shall not be so available on the redemption date, said Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.04. Cancellation of Redeemed Bonds. All Bonds redeemed prior to maturity shall be cancelled forthwith in accordance with Section 5.10 hereof.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01. Rates and Charges. The District covenants and agrees that, subject to any applicable requirements of law or regulations, it will fix Service Charges and from time to time to revise such Service Charges in such manner that the Net Revenues for each Fiscal Year shall not be less than one hundred ten percent (110%) of the Debt Service Requirement for such Fiscal Year and one hundred percent (100%) of the Subordinated Indebtedness Debt Service Requirement for such Fiscal Year.

The District covenants that it will not reduce the Service Charges unless the Revenues after any such reduction of Service Charges will, in the opinion of a Consulting Engineer, be not less in each subsequent Fiscal Year than the total of the amounts referred to in subsection (c) of this Section and further that it will not reduce the Service Charges unless:

(a) all deposits shall have been made to the credit of the Debt Service Fund or with respect to debt service which are required by this Article to have been made prior to the time of such reduction (or, if a required deposit has not been made, the deficiency has been cured);

(b) the amount then on deposit to the credit of the Debt Service Reserve Fund shall be not less than the Debt Service Reserve Fund Requirement;

(c) the total amount of the Revenues during the preceding Fiscal Year shall have been not less than the total of the following:

(1) the Operating Expenses during the current Fiscal Year as shown by the Annual Budget for such Fiscal Year, and

(2) one hundred ten per centum (110%) of the maximum Debt Service Requirement for any Fiscal Year thereafter; and

(3) one hundred per centum (100%) of the maximum Subordinated Indebtedness Debt Service Requirement for any Fiscal Year thereafter; and

(d) the Revenues after any such reduction of Service Charges will, in the opinion of a Consulting Engineer, be not less in the then current Fiscal Year and in each subsequent Fiscal Year than the total of the amounts referred to in subsection (c) of this Section.

Forthwith upon the adoption of any revision of the Service Charges, the District will cause certified copies thereof to be filed with the Consulting Engineer and the Commission and mailed, upon request, to each Identifiable Bondholder.

The District further covenants that if the Net Revenues in any Fiscal Year shall be less than the total amount set forth in the first paragraph of this Section, the District shall immediately request a Consulting Engineer to make recommendations regarding revisions to the schedule of Service Charges and improvements in the operation of or services rendered by the System, and copies of such request and of the recommendations of such Consulting Engineer shall be filed with the Commission and mailed by the Clerk, upon request, to each Identifiable Bondholder. Anything in this Bond Order to the contrary notwithstanding, if the District shall substantially comply with all the recommendations of the Consulting Engineer with respect to the schedule of Service Charges and improvements in the operation of or services rendered by the System, it will not constitute an event of default under this Bond Order if the Net Revenues shall be less than the amount set forth in the first paragraph of the Section; provided, however, that such Net Revenues are sufficient to meet the Debt Service Requirement.

Section 5.02. Creation of Funds and Accounts. In addition to the Project Fund, there are hereby created the following designated special funds: (a) Vance County Water District Water System Revenue Fund (hereinafter called the "Revenue Fund"); (b) Vance County Water District Water System Debt Service Fund (hereinafter called the "Debt Service Fund"); (c) Vance County Water District Water System Debt Service Reserve Fund (hereinafter called the "Debt Service Reserve Fund"); and (d) Vance County Water District Water System Surplus Fund (hereinafter called the "Surplus Fund"). The moneys in each such fund shall be held by the District in trust with a Depository and applied as hereinafter provided in this Article. Each such fund shall be maintained as long as any of the Bonds are outstanding.

Section 5.03. Pledge of Net Revenues. The District hereby pledges the Net Revenues to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Revenues, as received by the District, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge shall have priority over any or all other obligations and liabilities of the District, including any general obligation bonds, or notes issued in anticipation thereof, heretofore or hereafter issued by the District for the purpose of providing water systems or facilities, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice thereof.

Section 5.04. Application of Revenues Received by the District. All Revenues collected by or on behalf of the District shall be deposited by the District as soon as practicable following the receipt thereof and held by the Depository in the Revenue Fund. The District shall pay from the moneys in the Revenue Fund, among other things, Operating Expenses in accordance with the Annual Budget, Debt Service Requirements with respect to the Bonds in each Fiscal Year and the purchase or redemption price of the Bonds. The District shall also deposit from moneys held in the Revenue Fund to the credit of the Debt Service Reserve Fund an amount in each month equal to the deposits to the Debt Service Reserve Fund required pursuant to Section 5.05(b) hereof.

Section 5.05. Withdrawals from the Revenue Fund. Operating Expenses shall be paid by the District from the Revenue Fund as the same become due and payable in conformity with the applicable budgetary and payment procedures of the District. Additionally, the District shall, on or before the 20th day of each month, commencing in the month following the month in which the Project commences operation, withdraw from the Revenue Fund an amount equal to the amount of all moneys held for the credit of the Revenue Fund on the last day of the preceding month and not reasonably expected to be necessary so that sufficient funds are on deposit in the Revenue Fund to pay Operating Expenses as the same become due and payable and deposit such sum to the credit of the following funds in the following order:

(a) to the credit of the Debt Service Fund, such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required to make the total amount then to the credit of the Debt Service Fund equal to the amount of interest then or to become within the next ensuing twelve (12) months due and payable on the Bonds then outstanding and the amount



of principal of the Bonds then or to become within the next ensuing twelve (12) months due and payable;

(b) to the credit of the Debt Service Reserve Fund, until the amount on deposit therein is equal to the Debt Service Reserve Fund Requirement, an amount equal to 1/120 of the Debt Service Reserve Requirement; and

(c) to the credit of the Surplus Fund the balance, if any, remaining after making the deposits under clauses (a) and (b) above;

provided, however, that if the amount so deposited in any month to the credit of any fund mentioned in this Section shall be less than the required amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such fund in each month thereafter until such time as such deficiency shall be made up.

Section 5.06. Application of Moneys in Debt Service Fund. All moneys in the Debt Service Fund shall be held in trust for the payment of the principal of and the interest on the Bonds and no amount shall be withdrawn from or paid out of the Debt Service Fund except as provided herein. The District shall, from time to time, withdraw from the Debt Service Fund and remit by mail or otherwise pay in the manner provided in any Series Resolution to the Holder of each Bond the amount required for paying principal or interest on such Bond as the same becomes due and payable; provided, however, that payment of the final principal installment of any Bond shall only be made upon surrender of such Bond to the Bond Registrar for payment.

Section 5.07. Application of Moneys in Debt Service Reserve Fund. Moneys held for the credit of the Debt Service Reserve Fund shall be used for the purpose of paying interest on the Bonds and maturing principal of Bonds whenever and to the extent that the moneys held for the credit of the Debt Service Fund shall be insufficient for such purpose, and the District shall transfer funds from the Debt Service Reserve Fund to the Debt Service Fund as necessary to make such payments. Any moneys so withdrawn from the Debt Service Reserve Fund shall be restored from available moneys in the Revenue Fund, subject to the same conditions as are prescribed for deposits to the credit of the Debt Service Reserve Fund under the provisions of Section 5.05 hereof. If at any time the moneys held for the credit of the Debt Service Reserve Fund shall exceed the requirement for such Fund under the provisions of Section 5.05(b) hereof, such excess may be transferred by the credit of the Debt Service Fund or the Surplus Fund.

Section 5.08. Application of Surplus Fund. If, at any time, the amount available in the Revenue Fund is or has been insufficient to make required payments into the Debt Service Fund or the Debt Service Reserve Fund, the District shall withdraw from the Surplus Fund, to the extent the moneys therein are available, and pay into the Revenue Fund, such amount as is required to remedy such deficiency.

Moneys held for the credit of the Surplus Fund and not at the time required to be so withdrawn from such Fund may be withdrawn and applied by the District, without accounting therefor to the Holders, for any lawful purpose, including, without limitation, to pay debt service on general obligation indebtedness or installment financing, capital lease or similar obligations of the District.

Section 5.09. Unclaimed Moneys. All moneys which the District shall have withdrawn from the Debt Service Fund and Debt Service Reserve Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption shall be held in trust for the respective Holders of such Bonds. Any moneys which shall be set aside and which shall remain unclaimed by the Holders of such Bonds for the period of five years after the date on which such Bonds shall have become payable shall be treated as abandoned property pursuant to the provisions of G.S. 116B-53, and the District shall report and remit this property to the Escheat Fund according to the requirements of Article 1 of Chapter 116B of the North Carolina General Statutes. Thereafter the Holders of such Bonds shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received without any interest thereon, and the District shall have no responsibility with respect to such moneys.

Section 5.10. Cancellation. All Bonds paid, redeemed or purchased either at or before maturity, shall, at the direction of the District, be delivered to the Bond Registrar or to the District

when such payment, redemption or purchase is made and such Bonds shall thereupon be cancelled. All Bonds cancelled under any of the provisions of this Bond Order shall be destroyed by the Bond Registrar which shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the District and the second executed certificate shall be retained by the Bond Registrar.

## ARTICLE VI

### SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 6.01. Security for Deposits. All moneys deposited with the District or any other Depository designated by the Board hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency shall be continuously secured, for the benefit of the District and the Holders of the Bonds, in such manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, including applicable regulations of the Commission.

Section 6.02. Investment of Funds. Moneys held for the credit of the Revenue Fund, the Debt Service Fund and the Surplus Fund shall, as nearly as may be practicable, be continuously invested and reinvested in Qualified Investments which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of each such fund will be required for the purposes intended. Moneys held for the credit of the Debt Service Reserve Fund shall, as nearly as may be practicable, be continuously invested and reinvested in Qualified Investments which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than three years after the date of such investment. Investment Obligations purchased as investments of moneys in any such fund shall be deemed at all times to be part of such fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund, and any loss resulting therefrom shall be charged to such fund. The District shall sell at the best price obtainable or present for redemption any Investment Obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such fund. Neither the District nor the District Representative shall be liable or responsible for any loss resulting from any such investment. For the purpose of determining the amount on deposit to the credit of any such fund, obligations in which moneys in such fund have been invested shall be valued at the lower of cost or market value.

## ARTICLE VII

### PARTICULAR COVENANTS

Section 7.01. Payment of Bonds and Observance of Covenants. The District covenants that it will promptly pay the principal of, premium, if any, and the interest on every Bond issued under the provisions of this Bond Order at the places, on the dates and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof. Except as in this Bond Order otherwise provided, the principal, premium, if any, and interest on the Bonds are payable solely from Net Revenues, which are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and nothing in the Bonds or in this Bond Order shall be construed as obligating the District to pay the Bonds or the interest thereon except from Net Revenues. Neither the faith and credit nor the taxing power of the District is pledged to the payment of the principal of, premium, if any, or interest on the Bonds, and no Holder has the right to compel the exercise of the taxing power of the District or the forfeiture of any of its property except for the Net Revenues in connection with any default thereon except as herein or in the applicable Series Resolution provided. The District covenants that it shall faithfully do and perform and at all times fully observe any and all covenants, undertakings, stipulations and provisions contained herein, in any Series Resolution or in the Bonds.

Section 7.02. Construction of Project and System Improvements. The District covenants that it will forthwith diligently proceed to complete the Project and any System Improvements in accordance with plans and specifications which shall have been approved by a Consulting Engineer and in conformity with law and all requirements of all governmental authorities having jurisdiction thereover, and that it will complete such construction with all expedition practicable.

The District further covenants and agrees that it will require each person, firm or corporation with whom it may contract for labor or materials in connection with the construction of the Project or any System Improvements to furnish a performance bond as required by law to insure completion and performance of such contract, or, in lieu thereof, to deposit with the Depository marketable securities having a market value equal to the amount of such contract and eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States, and to carry such workmen's compensation or employers' liability insurance as may be required by law and such builders, risk insurance, if any, as may be required by the Consulting Engineer. The District further covenants and agrees that in the event of any default under any such contract and the failure of the surety to complete the contract, the proceeds of any such performance bond or securities shall forthwith, upon receipt of such proceeds, be applied toward the completion of the contract in connection with which such performance bond or securities shall have been furnished.

Section 7.03. Operation and Maintenance of System. The District covenants that it shall at all times operate the System properly and in a sound and economical manner, and shall maintain, preserve and keep the same properly or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

Section 7.04. Rules, Regulations and Other Details. The District covenants that it shall establish and shall enforce reasonable rules and regulations governing the operation, use and services of the System and that all compensations, salaries, fees and wages paid by the District in connection with the maintenance, repair and operation of the System shall be reasonable. The District shall observe and perform or shall cause to be observed and performed all of the terms and conditions contained in the Act, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or the District.

The District further covenants that:

(a) it may require the owner, tenant or occupant of each lot or parcel of land within the District who is obligated to pay rates, fees or charges for the services and facilities furnished by the System to make a reasonable deposit with the District in advance to insure the payment of such rates, fees or charges and to be subject to application to the payment thereof if and when delinquent;

(b) if any rates, fees or charges for the services and facilities furnished by the System shall not be paid within thirty days after the same shall become due and payable, the District shall at the expiration of such thirty day period disconnect the premises from the System, and the District may proceed to recover by appropriate legal action the amount of any such delinquent rates, fees or charges; and

(c) it will not render, or cause to be rendered, any free services of any nature by the System nor will preferential rates be established for users of the same class.

Section 7.05. Payment of Lawful Charges. The District covenants that, from Revenues, it will pay all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon or in respect of the System or upon any part and that, from such Revenues, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon such Revenues; provided, however, that nothing in this Section contained shall require the District to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 7.06 Insurance and Reconstruction. The District covenants that it will obtain and maintain insurance, with reasonable terms, conditions, provisions and costs, which the District Representative determines will afford adequate protection against such risks as are customarily insured against in connection with the operation of water systems of type and size comparable to the System. All such insurance policies shall be carried in an insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of the System shall be deposited with the District and shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner determined by the District. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Surplus Fund. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any moneys in the Surplus Fund. The proceeds of all insurance covering loss of Revenues shall be deposited to the credit of the Revenue Fund.

Section 7.07. Annual Budget of Operating Expenses. The District covenants that it will develop an Annual Budget for each Fiscal Year consistent with the budget preparation schedule set forth in the State's applicable fiscal control statutes. If for any reason the Board shall not have adopted the Annual Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force.

The Board may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, but no such amended or supplemental budget shall be effective until it shall be approved in the manner hereinbefore prescribed for the Annual Budget.

The District covenants that the Operating Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount or incur any obligations for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the appropriate budget. Nothing in this Section contained shall limit the amount which the District may expend for Operating Expenses in any Fiscal Year provided any amounts expended therefor in excess of the appropriate budget shall be received by the District from some source other than Revenues and the District shall not make any reimbursement therefor from such Revenues.

Section 7.08. Records, Books and Audits. The District covenants that it will keep each of the funds of the System separate from all other funds of the District and that it will keep accurate records and accounts of all items of cost and of all expenditures relating to the System and of the Revenues collected and the application of such Revenues. Such records and accounts shall at all times during normal business hours be open to the inspection of the Commission and the Holders of the Bonds.

The District further covenants that promptly after the close of each Fiscal Year it will cause an audit to be made of its books and accounts relating to the System by a firm of independent certified public accountants to be chosen by the Board and will cause an annual report of operations of the System to be prepared, such annual report to cover the matters usually contained in annual reports for similar systems. Within a reasonable time thereafter, reports of each such audit and copies of each such annual report shall be mailed by the Clerk to the Consulting Engineer, the Commission, and, upon request, to each Identifiable Bondholder. Each such audit report shall be in accordance with generally accepted accounting principles and shall set forth in respect of the preceding Fiscal Year, among other matters, the Revenues and Operating Expenses of the System, all deposits or transfers to the credit of and all withdrawals from each special fund created hereunder, the amounts on deposit at the end of such Fiscal Year to the credit of each such special fund, including the details of any investment thereof, a balance sheet and also the findings of such certified public accountants whether the moneys received by the District under this Bond Order have been applied in accordance with the provisions of this Bond Order, whether any obligations for Operating Expenses were incurred in excess of the amounts appropriated in the Annual Budget and whether the District is in default in the performance of any of the covenants contained in Article V hereof. The District covenants that it will calculate whether it is in compliance with the rate covenant described in Section 5.01 and will include such calculations in its annual audit and report.

Section 7.09. Sale or Encumbrance. The District covenants that it will not sell, lease or otherwise dispose of the System or any part thereof except with the consent of one hundred percent of the Holders. Notwithstanding the foregoing, the Board may, from time to time, sell or otherwise dispose of such property forming part of the System, including machinery, fixtures, apparatus, tools, instruments or other movable property, as the Board may determine is not needed in connection with the maintenance and operation of such System. The proceeds from any sale, lease or disposition of the System, in whole or in part, shall be applied to the replacement of the properties so sold or otherwise disposed of or shall be deposited in the Revenue Fund.

Section 7.10. Creation of Liens. The District covenants that it will not create or permit to be created any charge or lien on the Net Revenues ranking equally with or prior to the charge or lien on the Net Revenues of the Bonds issued and secured hereunder unless otherwise required by applicable law.

Section 7.11. Instruments of Further Assurance. The District covenants that at any and all times it shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further orders, resolutions, acts, conveyances, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting and confirming all and singular the rights, Net Revenues and other funds hereby pledged or intended so to be, or which the District may hereafter become bound to pledge or as may be reasonable and required to carry out the purposes of the Bond Order and comply with the Act. The District further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues and all the rights of the Holders against all claims and demands of all persons whomsoever.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an “event of default” under this Bond Order:

(a) payment of the principal or premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable; or

(c) the District shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) any substantial part of the System, necessary for its efficient operation, shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be occasioned by the impracticability of such repair replacement or reconstruction or the lack of funds therefor or any other reason); or

(e) an order or decree shall be entered, with the consent or acquiescence of the District, appointing a receiver or receivers of the System or of the Revenues, or if such order or decree, having been entered without the consent or acquiescence of the District shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(f) any proceeding shall be instituted, with the consent or acquiescence of the District, for the purpose of effecting a composition or agreement between the District and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of Revenues; or

(g) the District shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Order on the part of the District to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Holders of not less than twenty per centum (20%) in principal amount of the Bonds then outstanding.

Section 8.02. Bonds Declared Due and Payable. Upon the happening and continuance of any event of default specified in Section 8.01 hereof, then and in every such case the Holders of a majority in aggregate principal amount of the Bonds then outstanding may, by a notice in writing to the District, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Bond Order to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of

the enforcement of any other remedy under this Bond Order, moneys shall become available to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such Bonds since the last interest payment date), and all other amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with a Depository, and every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Bond Order (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section), shall have been remedied to the satisfaction of the Holders, then and in every such case the Holders may, and upon the written request of the Holders of a majority in principal amount of the Bonds not then due by their terms and then outstanding shall, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time moneys are insufficient to pay the interest on or the principal of the Bonds as the same become due and payable, all moneys in the Debt Service Fund and Debt Service Reserve Fund, together with any moneys then available or thereafter becoming available for such purpose, shall be applied as provided in Section 11.02.

Section 8.03. Additional Remedies. Upon the happening and continuance of any event of default specified in Section 8.01 hereof, then and in every case the Holders may proceed to protect and enforce their rights hereunder and under the laws of the State, including the Act, by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Holders, shall deem most effectual to protect and enforce such rights.

Section 8.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 8.05. Waiver of Default. No delay or omission of the Holders of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Holders of a majority in aggregate principal amount of the Bonds may waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Order or before the completion of the enforcement of any other remedy under this Bond Order, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 8.06. Notice of Default. The District shall mail to the Commission and to the Holder of each Bond then outstanding written notice of the occurrence of any event of default set forth in Section 8.01 hereof as soon as practical, but in no event later than thirty (30) days, after the District shall have notice that any such event of default has occurred.

## ARTICLE IX

### THE TRUSTEE

Section 9.01. Designation of Trustee. The District may at any time, with the approval of the Commission, appoint a Trustee to administer the provisions of this Bond Order and may adopt such supplements to this Bond Order as shall be necessary or desirable to effectuate such appointment.

Any Trustee so appointed shall be capable of exercising trust powers in the State and shall be a bank or trust company with a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose

of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

## ARTICLE X

### SUPPLEMENTAL ORDERS

Section 10.01. Without Consent of Holders. The Board may from time to time and at any time following delivery of the Initial Bond, adopt such orders supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental orders shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Bond Order or in any supplemental order, or

(b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Bond Order other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the District in this Bond Order other covenants and agreements thereafter to be observed by the District or to surrender any right or power herein reserved to or conferred upon the District.

At least thirty (30) days prior to the adoption of any supplemental order for any of the purposes set forth in the immediately preceding paragraph of this Section, the Bond Registrar, at the expense of the District, shall cause a notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to the owner of each Bond at the address appearing on the registration books and to the Commission. Such notice shall briefly set forth the nature of the proposed supplemental order and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by all Holders.

Section 10.02. With Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time following delivery of any Bonds, anything contained in this Bond Order to the contrary notwithstanding, to consent to and approve the adoption, of such order or orders supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in particular, any of the terms or provisions contained in this Bond Order or in any supplemental order; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder without the consent of the Holder of such Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon without the consent of the Holder of such Bond, or (c) the creation of a lien upon or a pledge of Revenues other than the lien and pledge created by this Bond Order without the consent of the Holders of all Bonds outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds outstanding or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental order without the consent of the Holders of all Bonds outstanding.

Section 10.03. Obtaining Consent of Holders. If at any time the Board shall determine that it is necessary or desirable to adopt any supplemental order for any of the purposes of Section 10.02 hereof, the Bond Registrar, at the expense of the District, shall cause notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to each Holder of Bonds at the addresses appearing on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental order and shall state that copies thereof are on file at the principal corporate trust office of the Bond Registrar for inspection by all Holders. The Bond Registrar shall not, however, be subject to any liability to any Holder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental order when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of the first mailing of such notice, the District shall deliver to the Bond Registrar an instrument or instruments in writing purporting to

be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental order described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental order in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the adoption of such supplemental order shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such supplemental order, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental order pursuant to the provisions of this Section, this Bond Order shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Order of the District, the Bond Registrar and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Bond Order as so modified and amended.

Bonds owned or held by or for the account of the District shall not be deemed outstanding and shall be excluded for the purpose of any consent or any calculation provided for in this Article.

Bonds delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the District and Bond Registrar as to such action. If the District and Bond Registrar shall so determine, new Bonds modified to conform to any such action shall be prepared, authenticated and delivered to the Holder of any Bond then outstanding without cost to such Holder in exchange for and upon surrender of such outstanding Bonds.

Section 10.04. Unanimous Consent of Holders. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Bond Order or any order supplemental hereto and the rights and obligations of the District and of the Holders of the Bonds may be modified or amended in any respect upon the adoption by the Board of an order to that effect, approved by the Bond Registrar, and the filing with the Board of the written consent of the Commission and the Holders of all the Bonds. No notice to Holders shall be required.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

Section 11.01. Discharge of Bond Order. If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption and the whole amount of the principal and the interest and premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid, then and in that case the right, title and interest of the Holders of the Bonds secured hereby in the Net Revenues and funds mentioned in this Bond Order shall thereupon cease, terminate and become void, and the District, in such case, may apply any and all balances remaining in any funds to any lawful purpose of the District as the Board shall determine; otherwise this Bond Order shall be, continue and remain in full force and effect.

The Initial Bond shall not be defeased without written consent of USDA during such time as USDA shall remain the registered owner of the Initial Bond. to USDA,

Section 11.02. Payments When Funds are Insufficient. Anything in this Bond Order to the contrary notwithstanding, if at any time moneys are insufficient to pay the interest on or the principal of the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), all moneys in the Debt Service Fund and Debt Service Reserve Fund, together with any moneys then available or thereafter becoming available for such purpose, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied



first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Order), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article IV hereof.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then the moneys then remaining in and thereafter accruing to the Debt Service Fund and the Debt Service Reserve Fund shall be applied in accordance with the provisions of subsection (a) of this Section.

Section 11.03. Effect of District's Undertakings. All of the covenants, stipulations, obligations and agreements contained in this Bond Order shall be deemed to be covenants, stipulations, obligations and agreements of the District and of the Board to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

The Board shall have the right to enter into a contract with any public or private agency for the maintenance, operation and improvement of the System for such periods of time and under such terms and conditions which are not inconsistent with the provisions of this Bond Order as the Board shall determine to be in the best interests of the District and of the Holders of Bonds issued pursuant to the provisions of this Bond Order.

Section 11.04. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Bond Order to be given to or filed with the District or the Bond Registrar shall be deemed to have been sufficiently given or filed for all purposes of this Bond Order if and when sent by first class mail, postage prepaid, or overnight delivery service to the District or the Bond Registrar, if addressed to Vance County Water District, 122 Young Street, Suite B, Henderson, North Carolina 27536, Attention: Finance Officer, and to the Commission, if addressed to the Local Government Commission, Longleaf Building, 3200 Atlantic Avenue, Raleigh, North Carolina 27604, Attention: Secretary.

Section 11.05. Execution of Instruments by Holders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Bond Order to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Bond Order, and shall be conclusive in favor of

the Bond Registrar with regard to any action taken by it under such instrument, if in accordance with the registration books.

Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Bond Registrar in pursuance of such request or consent.

Section 11.06. Parties Interested Herein. Except as herein otherwise expressly provided, nothing in this Bond Order expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the District, the Bond Registrar and the Holders of the Bonds issued under and secured by this Bond Order any right, remedy or claim, legal or equitable, under or by reason of this Bond Order or any provision hereof, this Bond Order and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders from time to time of the Bonds issued hereunder.

Section 11.07. Limited Obligations. Nothing in the Bonds or in this Bond Order shall be construed as pledging either the faith and credit or the taxing power of the District for their payment or as conveying or mortgaging the System or any part thereof.

Section 11.08. No Recourse Against Members, Officers or Employees of District or the Commission. No recourse under, or upon, any statement, obligation, covenant or agreement contained in this Bond Order, or in any Bond or bond anticipation note hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the District or the Commission, or by the enforcement of any assessment, or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee of the District or the Commission, either directly or through the District for the payment for or to, the District or the Commission or any receiver of either of them, or for, or to, any owner or holder of Bonds or bond anticipation notes or otherwise, of any sum that may be due and unpaid upon any such Bond or bond anticipation note. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the District or the Commission or any receiver of either of them, or for, or to, any owner or holder of Bonds, bond anticipation notes or otherwise, of any sum that may remain due and unpaid upon the Bonds or bond anticipation notes hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of this Bond Order and the issuance of the Bonds.

Section 11.09. Severability of Invalid Provisions. In case any one or more of the provisions of this Bond Order or of the Bonds issued hereunder shall for any reason be held to be illegal or valid, such illegality or invalidity shall not affect any other provision of this Bond Order or of said Bonds, but this Bond Order and said Bonds shall be construed and enforced as of such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Bond Order shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the District to the full extent permitted by law.

Section 11.10. Issuance of Obligations and Expenditures for System Improvements. Nothing in this Bond Order express or implied shall be construed as preventing the District from financing System Improvements by the issuance of obligations which are not secured under the provisions of this Bond Order or from making expenditures for System Improvements from moneys received by the District solely for such purpose.

Section 11.11. Applicable Law. This Bond Order is adopted with the intent that the laws of the State shall govern its construction.

Section 11.12. Headings, Etc. Any headings preceding the texts hereof and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Order, nor shall they affect its meaning, construction or effect.

Section 11.13. Officers' Authority. The officers, employees and agents of the District are hereby authorized and directed to do all the acts and things required of them by the Bonds and this

Bond Order for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds, this Bond Order and any Series Resolution.

Section 11.14. Inconsistent Matters. All orders and resolutions and parts thereof, which are in conflict or inconsistent with any provisions of this Bond Order are hereby repealed and declared to be inapplicable to the provisions of this Bond Order.

Section 11.15. Effective Date. This Bond Order shall be effective immediately upon its adoption.

The August 2018 operations report was presented to the board for information.

At this time, Vice-Chairman Taylor closed the Water District Board.

Committee Reports and Recommendations

*Properties Committee - REO Properties*. Commissioner Dan Brummitt stated that the committee (Brummitt [C], Taylor, & Wilder) met Tuesday, August 21, 2018 and reviewed the following offers to purchase county owned properties:

- Tungsten Mine Road (Parcel 0325 02002) - \$1,400 offer – Carysfort Reef, LLC
- Elm Street (Parcel 0087 03011) - \$1,000 offer – Carysfort Reef, LLC

The committee discussed the offers and recommended proceeding with the upset bid process for the properties.

Motion was made by Commissioner Dan Brummitt, seconded by Commissioner Carolyn Faines, vote unanimous, to approve the offers to purchase and the resolutions authorizing the upset bid process for the sale of Tungsten Mine Road (tax parcel 0325 02002) and Elm Street (tax parcel 0087 03011).



**RESOLUTION AUTHORIZING UPSET BID PROCESS  
FOR SALE OF REAL PROPERTY  
H.G. Taylor Land, Lot Tungsten Mine Road, Henderson, NC 27537**

**WHEREAS**, Vance County owns certain real property with an address of **H.G. Taylor Land, Lot Tungsten Mine Road, Henderson, North Carolina**, and more particularly described by the Vance County Tax Department as Parcel Numbers **0325 02002**; and,

**WHEREAS**, North Carolina General Statute §160A-269 permits the county to sell real property by upset bid, after receipt of an offer for the property; and,

**WHEREAS**, the County has received an offer to purchase the real property described herein above in the amount of **\$1,400.00** subject to the terms and conditions as included in the submitted offer to purchase bid, submitted by **Carysfort Reef, LLC**; and,

**WHEREAS**, **Carysfort Reef, LLC** has paid the required deposit in the amount of **\$750.00** with their initial offer.

**THEREFORE, THE VANCE COUNTY BOARD OF COMMISSIONERS RESOLVES THAT:**

1. The Board of County Commissioners declares the real property described above surplus and authorizes its sale through the upset bid procedure of North Carolina General Statute §160A-269.

2. A notice of the proposed sale shall be published which shall describe the property and the amount of the offer and shall require any upset offer be subject to the same terms and conditions as contained therein except for the purchase price.

3. Any person may submit an upset bid to the Clerk to the Board of County Commissioners within 10 days after the notice of sale is published. Once a qualifying higher bid has been received, that bid will become the new offer.

4. If a qualifying upset bid is received, a new notice of upset bid shall be published, and shall continue to do so until a 10-day period has passed without any qualifying upset bid having been received. At that time, the amount of the final high bid shall be reported to the Board of County Commissioners.

5. A qualifying higher bid is one that raises the existing offer by the greater of \$750 or ten percent (10%) of the first \$1,000.00 of that offer and five percent (5%) of the remainder of the offer and is subject to the same terms and conditions of the previous bid.

6. A qualifying higher bid must also be accompanied by a deposit in the amount of the greater of \$750 or five percent (5%) of the bid, which may be made by cash, cashier's check or certified funds. The County will return the deposit of any bid not accepted and will return the bid of an offer subject to upset if a qualifying higher bid is received.

7. The terms of the final sale are that the Board of County Commissioners must approve the final high offer before the sale is closed and the buyer must pay with certified funds or wire transfer the bid amount and any other amounts as required pursuant to the terms and conditions of the bid at the time of closing, which shall be no later than 30 days following the approval by this Board of the final bid. The real property is sold in its current condition, as is, and the County gives no warranty with respect to the usability of the real property or title. Title will be delivered at closing by a **Non Warranty Deed**, subject to exceptions for ad valorem taxes, assessments, zoning regulations, restrictive covenants, street easements, rights of others in possession and any other encumbrances of record. Buyer shall pay for preparation and recording of the Deed and revenue stamps.

8. The County reserves the right to withdraw the property from sale at any time before the final high bid is accepted **and the right to reject all bids at any time.**

9. If no qualifying upset bid is received, the Board of County Commissioners will accept or reject the bid submitted within 60 days after the close of the 10-day upset period.

**This the 10<sup>th</sup> day of September, 2018.**

Archie B. Taylor, Jr. (signed)  
Archie B. Taylor, Jr., Vice-Chairman  
Vance County Board of Commissioners

ATTEST:

Kelly H. Grissom (signed)  
Kelly H. Grissom, Clerk to the Board

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**RESOLUTION AUTHORIZING UPSET BID PROCESS  
FOR SALE OF REAL PROPERTY  
Elm Street Lot, Henderson, NC 27536**

**WHEREAS**, Vance County owns certain real property with an address of **Elm Street Lot, Henderson, North Carolina**, and more particularly described by the Vance County Tax Department as Parcel Numbers **0087 03011**; and,

**WHEREAS**, North Carolina General Statute §160A-269 permits the county to sell real property by upset bid, after receipt of an offer for the property; and,

WHEREAS, the County has received an offer to purchase the real property described herein above in the amount of **\$1,000.00** subject to the terms and conditions as included in the submitted offer to purchase bid, submitted by *Carysfort Reef, LLC*; and,

WHEREAS, *Carysfort Reef, LLC* has paid the required deposit in the amount of **\$750.00** with their initial offer.

**THEREFORE, THE VANCE COUNTY BOARD OF COMMISSIONERS RESOLVES THAT:**

1. The Board of County Commissioners declares the real property described above surplus and authorizes its sale through the upset bid procedure of North Carolina General Statute §160A-269.

2. A notice of the proposed sale shall be published which shall describe the property and the amount of the offer and shall require any upset offer be subject to the same terms and conditions as contained therein except for the purchase price.

3. Any person may submit an upset bid to the Clerk to the Board of County Commissioners within 10 days after the notice of sale is published. Once a qualifying higher bid has been received, that bid will become the new offer.

4. If a qualifying upset bid is received, a new notice of upset bid shall be published, and shall continue to do so until a 10-day period has passed without any qualifying upset bid having been received. At that time, the amount of the final high bid shall be reported to the Board of County Commissioners.

5. A qualifying higher bid is one that raises the existing offer by the greater of \$750 or ten percent (10%) of the first \$1,000.00 of that offer and five percent (5%) of the remainder of the offer and is subject to the same terms and conditions of the previous bid.

6. A qualifying higher bid must also be accompanied by a deposit in the amount of the greater of \$750 or five percent (5%) of the bid, which may be made by cash, cashier's check or certified funds. The County will return the deposit of any bid not accepted and will return the bid of an offer subject to upset if a qualifying higher bid is received.

7. The terms of the final sale are that the Board of County Commissioners must approve the final high offer before the sale is closed and the buyer must pay with certified funds or wire transfer the bid amount and any other amounts as required pursuant to the terms and conditions of the bid at the time of closing, which shall be no later than 30 days following the approval by this Board of the final bid. The real property is sold in its current condition, as is, and the County gives no warranty with respect to the usability of the real property or title. Title will be delivered at closing by a **Non Warranty Deed**, subject to exceptions for ad valorem taxes, assessments, zoning regulations, restrictive covenants, street easements, rights of others in possession and any other encumbrances of record. Buyer shall pay for preparation and recording of the Deed and revenue stamps.

8. The County reserves the right to withdraw the property from sale at any time before the final high bid is accepted **and the right to reject all bids at any time.**

9. If no qualifying upset bid is received, the Board of County Commissioners will accept or reject the bid submitted within 60 days after the close of the 10-day upset period.

**This the 10<sup>th</sup> day of September, 2018.**

*Archie B. Taylor, Jr.* (signed)  
Archie B. Taylor, Jr., Vice-Chairman  
Vance County Board of Commissioners

ATTEST:

*Kelly H. Grissom* (signed)  
Kelly H. Grissom, Clerk to the Board

*Properties Committee - Revised Engineering Agreement for Warrenton Road Solid Waste Site.* Commissioner Brummitt stated that the committee reviewed and discussed the revised engineering agreement for the Warrenton Road Solid Waste Site. Due to the recent NCDOT requirement for a turn-lane, the engineering agreement needs to be updated to include this additional scope of work. The total cost of engineering inclusive of due diligence, construction documents, road widening drawings and permitting, and construction oversight totals \$26,200. The committee was informed that staff is beginning the local permitting requirements which include a review by the watershed review board and a rezoning of the property to agricultural residential. The committee recommended proceeding forward to authorize the engineering agreement based upon the revised scope of work.

Motion was made by Commissioner Dan Brummitt to authorize the county manager to execute a revised contract with Coulter, Jewell, and Thames engineering totaling \$26,200 for engineering services related to the new Warrenton Road Solid Waste Site and turn-lane design. This motion was seconded by Commissioner Gordon Wilder and unanimously approved.

Finance Director’s Report

*Surplus Property.* Finance Director David C. Beck requested that the following items be declared as surplus and authorize the finance director to dispose of the items as allowed by state statute.

<b>Description</b>	<b>Reason No Longer Needed</b>	<b>Department</b>
3 Typewriters	Obsolete	Admin/Finance
Laminating Machine	Obsolete	Admin/Finance
Printer	Obsolete	Admin/Finance
2 Adding Machines	Obsolete	Admin/Finance
Recording Machine	Obsolete	Admin/Finance
Playback Machine and Foot Pedal	Obsolete	Admin/Finance
Sound System Console	Obsolete	Admin/Finance

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Carolyn Faines, vote unanimous, to declare the items as surplus and authorize the finance director to dispose of the items as allowed by state statute.

*Disposition of Records.* Mr. Beck requested approval to dispose of the following records as allowed by state record retention guidelines.

Finance Office

- Ledger Detail reports: July 2005-June 2013
- Accounts Payable check copies and invoices: July 2005-June 2013
- Accounts Payable invoice entry proof list reports: July 2005-June 2013
- Purchase Orders: July 2005-June 2013
- Proposed budgets and budget work papers: 2006 – 2013
- Deposit Receipts: April 2009-June 2013

Bank Statements and cancelled checks: July 2005-June 2013  
Gas tickets: 2005-2013  
Payroll time sheets: November 2011-June 2013

Ambulance

Call reports paid in full: 2002-2008  
Patient Account card files: 1980-1992

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Carolyn Faines, vote unanimous, to authorize the finance director to dispose of the listed records as allowed by state record retention guidelines.

County Manager's Report

*NCACC Legislative Goals.* County Manager Jordan McMillen stated that the NC Association of County Commissioners (NCACC) 2019-20 legislative goals process is underway. A listing of goals in no particular order was provided for the board's consideration and approval prior to submittal to NCACC.

1. Support legislation to remove computer equipment and televisions from the list of banned items from landfills or provide additional state funding to offset rising costs.
2. Support efforts to provide a Cost of Living Adjustment to Retirees of the Local Government Employees' Retirement System (LGERS).
3. Support legislation to provide greater flexibility for local governments in the implementation of broadband and cable initiatives (i.e. allowing government owned infrastructure, reimplementing of franchise agreements, etc.).
4. Support legislation to remove or reduce state park admission fees for residents visiting a park within their home county.
5. Oppose unfunded mandates and shift of state responsibilities to counties.

Date	Event
September 21, 2018	Deadline to submit goals to NCACC
September – October	Steering Committees review goals
November	Legislative Goals Committee meets
December	Board of Directors reviews & finalizes
January 10-11, 2019	Legislative Goals Conference

Recommendation: Forward the proposed legislative goals as listed above to the North Carolina Association of County Commissioners.

Commissioner Dan Brummitt suggested that we add to Goal #3 to advocate for funding directly to counties to assist with executing broadband plans and construction of associated assets. He also asked that we add a goal to support efforts to provide greater flexibility to local governments in the expenditure of 911 surcharge funds.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Dan Brummitt, vote unanimous, to approve the proposed legislative goals as amended.

*Jail Inspection Report.* Mr. McMillen noted that the State conducted its semi-annual jail inspection on August 8, 2018 and submitted its report to the county. The deficiencies involved the communication system within a portion of the Jail and two surveillance cameras. Jail staff has

prepared an appropriate corrective action response and has already addressed both deficiencies. Staff is also working to obtain proposals for replacement of the jail intercom system as approved in the CIP and budget for this fiscal year as a long term solution.

Motion was made by Commissioner Dan Brummitt to receive the jail inspection report as information. This motion was seconded by Commissioner Gordon Wilder and unanimously approved.

*Justice Assistance Grant.* Mr. McMillen stated that the Vance County Sheriff's Office and the Henderson Police Department jointly receive federal funds from the Edward Byrne Memorial Justice Assistance Grant Program (JAG) to purchase equipment. The City submits the application and conducts the required due diligence. The distribution of funds is 60% City (\$10,651.20) and 40% County (\$7,100.80). The two governing bodies must enter into a Memorandum of Understanding (Inter-local Agreement) in order to receive and utilize the federal funds. Due to the timeframe for the grant, both city and county managers have authorized submittal of the grant with receipt subject to final action by the Board.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Carolyn Faines, vote unanimous, to approve the inter-local agreement between the City and County for the purpose of receiving and using federal JAG funds in the amount of \$7,100.80.

*DSS Vehicles Purchase.* Mr. McMillen noted that the approved FY18-19 budget includes \$25,000 for the purchase of one new vehicle or two used vehicles for the Department of Social Services. DSS has experienced recent vehicle problems and is requesting to proceed forward with purchasing two new vehicles. A review of the budget highlights and notes indicates DSS requested two new vehicles and \$50,000 with this amount reduced to \$25,000 for one vehicle or two used vehicles in the recommended and approved budget. Staff is requesting input from the board prior to proceeding forward.

The board discussed this matter and felt that purchasing two used vehicles would be a better use of county funds.

#### County Attorney's Report

*REO Property.* County Attorney Jonathan S. Care noted that during its August meeting, the board of commissioners approved the public sale process for Parcel 0325 03021 – Tungsten Mine Road. The property was advertised through the upset bid process and none were received. The board is now free to sell the property or reject the offer. This should be done by resolution.



Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Dan Brummitt, vote unanimous, to adopt the following resolution accepting the bid for Parcel 0325 03021 – Tungsten Mine Road.



**RESOLUTION ACCEPTING BID FOR  
COUNTY OWNED REAL PROPERTY**

**WHEREAS**, the Vance County Board of County Commissioners received an offer for the purchase and sale of County owned real property, which is more particularly described below:

**Tungsten Mine Road, Henderson, North Carolina 27537, Vance County Tax Department Parcel Number 0325 03021.**

**WHEREAS**, pursuant to NCGS 160A-269, a notice was published in the *Daily Dispatch* on **August 9, 2018**, stating that said offer had been received and that any person wishing to submit an upset bid should do so within 10 days; and

**WHEREAS**, no upset bids were received within the statutorily prescribed time period;

**THEREFORE, BE IT RESOLVED** by the Vance County Board of Commissioners, pursuant to NCGS 160A-269 that:

The bid submitted by **Laurece Summers** in the amount of **\$770.00** subject to the terms and conditions contained in the submitted bid, attached hereto as Exhibit “A”, is hereby accepted for the property described herein and the Board’s Chairperson shall execute the documents necessary to complete the transfer of title to such property.

**This the 10<sup>th</sup> day of September, 2018.**

**Archie B. Taylor, Jr.** (signed)  
**Archie B. Taylor, Jr., Vice-Chairman  
Vance County Board of Commissioners**

**ATTEST:**

**Kelly H. Grissom** (signed)  
**Kelly H. Grissom, Clerk to the Board**



Consent Agenda

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Carolyn Faines, vote unanimous, to approve the following consent agenda items as presented: Budget Transfer #2, July 2018 Tax Refunds and Releases, departmental monthly reports, and the minutes of the August 6, 2018 regular meeting and the August 21, 2018 special meeting.

Commissioner Dan Brummitt suggested that future EMS reports indicate the number of overdoses per month.



**Budget Transfer #2  
FY 2018-2019  
Contingency**

<b>Transfer From:</b>	<b>Account Number</b>	<b>Amount</b>
Contingency	10-999-50009	4,550
<b>Total</b>		<b>\$ 4,550</b>

<b>Transfer To:</b>	<b>Account Number</b>	<b>Amount</b>
Contracted Services	10-440-500045	4,550
<b>Total</b>		<b>\$ 4,550</b>

Purpose: To transfer funds for additional work by architects to examine sites for potential DSS relocation.

Authorization: Vance County Board of Commissioners  
September 10, 2018



TAX OFFICE REFUND AND RELEASE REPORT FOR JULY 2018

<b>TAXPAYER NAME</b>	<b>TAX YR</b>	<b>REAL</b>	<b>PERSONAL</b>	<b>SOLID WASTE FEE</b>	<b>REASON</b>
WIEGERSMA FRANK	2016	305.41	0	0	correct value
WIEGERSMA FRANK	2017	305.41	0	0	correct value
JONES REBECCA JANE	2018	0	14.59	0	correct value
JONES REBECCA JANE	2018	0	4.63	0	correct value
BOCHNOVIC DAVID A	2018	0	4.77	0	correct value
CHAMPION CHARLIE S JR	2018	285.62	0	0	correct/grant ex
CURRIN GEORGE ARNOLD	2018	0	2.86	0	pers prop billed
DAVIS LINDA VANN	2018	0	314.82	0	correct value
FREULER JEFFERY T	2018	0	2.86	0	correct value
FREULER JEFFREY TODD	2018	0	2.86	0	correct value
HOWARD LENA BULLOCK HEIRS	2018	0	0	0	add solid waste
JACKSON MARY ROSS HEIRS	2018	337.04	0	0	correct/grant ex
RIGGSBEE PATRICK MILTON	2018	337.92	0	0	val adj for pres
ROWLAND TURNER, JR.	2018	0	26.43	112.00	pers prop billed
WILLIAMS HENRY T	2018	278.99	0	0	val adj for pres
		1850.39	373.82		
<b>TOTAL REFUNDS &amp; RELEASES</b>	2224.21				



MONTHLY REPORTS: 911 Emergency Operations, Administrative Ambulance Charge-Offs, Cooperative Extension, EMS, Health Department, Human Resources, Information Technology, Planning and Development, Tax Collections, and Veterans Service.



Miscellaneous

*Appointments.* The following appointments were presented to the Board for consideration:

Vance County Housing Authority – five year term

Appoint Edythe Thompson and Tracy Twisdale to fill two vacant permanent positions. They are currently serving as alternates.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Dan Brummitt, vote unanimous, to approve the appointments as presented.

At this time, motion was made by Commissioner Gordon Wilder to enter into closed session to discuss a legal matter. This motion was seconded by Commissioner Dan Brummitt and unanimously approved.

Upon return to open session, motion was made by Commissioner Gordon Wilder to authorize the county manager to opt Vance County into a PILT payments class action suit against the federal government. This motion was seconded by Commissioner Dan Brummitt and unanimously approved.

As there was no further business, at 7:30 p.m., motion was made by Commissioner Gordon Wilder, seconded by Commissioner Dan Brummitt, vote unanimous, that the meeting be adjourned.

**Approved and signed October 1, 2018.**

**Archie B. Taylor, Jr. (signed)**  
**Archie B. Taylor, Jr., Vice-Chairman**