

REQUEST FOR BOARD ACTION / CONTRACT CONTROL FORM

Tracking Number: 17

Date of Request: August 7, 2007

Date Request Received: August 7, 2007

Board Meeting August 20, 2007
Date Requested:

Board Meeting August 20, 2007
Date Assigned:

Short Title: Resolution For The Sale Of \$20,875,000 School Bonds

Request Status:

- Request is proceeding to Board of Commissioners
- More information is needed – see attached
- Request on hold – no further information needed
- Other:

(Administrative Use Only)

Background: On May 3, 2005, the voters of Pender County approved the issuance of up to \$55,875,000 of the County's general obligation bonds to pay capital costs of providing school facilities. The County has previously issued \$35,000,000 of such school bonds. The County will issue and sell the remaining \$20,875,000 of the unissued school bonds (the "Bonds") for their authorized purpose. The Bonds consist of (a) \$4,400,000 school bonds for performing arts facilities and (b) \$16,475,000 general purpose school bonds.

Specific Action Requested: The Board approve the resolution for the sale of the \$20,875,000 school bonds on September 5, 2007.

Requested by: David J. Mccole
Department: Finance
Title: Finance Officer
Contact Phone: 259-1407
Contact Fax:

CONTRACT TYPE

- Renewal
- For Service(s)
- Intergovernmental – County as Grantee
 - Federal Grantor
 - State Grantor
 - Grant or
- County as Grantor
 - County Funds
 - Other Funds:
- Revision
- For Equipment

PURCHASING

Budgeted Item: Yes No
Date Rec'd: Reviewed and Approved
 Comments on Reverse

Date Sent:

Signed:

ATTORNEY

Date Rec'd: Reviewed and Approved
 Legal Problem(s)
 Comments on Reverse

Date Sent:

Signed:

FINANCE

Sufficient Funds Available Not Available
Date Rec'd: Budget Amendment Necessary
 Budgeted Amendment is Attached
 Comments on Reverse

Date Sent:

Signed:

CLERK

Signature(s) Required:
 Board Chairman/County Manager
 Other:

Date Rec'd Approved by Board: Yes No
At meeting on

MANAGER'S RECOMMENDATION:

Respectfully recommend approval.

 LFB
Initials

RESOLUTION: NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that

the sale of the \$20,875,000 school bonds is to occur on September 5, 2007. The County Manager is authorized to execute any and all documents necessary to implement the resolution.

AMENDMENTS

MOVED _____ **SECONDED** _____

APPROVED _____ **DENIED** _____ **UNANIMOUS**

YEA VOTES: Rivenbark ___ Blanchard ___ Brown ___ Tate ___ Williams ___

F.D. Rivenbark, Chairman 8/20/07
Date

Attest 8/20/07
Date

July 31, 2007

Electronically

David J. McCole
Pender County Finance Officer
Post Office Box 1578
Burgaw, NC 28425

2007 School Bonds - Board Resolution

Dear David:

Here is the resolution that needs the Board's attention at the August 20 meeting, to provide final Board authorization for the school bond issue. This is a long resolution, but it does a lot of things. Specifically, this resolution does the following:

1. Formally authorizes the sale of the remaining \$20,875,000 in school bonds;
2. Formally pledges the County's taxing power to provide for payment on the bonds;
3. Approves the proposed form of the bonds themselves;
4. Approves the form of the draft official statement for use in offering bonds to investors;
5. States the County's agreement to comply with the relevant provisions of federal tax law;
6. States the County's agreement to comply with federal rules for continuing disclosure to the securities markets; and
7. Authorizes County staff to complete the process of issuing the bonds, and approves the steps to that end previously taken. This includes authorizing you to determine the final principal payment schedule, and generally to take all appropriate action to close these bonds.

You will note that Section 5 of the resolution, in which the Board approves the form of the Official Statement, states that the Board members have had a draft of the OS "made available" to them. Some units with which I work would do this by actually including a draft in each member's agenda package, and others just by telling the members that drafts are available on request. How you handle this point is really up to you, but please call me if you want to discuss it.

This resolution is in substantially the same form as similar resolutions I have used with Pender County and other local governments in similar circumstances. It is certainly ready to go as far as I am concerned, but of course please call me if you have any questions or comments about any of this material.

As you will recall, the actual interest rates on the refunding bonds will be set when the LGC receives sealed bids for the bonds on September 5, and the closing on the bonds is scheduled for September 25.

Very truly yours,

SANFORD HOLSHOUSER

Robert M. Jessup Jr.

cc: Carl W. Thurman, III, Esq.
Martha Lasater, LGC
(each by first-class mail, with enclosure)

RESOLUTION FOR THE SALE OF \$20,875,000 SCHOOL BONDS

WHEREAS:

On May 3, 2005, the voters of Pender County approved the issuance of up to \$55,875,000 of the County's general obligation bonds to pay capital costs of providing school facilities. The County has previously issued \$35,000,000 of such school bonds.

The Board has now determined that the County should issue the rest of the bonds.

BE IT THEREFORE RESOLVED by the Board of Commissioners of Pender County, North Carolina, as follows:

1. *Determination To Sell School Bonds* - The County will issue and sell the remaining \$20,875,000 of the unissued school bonds (the "Bonds") for their authorized purpose. The Bonds consist of (a) \$4,400,000 school bonds for performing arts facilities and (b) \$16,475,000 general purpose school bonds.

2. *Interest Rate and Payment Provisions* -- Each Bond will bear interest at such rate as is determined at the time of its sale. Interest on each Bond will be payable semiannually on each March 1 and September 1, beginning March 1, 2008, (a) from September 1, 2007, if it is authenticated prior to March 1, 2008, or (b) otherwise from the March 1 or September 1, that is, or immediately precedes, the date on which it is authenticated (unless payment of interest thereon is in default, in which case such Bonds will bear interest from the date to which interest has been paid). Principal and interest will be payable in lawful money of the United States of America.

3. *Principal Payment Schedule* -- The principal of the Bonds will be payable on March 1 and in such years and amounts as the Finance Officer determines after consultation with the LGC, except that the final maturity for the Bonds must not extend beyond December 31, 2028.

The Finance Officer will execute a certificate prior to the initial delivery of the Bonds designating the final principal payment schedule for the Bonds. Such certificate will be conclusive evidence of the Finance Officer's approval and determination of such matters.

4. ***Pledge of Faith, Credit and Taxing Power*** -- The County's full faith and credit are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the Board will levy and collect an annual ad valorem tax, without restriction as to rate or amount, on all locally taxable property in the County sufficient to pay the principal of and interest on the Bonds as the same become due.

5. ***Approval of Official Statement for Offering*** - There has been made available to each member of the Board the form of an official statement (the "Official Statement") relating to the Bonds, pursuant to which the Bonds will be offered for sale. The Official Statement remains subject to completion and amendment.

The Official Statement is approved as the form of official statement pursuant to which the Bonds will be offered for sale. The actions of the Finance Officer, in collaboration with the LGC, in preparing the text of the Official Statement are ratified, approved and confirmed. The Board approves the LGC's distribution of the Official Statement to prospective purchasers of the Bonds. The Official Statement as so distributed must be in substantially the form presented to this meeting, with such changes as the Finance Officer may approve.

The Board acknowledges that it is the County's responsibility, and ultimately the Board's responsibility, to ensure that the Official Statement in its final form neither contains an untrue statement of a material fact nor omits to state a material fact required to be included therein for the purpose for which such Official Statement is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. By the adoption of this resolution, the Board members approve the Official Statement as materially correct and complete, and further acknowledge and accept their own responsibility for causing the County to fulfill these responsibilities for the Official Statement.

6. ***Redemption Provisions*** -- The Bonds will be subject to redemption prior to maturity upon such terms and conditions as the Finance Officer, upon advice from the LGC, may determine. The Finance Officer must execute a certificate prior to the initial delivery of the Bonds designating redemption terms and conditions, and such certificate will be conclusive evidence of the Finance Officer's approval and determination of such terms and conditions.

7. ***Form of Bonds*** -- The Bonds will be in substantially the form set out in Exhibit A. The Bonds will be designated "General Obligation School Bonds,

Series 2007." The Bonds will be dated September 1, 2007, will be in fully registered form, in denominations of \$5,000 and integral multiples thereof, and will be numbered R-1 upward.

The Bonds must be signed by the manual or facsimile signature of the Board's Chairman, must be countersigned by the manual or facsimile signature of the Board's Clerk or any Assistant Clerk, and the County's seal must be affixed thereto or a facsimile thereof printed thereon. No Bond will be valid unless at least one of the signatures appearing on such Bond (which may be the signature of the LGC's representative required by law) is manually applied or until such Bond has been authenticated by the manual signature of an authorized officer or employee of a bond registrar selected by the County.

8. *Finance Officer as Registrar; Payments to Registered Owners* -- The Finance Officer is appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Bonds. The County will treat the registered owner of each Bond as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that interest payments will be made to the person shown as owner on the registration books on the 15th day of the month preceding each interest payment date.

9. *Advertising Bonds for Sale* -- The Finance Officer, in collaboration with the LGC, is authorized and directed to take all proper steps to advertise the Bonds for sale in accordance with customary LGC procedures, including through the use of a "Notice of Sale" document in the LGC's customary form. The Finance Officer is authorized and directed to review and approve a form of Notice of Sale as such officer may determine to be in the County's best interest.

10. *LGC To Sell Bonds* - The County asks the LGC to sell the Bonds, to receive and evaluate bids and to award the Bonds on the basis of the best bid received.

11. *Completing Official Statement after Sale* -- After bids have been received and the LGC has awarded the Bonds to the successful purchaser, the Finance Officer is authorized and directed to prepare, in collaboration with the LGC, a final Official Statement containing, among such other matters as may be appropriate, information required pursuant to Rule 15c2-12 ("Rule 15c2-12") promulgated by the United States Securities and Exchange Commission under the United States Securities Act of 1934, as amended. The County, together with the LGC, will arrange for the delivery within seven business days of the date the Bonds are sold of a reasonable number of copies of the final Official Statement to

the successful bidder on the Bonds for delivery to each potential investor requesting a copy of the final Official Statement and to each person to whom such bidder and members of the bidding group initially sell the Bonds.

12. Finance Officer To Complete Bond Closing - After the sale of the Bonds, the Finance Officer and all other County officers and employees are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the purchaser upon payment for the Bonds.

The Finance Officer is authorized and directed to hold the executed Bonds, and any other documents authorized or permitted by this resolution, in escrow on the County's behalf until the conditions for the delivery of the Bonds and other documents have been completed to the Finance Officer's satisfaction, and thereupon to release the executed Bonds and other documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, this authorization and direction is specifically extended to authorize the Finance Officer (a) to enter into such agreements or take such other actions as such officer may deem appropriate in connection with obtaining bond insurance for the Bonds and (b) to approve changes to any documents or closing certifications previously signed by County officers or employees, provided that the Bonds must be in substantially the form approved by this resolution and that any such changes must not substantially alter the intent of such certificates from that expressed in the forms of such certificates as executed by such officers or employees. The Finance Officer's authorization of the release of any such document for delivery will constitute conclusive evidence of such officer's approval of any such changes.

13. Undertaking for Continuing Disclosure -- The County undertakes, for the benefit of the beneficial owners of the Bonds, to provide continuing disclosure with respect to the Bonds as described in Exhibit B.

The Board designates the Finance Officer as the County officer to be primarily responsible for the County's compliance with its undertakings for continuing disclosure provided for in this resolution. The Finance Officer will provide for the filings and reports (including the reports of material events) constituting the continuing disclosure provided for in this resolution.

14. Resolutions As To Tax Matters -- The County will not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds," within the meaning of Section 148 of the "Code" (as defined

below), or "private activity bonds" within the meaning of Code Section 141, or otherwise cause interest on the Bonds to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the County will comply with any Code provision that may require the County at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Bonds, and the County will pay any such required rebate from its general funds. For this paragraph, "Code" means the United States Internal Revenue Code of 1986, as amended, including applicable Treasury regulations.

15. *Book-Entry System for Bond Registration* -- The Bonds will be issued by means of a book-entry system, with one bond certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"); and not available for distribution to the public. The book-entry system for registration will operate as described in the Official Statement. Therefore, (a) the County will pay principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds, (b) the County will not be responsible or liable for any transfer of payments to parties other than DTC or for maintaining, supervising or reviewing the records maintained by DTC or any other person related to the Bonds, and (c) the County will not mail redemption notices (or any other notices related to the Bonds) to anyone other than DTC or its nominee so long as the book-entry system of registration with DTC is in effect. The County may elect to discontinue the book-entry system with DTC. The Finance Officer is authorized and directed to enter into any agreements such officer deems appropriate to put into place the book-entry system with DTC.

16. *Miscellaneous Provisions* -- All County officers and employees are authorized and directed to take all such further action as they may consider necessary or desirable in connection with the furtherance of the purposes of this resolution. All such prior actions of County officers and employees are ratified, approved and confirmed. Upon the absence, unavailability or refusal to act of the Chairman, the County Manager or the Finance Officer, any such officers may assume any responsibility or carry out any function assigned another officer in this resolution. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

EXHIBIT A - Form of Bonds

REGISTERED

REGISTERED

Number R-X

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

PENDER COUNTY

General Obligation School Bond, Series 2007

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	March 1, _____	September 1, 2007	706 711 XXX

REGISTERED OWNER: ***CEDE & CO.*******

PRINCIPAL AMOUNT: *** _____ THOUSAND DOLLARS
(\$ _____,000)*******

PENDER COUNTY, NORTH CAROLINA (the "County"), for value received, promises to pay to the registered owner hereof, or registered assigns or legal representative, the principal amount stated above on the maturity date stated above, subject to prior redemption as described herein, and to pay interest on this Bond semiannually on each March 1 and September 1, beginning March 1, 2008, at the annual rate stated above. Interest is payable (a) from September 1, 2007, if this Bond is authenticated prior to March 1, 2008, or (b) otherwise from the March 1 or September 1 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest hereon is in default, in which case this Bond will bear interest from the date to which interest has been paid). Principal and interest are payable in lawful money of the United States of America.

This Bond is one of an issue of the County's \$20,875,000 General Obligation School Bonds, Series 2007 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued pursuant to a resolution adopted by the County's governing Board of Commissioners on August 20, 2007, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act.

The County's full faith and credit are pledged for the payment of principal of and interest on this Bond.

The Bonds are issued by means of a book-entry system, with one bond certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. Transfer of beneficial ownership interests in the Bonds in the principal amount of \$5,000 or any integral multiple thereof will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal and interest on the Bonds are payable by the County to DTC or its nominee as registered owner of the Bonds. The County is not responsible or liable for such transfer of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Bonds maturing prior to March 1, 2018, are not subject to redemption prior to maturity. Bonds maturing on March 1, 2018, and thereafter are redeemable, at the County's option, from any moneys that may be made available for such purpose, in whole or in part on any date not earlier than March 1, 2017 at a redemption price of 100% of the principal amount to be redeemed, plus interest accrued to the redemption date.

If less than all of the Bonds stated to mature on different dates are called for redemption, the Bonds to be redeemed will be selected in such manner as the County may determine. If less than all of the Bonds of any one maturity are called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed will be selected by lot in such manner as the County in its discretion may determine; provided, however, that the portion of each Bond to be redeemed will be in the principal amount of \$5,000 or some integral multiple thereof; and that, in selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. Notwithstanding the foregoing, so long as a book-entry system with DTC is used for determining beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants will determine which of the Bonds within any such maturity are to be redeemed. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

The County will give notice of redemption by certified or registered mail to DTC or its nominee as the registered owner of the Bonds. The County will mail such notice not more than 60 days and not less than 30 days prior to the date fixed

for redemption. The County is not responsible for sending notices of redemption to anyone other than DTC or its nominee.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the County so elects, the County will discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County will deliver replacement Bonds in the form of fully-registered certificates.

The County Finance Officer has been appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records indicating ownership of the Bonds. The County will treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that interest payments will be made to the person shown as owner on the County's registration books on the 15th day of the month preceding each interest payment date.

The Bonds are issued with the intent that North Carolina law will govern their terms.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

IN WITNESS WHEREOF, Pender County, North Carolina, has caused this Bond to be signed by the Chairman of its Board of Commissioners, to be countersigned by the Clerk to such Board, its seal to be affixed hereto and this Bond to be dated September 1, 2007.

COUNTERSIGNED:	(SEAL)	
<i>[Sample only - do not sign]</i> Clerk, Board of Commissioners Pender County, North Carolina		<i>[Sample only - do not sign]</i> Chairman, Board of Commissioners, Pender County, North Carolina

The Bonds have been approved by
the North Carolina Local Government
Commission in accordance with the
Local Government Bond Act.

[Sample only - do not sign]

T. Vance Holloman

Secretary, Local Government Commission

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or type transferee's name and address, including zip code)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OR TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

<p>Signature Guaranteed:</p> <hr/> <p>NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program</p>	<hr/> <p>(Signature of Registered Owner) NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular without alteration or enlargement or any change whatsoever.</p>
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Exhibit B -- Undertaking for Continuing Disclosure

The County undertakes, for the benefit of the beneficial owners of the Bonds, to provide the following:

(a) by not later than seven months from the end of each of the County's fiscal years, to each nationally recognized municipal securities information repository ("NRMSIR"), and the state information depository for the State of North Carolina ("SID"), if any, audited County financial statements for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements are not available by seven months from the end of any fiscal year, unaudited County financial statements for such fiscal year, to be replaced subsequently by audited County financial statements to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each of the County's fiscal years, to each NRMSIR, and to the SID, if any, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year (which data will be prepared at least annually, will specify the date as to which such information was prepared and will be delivered with any subsequent material events notices specified in subparagraph (c) below) for the type of information included under heading "The County - Debt Information" and "- Tax Information" in the final Official Statement (excluding any information on overlapping or underlying units), and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;

- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of the beneficial owners of the Bonds;
- (8) Bond calls;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds; and
- (11) rating changes; and

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the County fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an event of default and will not result in any acceleration of payment of the Bonds. All actions will be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The County, at its option, may make any filing required by this undertaking solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org>, unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

The County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the County's judgment, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the final Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the bond resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Ratings:
Moody's:
S&P:
(See "Ratings" herein)

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 24, 2007

NEW ISSUE—Book-Entry Only

This Official Statement has been prepared by the Local Government Commission of North Carolina and the County of Pender, North Carolina to provide information in connection with the sale and issuance of the Bonds described herein. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.

\$20,875,000
County of Pender, North Carolina
General Obligation School Bonds, Series 2007

Dated: Date of Delivery

Due: As shown on inside cover page

Tax Exemption

In the opinion of Bond Counsel and subject to the qualifications described herein, interest on the Bonds is not includable in gross income for federal income tax purposes and is exempt from existing State of North Carolina income taxation. See "Tax Treatment" herein for additional information regarding tax consequences arising from ownership or receipt of interest on the Bonds.

Redemption

The Bonds are subject to optional redemption at the times and prices as set forth herein.

Security

The Bonds constitute general obligations of the County, secured by a pledge of the faith and credit and taxing power of the County.

Interest Payment Dates

March 1 and September 1, commencing March 1, 2008.

Denominations

\$5,000 or any integral multiple thereof.

Expected Closing/Settlement

September 25, 2007

Bond Counsel

Sanford Holshouser LLP

Sale Date

September 5, 2007

Sale of Bonds

Pursuant to sealed bids in accordance with the Notice of Sale.

The date of this Official Statement is September __, 2007

MATURITY SCHEDULE

\$20,875,000 General Obligation School Bonds, Series 2007

Due March 1 of the Year Indicated

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield¹</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield¹</u>
2009	\$900,000			2019	\$ 900,000		
2010	900,000			2020	900,000		
2011	900,000			2021	900,000		
2012	900,000			2022	900,000		
2013	900,000			2023	900,000		
2014	900,000			2024	900,000		
2015	900,000			2025	900,000		
2016	900,000			2026	1,850,000		
2017	900,000			2027	1,850,000		
2018	900,000			2028	1,875,000		

¹Information obtained from underwriters of the Bonds.

COUNTY OF PENDER, NORTH CAROLINA

Board of Commissioners

F. D. Rivenbark..... Chairman

Norman Blanchard Vice-Chairman

Jimmy T. Tate

George Brown

James David Williams, Jr.

County Staff

Lori Brill..... County Manager/Clerk to the Board

David J. McCole..... Finance Officer

Carl W. Thurman, III County Attorney

BOND COUNSEL

Sanford Holshouser LLP
Cary, North Carolina

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State of North Carolina Department of State Treasurer

RICHARD H. MOORE
TREASURER

*State and Local Government Finance Division
and the Local Government Commission*

T. VANCE HOLLOMAN
DEPUTY TREASURER

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is intended to furnish information in connection with the public invitation for bids for the purchase of \$20,875,000 General Obligation School Bonds, Series 2007 (the "Bonds"), of the County of Pender, North Carolina (the "County").

The information furnished herein includes a brief description of the County and its economic conditions, government, debt management, tax structure, financial operations, budget, pension plans and contingent liabilities. The County has assisted the Local Government Commission in gathering and assembling the information contained herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date hereof. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

This Official Statement is deemed to be a final official statement with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), except, when it is in preliminary form, for the omission of certain pricing and other information to be made available by the successful bidder or bidders for the Bonds to the Local Government Commission of North Carolina. In accordance with the requirements of such Rule, the County will agree in a resolution to be adopted by the Board of Commissioners of the County prior to the sale of the Bonds to certain continuing disclosure obligations. See the caption "Continuing Disclosure" herein.

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Local Government Commission of North Carolina (the "Commission"), a division of the Department of State Treasurer, State of North Carolina (the "State"), is a State agency that supervises the issuance of the bonded indebtedness of all units of local government and assists these units in the area of fiscal management. Appendix A to this Official Statement contains additional information concerning the Commission and its functions.

THE BONDS

Description

The Bonds will be dated their date of delivery and will bear interest from their date. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2008. The Bonds will mature, subject to the optional redemption provisions set forth below, on the dates set forth on the inside cover page of this Official Statement.

The Bonds will be issuable as fully registered bonds in a book-entry system under which The Depository Trust Company, New York, New York ("DTC") will act as securities depository nominee for the Bonds. Purchases and transfers of the Bonds may be made only in authorized denominations of \$5,000 and in accordance with the practices and procedures of DTC. See Appendix E hereto for a description of DTC and its book-entry system.

Redemption Provisions

The Bonds maturing prior to March 1, 2018 will not be subject to redemption prior to maturity. The Bonds maturing on March 1, 2018 and thereafter will be redeemable, at the option of the County, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than March 1, 2017, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the County in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000 and, further, that so long as a book-entry system with DTC is used for determining beneficial ownership of bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC shall determine by lot the amount of interest of each Direct Participant in the Bonds to be redeemed. If less than all of the Bonds then subject to redemption shall be called for redemption, the particular maturities and amounts of the Bonds or portions of Bonds to be redeemed shall be determined by the County.

Notice of redemption shall be given by certified or registered mail to Cede & Co., DTC's nominee, as the registered owner of the Bonds. Such notice shall be mailed not more than 60 days nor less than the 30 days prior to the date fixed for redemption. The County will not be responsible for mailing notices of redemption to anyone other than Cede & Co.

On the date fixed for redemption, notice having been given as hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed plus accrued interest thereon to the date fixed for redemption have been deposited by the County to be held in trust for the registered owners of the Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue, and the registered owner of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption, and, if a portion of a Bond shall have been selected for redemption, a new Bond or Bonds of the same maturity, of any authorized denomination or denominations and bearing interest at the same rate for the unredeemed portion of the principal amount of such Bonds.

Authorization and Purpose

The Bonds are being issued pursuant to the provisions of The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina a bond order duly adopted by the Board of Commissioners for the County on March 7, 2005, which was approved at a referendum held thereon, and a resolution passed by said Board prior to the sale of the Bonds for the purpose of financing the construction and improvement of school facilities in the County.

Security

The Bonds are general obligations of the County. The County is authorized and required by law to levy on all property taxable by the County such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

THE COUNTY

General Description

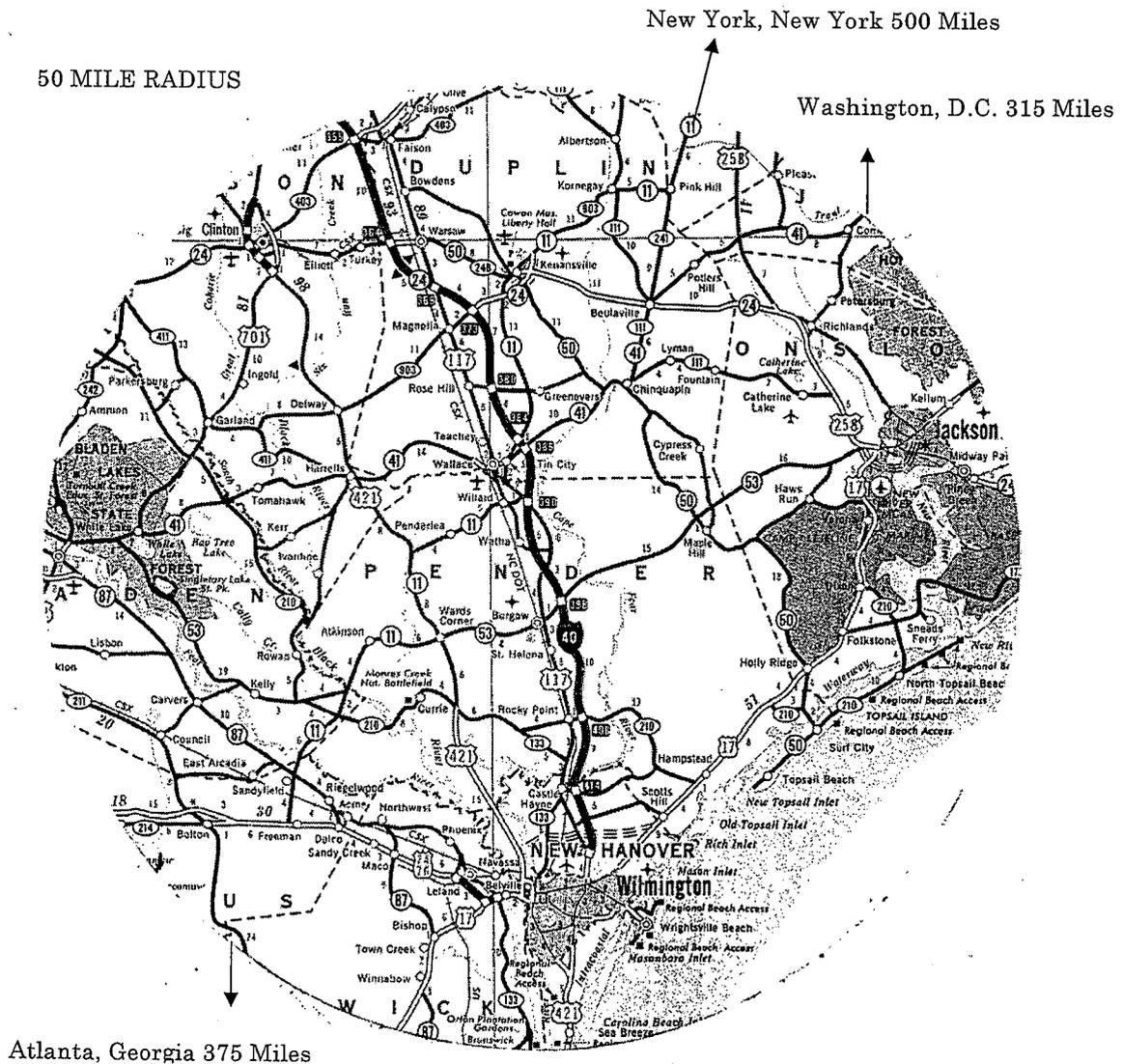
The County is located in southeastern North Carolina and encompasses approximately 875 square miles. Burgaw, the County seat, is approximately 100 miles southeast of Raleigh, the State capital, on a section of Interstate 40 which opened in 1991 connecting Raleigh and the Port of Wilmington, which lies 26 miles to the south of Burgaw. The County is a combination of primarily rural inland areas and resort-vacation areas along the coast and on the Atlantic barrier islands, including Topsail Island which includes the Pender towns of Topsail Beach and Surf City.

The County is a large coastal county in the Cape Fear Region (bordered by seven counties) of southeastern North Carolina. It is bounded on the north by Duplin County, on the west by Sampson and Bladen Counties, on the south by Columbus, Brunswick and New Hanover Counties, and on the east by Onslow County and the Atlantic Ocean. Approximately 15 miles of the County fronts on the ocean. The elevation of the County ranges from sea level to 110 feet above, and the topography is level to gently rolling, with dominantly flat upland areas. The coastal corridor is traversed by the Atlantic Intracoastal Waterway and a coastal habitat playground.

The first explorers to see what is now called Pender County coasted on-shore in 1524. They reported on the numerous varieties of game, particularly wild turkeys, found in the area. A century later in 1663, the Barbadoes Commissioners, in attempting to settle the Lower Cape Fear, explored the northeast branch of the Cape Fear River. The Commissioners named the community "Rocky Point", the name which it retains today.

Although settled by 1725, the County itself was not formed from New Hanover until 150 years later. While the Moores opened up the area to the south at New Brunswick, the Lord Proprietors laid out a tract to the north for Welsh settlers. They came seeking good bottom land and tidal river transportation. Brisk commercial success followed and large plantations were built during this period of prosperity.

The people of Pender were ardent patriots during the Revolution and it was here, at Moore's Creek, that they defeated the Scottish Highlanders sent from Fayetteville by Flora McDonald, the Scottish heroine. In the War Between the States, this area sent nearly 4,000 troops to battle and gave the Confederacy its youngest general, William D. Pender, for whom the County was named. Still a part of New Hanover after the war, Pender's prosperous plantation system was swept away during the Reconstruction years. However, it was out of Reconstruction politics that the County was born in 1875. Wilmington, overrun with carpetbaggers was under corrupt rule. By popular vote, and despite strong Republican opposition, the County was created with the City of Watha as the first County seat. Burgaw, the present County seat was chartered in 1879 and received its name from a local tribe of Indians.



Demographic Characteristics

The County has been one of the most rapidly growing counties in North Carolina (in terms of percentage population growth) over the last several years.

According to the United States Department of Commerce, Bureau of the Census, the population of the County has been recorded to be as follows:

<u>1980</u>	<u>1990</u>	<u>2000</u>
22,262	28,855	41,082

More recent estimates provide the following population figures:

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
42,038	43,178	43,706	45,060	46,599	48,726	52,893

Source: North Carolina Office of State Budget and Management (most recent data available).

Note: The County's substantial tourist industry results in the County's having a large seasonal population. The influx of tourists to Topsail and Surf City beaches in the summer months increases the Topsail Island population by approximately 30,000 at peak periods.

Per capita income figures for the County and the State are presented in the following table:

<u>Year</u>	<u>County</u>	<u>State</u>
2001	\$21,770	\$27,489
2002	21,077	27,508
2003	21,341	27,922
2004	23,267	29,569
2005	24,218	31,041

Source: United States Department of Commerce, Bureau of Economic Analysis. Most recent available data.

Commerce and Industry

The County is rural and agricultural. Its industrial base lies in diversified light manufacturing, including wood products, vitamins, plastic components, health and beauty products, urethane foam, and emergency lighting and safety systems. Tourism is important throughout the County and is the major economic base for the coastal areas. As indicated by rapid, increasing population and student enrollment growth, the County is changing from a retirement community to one with a younger, working populace.

Total retail sales in the County for the four fiscal years ended June 30, 2002 through 2005 and taxable sales¹ for the fiscal year ended June 30, 2006 and the eleven-month period ended May 31, 2007 are shown in the following table:

<u>Fiscal Year Ended or Ending June 30</u>	<u>Total Retail/Taxable Sales</u>	<u>Increase Over Previous Year</u>
2002	\$246,350,309	3.7%
2003	263,564,643	7.0
2004	291,638,318	10.7
2005	359,339,939	23.2
2006	227,022,142 ¹	—
2007 (11 mos.)	225,687,035 ²	—

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

¹Since July 1, 2005, the North Carolina Department of Revenue began to compile information for taxable retail sales only rather than gross retail sales in compliance with the Streamlined Sales Tax Agreement. In North Carolina, certain sales (for example, qualifying food items) are not subject to sales tax. As a result, figures for the fiscal year ended June 30, 2006 and the eleven-month period ended May 31, 2007 in the above table represent taxable sales as opposed to gross retail sales and are not comparable to the gross retail sales figures for prior fiscal years.

²The comparative taxable sales for the eleven-month period ended May 31, 2006 totaled \$207,611,055.

The following table illustrates building activity in the County:

<u>Calendar Year</u>	<u>Number of Permits</u>	<u>Value</u>
2002	1,177	\$62,235,594
2003	1,145	59,690,070
2004	874	81,420,000
2005	944	96,369,931
2006	624	70,443,486
2007 (As of 7/23/07)	315	42,778,412

Source: County Building Inspector's Office.

Economic Outlook

The County is a fast growing county with a population of 52,893. Well positioned for growth, both individually and as a part of the Cape Fear region, the County provides industrial locations adjacent to the Interstate 40 corridor, as well as access to a major port, international airport, and regional medical center. For these reasons, there is an emerging trend from an agricultural toward a light industrial economic base. The completion of I-40 allows major recreation and transportation expansion in the Cape Fear Region causing considerable growth in New Hanover County (Wilmington). New Hanover County is bounded by the Atlantic Ocean on the east, and the Cape Fear River on the south and west. Therefore, expansion must occur to the north in Pender County. One major employer, Del Labs, Inc. (Baby Orajel), has located off of the I-40 corridor in Rocky Point since May 1997, and currently employs approximately 850 employees. Also, LL Building Products (300 employ-

ees), American Greetings (60 employees) Wieland (30 employees), Porta-Nails (38 employees), and Cardinal Metal Works (35 employees), have located in the County since 1991. Timber and recreation at the beaches will continue to be major contributors to the County economy. Population growth and school enrollment growth have also occurred as the County has become a "bedroom alternative" to the City of Wilmington and New Hanover County. (Based on the 2000 Census of Population Commuting Data: From Pender to New Hanover — 8,063 persons; from New Hanover to Pender — 1,563 persons.)

Agriculture

Hog farming became the leading agricultural activity in the County in 1991. There are currently approximately 50 hog farms in the County. The following table presents summaries of agricultural income and related changes over three calendar years:

<u>Commodity</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tobacco-Flue-Cured	\$ 3,924,124	\$ 1,515,975	\$ 2,426,340
Cotton	1,938,733	2,951,763	2,908,840
Corn	4,934,648	3,399,435	5,352,923
Soybeans	2,636,827	3,006,569	2,821,619
Other Grains	552,650	613,977	654,083
Fruits & Vegetables	7,206,098	7,237,802	9,471,397
Greenhouse & Nursery	9,900,000	10,605,000	10,605,000
Hay & Other Crops	274,500	331,650	361,800
Farm Forestry@	<u>7,000,000</u>	<u>13,073,000</u>	<u>N/A</u>
Total Crop Income	<u>\$ 38,367,580</u>	<u>\$ 42,735,171</u>	<u>\$ 34,240,202</u>
Hogs	\$ 43,967,675	\$ 41,942,040	\$ 40,898,900
Cattle	315,000	393,400	337,500
Poultry & Eggs	<u>10,379,479</u>	<u>10,901,266</u>	<u>11,904,039</u>
Total Livestock & LS/Prod Income	<u>\$ 54,662,154</u>	<u>\$ 53,236,706</u>	<u>\$ 53,140,439</u>
Total Farm Income	<u>\$ 93,029,734</u>	<u>\$ 95,971,877</u>	<u>\$ 87,380,641</u>
Government Payments	<u>\$ 1,109,464</u>	<u>\$ 4,001,592</u>	<u>\$ 3,517,969</u>
Total Farm Income & Gov. Payments	<u>\$ 94,139,198</u>	<u>\$ 99,973,469</u>	<u>\$ 90,898,610</u>
Seafood	\$ 4,560	\$ 4,560	\$ 4,560
Non-Farm Forestry%	\$ 4,073,000	\$ 4,073,000	\$ N/A
Horses, Ponies, Mules	\$ 722,450	\$ 800,700	\$ 864,650

Source: Pender County Cooperative Extension Data is for calendar years.

@Farm Forestry — Includes only non-industrial private landownership.

%Non-Farm Forestry — includes public lands as well as forest industry ownership.

Employment

The County is currently the location of the United States headquarters of two international companies and the home location for several other firms. Therefore, a mix of employment is provided

to include management, engineering, marketing and production positions. Approximately half of the County's labor force, however, commutes to work in neighboring counties.

The following table provides information about current major employers located in the County.

<u>Company/Institution</u>	<u>Product/Service</u>	<u>Approximate Number of Full-time Employees</u>
<i>Top Industrial Employers</i>		
Del Laboratories	Health and Beauty Products	850
LL Building Products	Home Building Products	300
Chloride Systems	Emergency Lighting/Batteries	200
Cardinal Metal Works	Fabricated Sheet Metal	60
Pender Packing	Pork Products	42
Porta-Nails, Inc.	Nails, Woodworking Tools	38
W. R. Rayson	Disposable Paper Goods	40
Wieland, Inc.	Electronic Components	30
<i>Top Non-Industrial Employers</i>		
Pender County Board of Education	Public Education	1,035
State of North Carolina Department of Correction	Incarceration	350
Pender Memorial Hospital	Medical Services	310
Pender County	Government	300
Four County Electric Membership Corporation	Utilities	95
American Greetings	Plastic Goods	60

Source: Wilmington Industrial Development, Inc., Committee of 100. Data compiled January 2007.

Large industries located outside but near the County which are major employers of the County's residents include General Electric Company, Corning, Inc., Pharmaceutical Product Testing and Verizon Wireless.

Employment

The North Carolina Employment Security Commission has estimated the percentage of unemployment in the County to be as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
January	7.8%	5.9%	5.1%	4.7%	4.6%	July	7.2%	4.7%	4.9%	4.7%	
February	7.6	5.8	5.4	4.7	4.4	August	6.5	4.3	4.6	4.1	
March	7.2	5.5	4.9	4.1	4.1	September	6.0	4.0	4.3	3.8	
April	6.5	5.0	4.8	3.6	3.8	October	5.6	4.4	4.5	3.9	
May	6.7	4.9	4.8	4.1	4.0	November	6.0	4.8	4.6	4.3	
June	7.7	5.5	5.2	4.5	4.5	December	5.3	4.4	4.4	4.0	

Government and Major Services

GOVERNMENT STRUCTURE

The County has the Commissioner/County Manager form of government with five commissioners who file by district, but run County-wide and serve four-year staggered terms. Partisan elections are held in even-numbered years; the Chairman serves as presiding officer and is a voting member as well as ceremonial leader. Pender County government is a full service one. There are 21 County departments. The County Manager serves as the coordinative and catalytical arm for the effective interface amongst departments.

EDUCATION

The County has a single public school system. An elected, non-partisan, five-member Board of Education serves as its policy making authority. The administrative responsibility is vested in a Board-appointed superintendent, who is the chief executive officer and secretary to the Board of Education.

The following table illustrates the number of schools and school enrollment, by average daily membership (ADM), in the County system:

<u>School Year</u>	<u>Grades K-8</u>		<u>Grades 9-12</u>	
	<u>Number</u>	<u>ADM</u>	<u>Number</u>	<u>ADM</u>
2002-03	11	4,991	3	1,784
2003-04	11	4,975	3	1,992
2004-05	11	5,089	3	2,095
2005-06	12	5,184	3	2,228
2006-07	12	5,349	4	2,343

Note: ADM is determined by actual records at each school. ADM is computed in North Carolina on a uniform basis for all public school units. The ADM computations are used as a basis for teacher allotments.

The Pender County Board of Education operates 15 schools, one alternative school, central office, maintenance department, and transportation department. There are 58 permanent buildings, 46 modular classrooms, and 29 mobile units located on a combined total of approximately 560 acres of land. The total value of all school facilities and equipment is estimated by the North Carolina Division of Insurance at \$101,157,168.

The Bonds now offered represent a portion of an authorization for \$51,475,000 and \$4,400,000 in general obligation school bonds for school construction and renovations. The main project of the current issue is construction of a new high school on the east side of the County where the County is experiencing unprecedented growth. The \$4,400,000 authorization is to pay capital costs of providing performing arts centers at County high schools.

Funds for operating the County schools are allocated from Federal, State, and local sources. For the fiscal year ended June 30, 2007, State funds provided approximately 71% of total operating funds, Federal funds provided approximately 9%, and local funds provided the remaining 20%. The County has appropriated \$11,102,469 for school system current expenses for the fiscal year ending June 30, 2008, approximately 17 percent more than the preceding fiscal year. The County has in addition appropriated \$1,210,000 and \$1,288,000 in the fiscal years ending June 30, 2008 and 2007,

respectively, for capital outlay projects. These funds will come from State sales tax revenues allocated to the County for capital projects for public schools.

North Carolina law provides for a basic minimum educational program for each school administrative unit or district. The minimum program provides funds for operational costs only; therefore, the operation of public school facilities is primarily the responsibility of the local Board of Education. Local funds for educational facilities and supplemental operation costs are budgeted to the Board of Education by the Board of County Commissioners.

Cape Fear Community College serves the County and industries by offering classes at several locations in the County. Many County residents also attend classes on the College's campuses in New Hanover County.

Some County residents also enroll in classes at other community colleges in adjacent counties including James Sprunt Community College (Duplin County) and Coastal Carolina Community College (Onslow County.) The University of North Carolina at Wilmington provides County residents with opportunities for undergraduate and graduate education.

All of the above-referenced institutions are supported by the State of North Carolina. The County has no obligation to provide support for any campuses located outside the County. The County provides maintenance, housekeeping, and other expenses such as electricity, telephones, etc., incidental to the operation of the Pender County satellite campus of Cape Fear Community College, but the annual obligation for operations is approximately \$151,051.

TRANSPORTATION

The County is accessible by several main routes. Interstate 40 ("I-40") runs east-west through the middle of the County. There are three interchanges along this route. Exit #390 provides access to US 117, which in turn leads to the Wallace and Wilmington areas. Exit #398 provides access to NC 53, which is a primary east-west route through the County. This route can be used to reach Jacksonville, Burgaw, or other western locations. Exit #408 provides access to NC 210 and the Pender Beach communities. Other primary routes include US 421, NC 50, NC 11 and NC 133. US 17 runs north-south through the County and is a multi-lane facility that connects to the Wilmington Outer Loop. Recent construction on US 17 is part of the North Carolina Department of Transportation's ("NCDOT's") long term effort to widen it to multi-lanes from the Virginia to South Carolina State Lines.

The NCDOT is responsible for major expansion, maintenance and betterment of primary and secondary highways and roads within the County. The State maintains approximately 200 miles of primary roads and 500 miles of secondary roads in the County. The County has no financial obligation with respect to the construction and maintenance of roads.

Commercial air service is available approximately 35 miles south of Burgaw in Wilmington, North Carolina. The Wilmington airport is served by USAir and Delta Air Lines through Atlantic Southeast Airlines, a commuter line, as well as by Midway Connections. General aviation facilities are provided through an airport that is located on the border of Duplin and Pender Counties, outside the Town of Wallace. Greyhound provides bus service in the County. A wide variety of commercial carriers provide freight service.

HOSPITAL AND MEDICAL SERVICES

The County leases a hospital facility to Pender Memorial Hospital (the "Hospital") with 43 general acute care beds of which four are intensive care unit beds. In addition the Hospital has a 43-bed Skilled Nursing Facility and owns and operates a Home Health Care unit. The Hospital provides 24-hour emergency service. The Hospital was founded in 1951 and expanded its Skilled Nursing Facil-

ity in 1996 to its present 43 beds. New Hanover Regional Medical Center operates the hospital under an agreement which became effective July 1999. The lease payments are \$1 a year through July 17, 2019.

Mental health services are provided by the Southeastern Area Mental Health Program, a joint program of Pender, Brunswick, and New Hanover Counties. The program provides evaluation, treatment, consultation and education in a multitude of areas, including mental health, developmental disabilities, substance abuse and other specialty disability programs. The operations located in the County provide primarily outpatient, consultation and education services, but inpatient, crisis services, hospital psychiatric services and all other mental health services are available and arranged by the Programs' staff. The County operations are staffed by 15.5 full-time employees.

HUMAN SERVICES

Human services programs in the State are financed by a combination of federal, state and local funds. On the County level, these services are classified as public assistance, public health services and mental health services. In the fiscal year ended June 30, 2006, the County expended \$12,467,773 for these services. For the fiscal year ending June 30, 2007, the appropriation for these services was \$14,159,984. For the fiscal year ending June 30, 2008, the appropriation for these services is \$14,923,768.

PUBLIC SERVICE ENTERPRISES

Two incorporated towns in the County, Surf City and Burgaw, provide water and sewer service to their citizens.

The County recently formed four new water & sewer districts. Voters in the County approved \$17.5 million general obligation water bonds in November 2006 to construct a two million gallon per day ("MGD") water treatment plant and water distribution lines to the new districts. Voters in three of the four districts approved general obligation bonds in varying amounts to construct water distribution lines in their districts.

The County is presently constructing Phase V of the Rocky Point/Topsail Water & Sewer District and anticipates completion by December of 2007. This component will add 1,500 additional customers, bringing the total water customers in this district to 4,500. This district serves two high growth areas of the County, Hampstead and Rocky Point.

Local telephone service is provided in the County by Embarq and Bell South.

Electric service is provided by the Jones-Onslow Electric Membership Corporation in the extreme northern portion of the County, by the Four County Electric Membership Corporation in the central rural portions, and by Progress Energy in the remainder of the County.

The County closed its landfill in April, 1994. The County has a five-year contract to 2010 with Waste Industries, Inc., for management and disposal of municipal solid waste ("MSW") and construction and demolition debris ("C&D") generated in the County. This consists of 12 convenience center sites and one transfer station (with scales). Ultimately, all County waste is disposed of in the Waste Industries owned and operated landfill in Sampson County.

CULTURAL, ARTS, AND RECREATIONAL FACILITIES

The County has Topsail and Surf City beaches, the intracoastal waterway behind the beaches, and over 100 miles of largely undeveloped shoreline along the Cape Fear River and its tributaries.

The Pender Arts Council sponsors a series of professional performances in the public school system as well as an evening series in Burgaw, Hampstead and Topsail Island. The council also lends support to other organizations such as the Pender Children's Theater.

Historical societies are active in Burgaw and on Topsail Island gathering artifacts, sponsoring exhibits and lectures. The Pender County Historical Museum in Burgaw contains important papers and artifacts while a barn on the Grounds contains a permanent exhibit of antique farming implements. Poplar Grove Plantation, in Scotts Hill, is an antebellum mansion featuring crafts demonstrations of life in the 1800's, and a full calendar of regular historic and cultural offerings annually.

The County has many small communities which host numerous events and festivals to benefit local causes and support regional agriculture and tourism. The NC Spot Festival in Hampstead has been a local draw for over 20 years, followed by Autumn in Topsail Festival and Sunfest featuring the best in local flavor and artistry. The NC Blueberry Festival is the only one-day regional festival held in the County, and showcases the County's largest fruit crop.

The County residents also have access to the cultural amenities of Wilmington and New Hanover County.

Debt Information

LEGAL DEBT LIMIT

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County had the statutory capacity to incur additional net general obligation debt in the approximate amount of \$279,923,000 as of June 30, 2007. For a summary of certain constitutional, statutory and administrative provisions governing or relating to the incurrence of debt by units of local government of the State, see Appendix B.

OUTSTANDING GENERAL OBLIGATION DEBT

General Obligation Bonds	Principal Outstanding as of			
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Refunding Bonds	\$ 9,815,000 ¹	\$ 9,355,000	\$ 8,855,000	\$ 7,835,000
School Bonds	<u>13,750,000</u>	<u>12,575,000</u>	<u>46,400,000</u> ¹	<u>45,625,000</u>
Total	<u>\$23,565,000</u>	<u>\$21,930,000</u>	<u>\$55,255,000</u>	<u>\$53,460,000</u>

¹Bonds Issued:

- 2003-04 \$9,815,000 General Obligation Refunding Bonds, Series 2004, 6.58 years average maturity, 3.4537% true interest cost.
- 2005-06 \$35,000,000 General Obligation School Bonds, Series 2005, 12.95 years average maturity, 4.0659% true interest cost.

GENERAL OBLIGATION DEBT RATIOS

<u>At July 1</u>	<u>Total GO Debt</u>	<u>Assessed Valuation</u>	<u>Total GO Debt to Assessed Valuation</u>	<u>Population¹</u>	<u>Total GO Debt Per Capita</u>
2003	\$24,770,000	\$ 3,190,242,347	.78%	43,706	\$ 566.66
2004	23,565,000	3,362,468,543	.70	45,060	522.97
2005	21,930,000	3,778,799,879	.58	46,599	470.61
2006	55,255,000	4,035,829,000	1.37	48,726	1,133.99
2007	53,460,000	4,428,228,940 ²	1.21	52,893	1,010.72
<hr/>					
After Bonds now offered are issued	\$74,335,000	\$ 4,428,228,940 ²	1.68%	52,893	\$1,405.38

¹Estimated by North Carolina Office of State Budget and Management.

²Estimate.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

<u>Fiscal Year</u>	<u>Existing Debt</u>		<u>Bonds Now Offered</u>
	<u>Principal</u>	<u>Principal & Interest</u>	
2007-08	\$ 1,785,000	\$ 3,985,650	\$
2008-09	2,840,000	4,964,425	900,000
2009-10	2,945,000	4,971,500	900,000
2010-11	2,950,000	4,873,850	900,000
2011-12	2,950,000	4,757,675	900,000
2012-13	2,945,000	4,637,050	900,000
2013-14	3,040,000	4,614,875	900,000
2014-15	3,080,000	4,529,950	900,000
2015-16	3,075,000	4,394,925	900,000
2016-17	3,050,000	4,223,650	900,000
2017-18	3,000,000	4,030,125	900,000
2018-19	3,000,000	3,888,375	900,000
2019-20	3,000,000	3,746,625	900,000
2020-21	3,000,000	3,604,375	900,000
2021-22	3,000,000	3,461,500	900,000
2022-23	3,000,000	3,341,500	900,000
2023-24	3,000,000	3,221,500	900,000
2024-25	3,000,000	3,097,750	900,000
2025-26	800,000	817,000	1,850,000
2026-27			1,850,000
2027-28			1,875,000
	<u>\$53,460,000</u>	<u>\$ 75,162,300</u>	<u>\$20,875,000</u>

GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u>	<u>Bonds Now Offered</u>	<u>Balance</u>
School	05/03/2005	\$20,875,000	\$20,875,000	\$ —
Water	11/07/2006	<u>17,500,000</u>	<u>—</u>	<u>17,500,000</u>
		\$38,375,000	\$20,875,000	\$17,500,000

GENERAL OBLIGATION DEBT INFORMATION FOR UNDERLYING UNITS AS OF JUNE 30, 2007

<u>Unit</u>	<u>2005 Population</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>Bonds Authorized and Unissued</u>		<u>Total GO Debt</u>		<u>Total GO Debt Per Capita</u>
				<u>Utility</u>	<u>Other</u>	<u>Utility</u>	<u>Other</u>	
Burgaw	3,621 ¹	\$ 162,039,979	\$.54	\$ —	\$ —	\$ 649,000	\$ —	\$179.23
Surf City ^s	1,619 ¹	668,767,122	.35	—	—	280,000	—	172.95
Central Pender Water & Sewer District	5,219 ²	602,485,960	—	27,000,000	—	—	—	—
Maple Hill Water District	1,100 ²	24,554,971	—	—	—	270,500	—	245.91
Moore's Creek Water & Sewer District	4,031 ²	206,430,386	—	45,000,000	—	—	—	—
Rocky Point/Topsail Water & Sewer District	22,701 ²	1,463,515,030	—	—	—	21,704,000	—	956.08
Scott's Hill Water & Sewer District	1,800 ²	156,081,102	—	4,000,000	—	—	—	—

¹Estimate of North Carolina Office of State Budget and Management.

²Estimate of the County.

³Multi-county town — Population Estimate of North Carolina Office of State Budget and Management: Onslow County 20%; Pender County 80%.

OTHER LONG-TERM COMMITMENTS

Over the last few years the County has chosen to operate on a pay-as-you-go basis or requiring vendors to agree to terms that commit the County for only a short period of time.

The County provides management services to the Pender County Housing Authority which owns an eight unit apartment complex near Currie, North Carolina. The complex, known as "Country Court", is financed by a note held by the Department of Agriculture's Rural Development (RD) Section and receives Rental Assistance subsidy. The note is fully collateralized by the real property and is supported by project revenue. Payments are due in remaining annual payments of \$7,836 through June 30, 2031 at 1.0%. At June 30, 2007 the total principal outstanding was \$166,781.

DEBT OUTLOOK

In May 2005, voters in the County authorized the issuance of up to \$55,875,000 of general obligation bonds to pay capital costs of providing school facilities. The Bonds now offered constitute the balance of these school bonds.

In the November 2006 general election, voters in the County approved a \$17.5 million general obligation water bonds to construct a two MGD water treatment plant and water distribution lines

to newly created water and sewer districts. Current plans are for design of the two MGD water treatment plant to begin in December 2007 and for construction to begin in January 2009 and be completed in December 2010. Voters in three districts approved general obligation bonds in varying amounts to construct water distribution lines in their districts. County officials will be responsible for the issuance of the districts' debt, and current plans call for construction financing to be in place late in fiscal year 2007-08.

Other improvements to County facilities are likely to be made on a "pay-as-you-go" basis, as planned in the County's five-year capital improvement program and related five-year financial forecast. The County actively reviews its capital needs on a continuing basis, however, and other projects requiring financing may become evident in the future.

Tax Information

GENERAL INFORMATION

In thousands:	Fiscal Year Ended or Ending June 30			
	2004	2005	2006	2007
Assessed Valuation:				
Assessment Ratio ¹	100%	100%	100%	100%
Real Property	\$2,984,514,032	\$3,139,026,309	\$3,563,408,053	\$3,805,786,498
Personal Property	135,860,419	154,733,102	142,652,759	152,355,817
Public Service Companies ²	<u>69,867,896</u>	<u>68,709,132</u>	<u>72,739,067</u>	<u>77,686,685</u>
Total Assessed Valuation	\$3,190,242,347	\$3,362,468,543	\$3,778,799,879	\$4,035,829,000
Rate per \$100	.59	.59	.65	.65
Levy ³	\$ 18,822,430	\$ 19,838,564	\$ 24,562,199	\$ 26,232,889

¹Percentage of appraised value has been established by statute.

²Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³In addition to the County-wide rate, the following table lists the levies by the County for emergency medical services and on behalf of 11 special fire districts (including five rescue districts in 2002 and 2003) for the fiscal years ended or ending June 30:

	2004	2005	2006	2007
County-wide	\$ 18,822,430	\$ 19,838,564	\$24,562,199	\$26,232,889
Special Fire Districts	1,083,832	1,076,867	1,177,336	1,652,682
Emergency Medical Services	<u>2,469,446</u>	<u>2,306,623</u>	<u>2,534,740</u>	<u>2,683,828</u>
Total Levy	\$ 22,375,708	\$ 23,222,054	\$28,274,275	\$30,569,399

Note 1: Revaluation of real property became effective with the 2003 tax levy. The next revaluation is currently scheduled to become effective with the 2011 tax levy.

Note 2: The County's total estimated assessed valuation for the fiscal year ending June 30, 2008 is estimated to be \$4,428,228,940. The County's tax rate for the 2007-2008 fiscal year is \$.65 per \$100 assessed valuation with a total estimated levy of \$27,344,314. The budgeted tax collection rate is 95%; the most recent tax collection rate was 96.59%.

TAX COLLECTIONS

<u>Fiscal Year Ended June 30</u>	<u>Prior Years' Levies Collected</u>	<u>Current Year's Levy Collected</u>	<u>Percentage of Current Year's Levy Collected</u>
2004	\$705,412	\$19,997,514	96.21%
2005	644,206	21,018,819	96.80
2006	853,483	24,658,480	96.59
2007	732,620	27,006,537	97.08

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2005-06

<u>Name</u>	<u>Type of Business</u>	<u>2006 Assessed Valuation</u>	<u>Tax Levy</u>	<u>Percentage of Total Assessed Valuation</u>
Four County Electric Membership Corp.	Utility	\$ 33,990,257	\$ 220,937	.85%
Progress Energy	Utility	32,632,651	212,112	.81
BellSouth	Telephone	21,876,632	139,081	.53
Sustainable Forests	Forestry	21,397,135	142,198	.54
Del Labs, Inc.	Chemicals	23,189,558	150,732	.58
LL Building Products	Building Materials	15,383,406	99,992	.38
Dwight Stull	Logging	8,745,143	56,843	.22
Lowe's Home Centers, Inc.	Building Supplies	10,903,072	70,870	.27
Briggs Construction Equipment	Construction	7,263,842	47,215	.18
Mike Lunsford	Logging	<u>6,319,752</u>	<u>41,078</u>	<u>.16</u>
		\$181,701,449	\$1,181,059	4.52%

2007-08 Budget Outlook

At June 30, 2007, the financial condition of the County was consistent with the adopted budget. The General Fund revenues and expenditures were approximately 103% and 92% of the budget, respectively. The fund balance is projected to increase as a result of the fiscal year's operations.

The County's General Fund budget for the fiscal year ending June 30, 2008 was adopted with a \$0.65 per \$100 assessed valuation property tax rate. Property tax revenues are projected to increase by \$2,423,070 over fiscal year 2006-07 adopted budget levels, a 9% increase. Sales tax revenues are projected to increase by 2.5% to 4% over fiscal year 2005-06 actual in the fiscal year ending June 30, 2008.

In 2002, the Board of County Commissioners adopted a fiscal policy that includes certain requirements regarding the fiscal responsibility of the County. The most predominant requirement included in this policy is that for the fiscal year ending June 30, 2008, the estimated \$5,000,000 in fund balance will be attained. The County has been able to maintain \$5,000,000 in fund balance since the inception of the fiscal policy. The County also has a Board-adopted five year multi-project Capital Improvements Program.

Pension Plans

The County participates in the North Carolina Local Governmental Employees' Retirement System.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of system funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the system.

The system provides, on a uniform system-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate, uniform for all employers, is currently 4.90 percent of eligible payroll for general employees and 4.78 percent of eligible payroll for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the system.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of creditable service and at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age factor if the individual is not eligible for unreduced benefits.

Contributions to the system are determined on an actuarial basis.

For information concerning the County's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina see the Notes to the County's Basic Financial Statements in Appendix D.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Comprehensive Annual Financial Report ("CAFR") for the State. Please refer to the State's CAFR for additional information.

Other Post-Employment Benefits

The County provides certain post-employment health care and other benefits ("OPEB") as part of the total compensation package offered to attract and retain the services of qualified employees. These benefits are available to retirees who participate in the North Carolina Local Government Employees Retirement System (the "System") and who, at the time of their retirement, meet certain service requirements.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (effective for fiscal year 2007-08). GASB Statement No. 45 will be implemented in three phases beginning in fiscal year 2007-08 and generally requires that state and local governmental employers account for OPEBs on an accrual basis similar to the manner that they currently account for pensions. GASB Statement No. 45 also requires disclosure of information about the plans in which an employer participates, the funding policy followed, and the actuarial valuation process and assumptions.

The County is considered a "Phase II" government (based on the County's total annual revenues) and must implement GASB Statement No. 45 in fiscal year 2008-09. In response to GASB Statement No. 45, the County will have an official actuarial study done sometime within the next three months to establish its unfunded OPEB liability and required annual contribution ("ARC"). The study will be done under an assumption of fully funding the ARC, but will also indicate the unfunded OPEB liability under an assumption of pay-as-you-go funding, which is the County's current practice. If the County chooses not to fully fund the ARC, then the County will be required to disclose the unfunded portion in the notes to the County's audited financial statements.

The County is not required to fully fund the ARC. However, pursuant to GASB Statement No. 45, the County will be required to disclose the unfunded ARC, which must be amortized over future periods. The change in accounting for OPEB's mandated by GASB Statement No. 45 may dramatically increase reported liabilities.

Contingent Liabilities

The County does not have any litigation pending or other contingent liability which, in the opinion of the County attorney, would materially and adversely affect the County's ability to meet its financial obligations.

CONTINUING DISCLOSURE

In a resolution to be adopted by the County prior to the sale of the Bonds, the County will undertake, for the benefit of the beneficial owners of the Bonds, to provide:

- (a) by not later than seven months from the end of each fiscal year of the County, commencing with the fiscal year ending June 30, 2007, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State of North Carolina ("SID"), if any, audited financial statements of the County for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the County are not available by seven months from the end of such fiscal year, unaudited financial statements of the County for such fiscal year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;
- (b) by not later than seven months from the end of each fiscal year of the County, commencing with the fiscal year ending June 30, 2007, to each NRMSIR, and to the SID, if any, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under heading "The County - Debt Information and - Tax Information" in the Official Statement relating to the Bonds (excluding any information on overlapping or underlying units) and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;
- (c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - (7) modification to rights of the beneficial owners of the Bonds;
 - (8) Bond calls;
 - (9) defeasances;
 - (10) release, substitution or sale of any property securing repayment of the Bonds and
 - (11) rating changes; and
- (d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The resolution to be adopted by the County will also provide that if the County fails to comply with the undertaking described above, any beneficial owner of the Bonds then outstanding may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

Pursuant to such resolution, the County will reserve the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

- (a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;
- (b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and
- (c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds then outstanding pursuant to the terms of such resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

To the extent permitted by the United States Securities and Exchange Commission, the County may discharge its undertaking described above by transmitting those documents or notices electronically to www.disclosureusa.org.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

The County has not failed to provide any information required to be provided by any undertaking previously made by the County pursuant to the requirements of Rule 15c2-12.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Sanford Holshouser LLP, Cary, North Carolina, Bond Counsel for the County ("Bond Counsel"). Bond Counsel's approving legal opinion will be provided at the County's expense and will be available at the time of the delivery of the Bonds. Bond Counsel expects to deliver an opinion substantially in the form attached as Appendix D.

Bond Counsel's approving legal opinion expresses Bond Counsel's professional judgment as to the legal issues explicitly addressed in the opinion. By rendering a legal opinion, an opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Additionally, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction and a bond opinion is not a statement (either expressly or by implication) concerning the marketability, value or likelihood of payment of the Bonds.

Bond Counsel has not been engaged to investigate the County's operations or condition or the County's ability to provide for payments on the Bonds. Bond Counsel will express no opinion (1) as to the County's ability to provide for payments on the Bonds, or (2) as to the accuracy, completeness or fairness of any information that may have been relied on by anyone in making a decision to purchase Bonds, including this Official Statement. In this transaction, Bond Counsel will serve only as bond counsel to the County, and will not represent any bidder or the purchaser of the Bonds.

RATINGS

Moody's Investors Service, Standard & Poor's Ratings Services, and the North Carolina Municipal Council have given the Bonds ratings of _____, _____, and _____, respectively. Those ratings reflect only the respective views of such organizations, and an explanation of the significance of each such rating may be obtained only from the respective organization providing such rating. Certain information and materials not included in the Official Statement were furnished to such organizations. There is no assurance that such ratings will remain in effect for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any downward revision or withdrawal of a rating may have an adverse effect on the market prices of the Bonds.

TAX TREATMENT

Opinion of Bond Counsel. In the opinion of Sanford Holshouser LLP, Cary, North Carolina, Bond Counsel for the County ("Bond Counsel"), under existing law, interest on the Bonds (1) will not be included in gross income for federal income tax purposes, (2) will not be a specific item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum income tax on corporations, and (3) will be exempt from existing State of North Carolina income taxation. Bond Counsel will express no other opinion regarding the federal or North Carolina tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel will give its opinion in reliance upon certifications by County representatives and others as to certain facts relevant to the opinion. The County has covenanted to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, the use, expenditure and investment of the proceeds derived from the sale of the Bonds and the timely payment to the United States of any arbitrage profit with respect to the Bonds. The County's failure to comply with such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to date of issuance of the Bonds.

Other Tax Consequences. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, certain S corporations, certain foreign corporations subject to the branch profits tax, corporations subject to the environmental tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Interest on the Bonds may or may not be subject to state or local taxation in jurisdictions other than North Carolina. Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any such jurisdiction other than North Carolina.

Discount Bonds and Premium Bonds

_____, as lead underwriter, has advised the Local Government Commission of North Carolina that the initial public offering prices of the Bonds maturing on March 1, _____ to _____ inclusive, (the "Discount Bonds"), are less than the respective amounts payable at maturity. An amount not less than the difference between the initial public offering prices of the Discount Bonds and the amounts payable at maturity constitutes original issue discount ("OID"). Owners of Discount Bonds should consult their own tax advisors as to the determination for federal tax purposes of the amount of OID properly accruing each year with respect to the Discount Bonds and as to federal tax consequences and the treatment of OID for State of North Carolina and local tax purposes.

_____, as lead underwriter, has also advised the Local Government Commission of North Carolina that the initial public offering prices of the Bonds maturing on March 1, _____ to _____, inclusive, (the "Premium Bonds"), are greater than the amounts payable at maturity. The difference between the amount payable at maturity of the Premium Bonds and the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) who pur-

chases the Premium Bonds at the initial offering price is "Bond Premium." Bond Premium is amortized over the term of the Premium Bonds for federal income tax purposes. Owners of the Premium

Bonds are required to decrease their adjusted basis in the Premium Bonds by the amount of amortizable Bond Premium attributable to each taxable year the Premium Bonds are held. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of the Premium Bonds and with respect to State of North Carolina and local tax consequences of owning and disposing of the Premium Bonds.

Bond Counsel's opinion will not expressly pass on the status of any amounts as either Original Issue Discount or Bond Premium.

UNDERWRITING

The underwriters for the Bonds are _____

_____*

The underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Bonds. If all of the Bonds are sold at the public offering yields as set forth on the inside cover page of this Official Statement, the underwriters anticipate total selling compensation of \$_____* . The public offering prices or yields of the Bonds may be changed from time to time by the underwriters.

*Information provided by underwriters of the Bonds.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

References herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

The execution of this Official Statement has been duly authorized by the Local Government Commission of North Carolina and the Board of Commissioners for the County.

**LOCAL GOVERNMENT COMMISSION
OF NORTH CAROLINA**

By
T. Vance Holloman
Secretary of the Commission

COUNTY OF PENDER, NORTH CAROLINA

By
F. D. Rivenbark
Chairman of the Board of Commissioners

By
Lori Brill
County Manager

By
David J. McCole
Finance Officer

[Proposed form of Sanford Holshouser's
opinion on the Bonds]

September _____, 2007

Pender County, North Carolina

\$20,875,000
Pender County, North Carolina
General Obligation School Bonds, Series 2007

We have acted as bond counsel to Pender County, North Carolina (the "County"), in connection with the County's issuance today of the above-captioned bonds (the "Bonds"). We have examined the applicable law and certified copies of proceedings and documents relating to such issuance.

Without undertaking to verify the same by independent investigation, we have relied on representations and certifications by representatives of the County, the North Carolina Local Government Commission (the "LGC") and others as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The County has made certain covenants (the "Covenants") to comply with provisions of the Code regarding, among other matters, the use, expenditure and investment of Bond proceeds and the timely payment of any arbitrage rebate required under the Code, all as set forth in the proceedings and documents providing for the issuance of the Bonds.

We have assumed the capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies or specimens.

Based on the foregoing, as of today and under existing law, we are of the following opinions:

1. The Bonds have been duly authorized and issued. The Bonds are legal, valid and binding obligations of the County, enforceable in accordance with their terms. The County's faith and credit are pledged for the payment of principal of and interest on the Bonds, and the County is authorized to levy and collect ad valorem taxes, without restriction as to rate or amount, on all locally taxable property to pay the principal of and interest on the Bonds.

2. Our opinion as set forth in paragraph 1 is subject to the effect (a) of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and (b) of general principles of equity, regardless of whether applied in a proceeding in equity or at law.

3. Interest on the Bonds (a) is not included in gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum income tax on corporations. The County's failure to comply with the Covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from existing State of North Carolina income taxation.

We express no opinion regarding other federal or North Carolina tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we have deemed necessary to evaluate the legality, validity and enforceability of the Bonds and to evaluate the status of the interest on the Bonds under the federal and North Carolina tax laws referenced above.

We have not made any investigation concerning the County's operations or condition. We express no opinion (a) as to the County's ability to provide for payments on the Bonds, (b) as to the accuracy, completeness or fairness of any information that may have been relied on by anyone in making a decision to purchase Bonds, including the Local Government Commission's Official Statement with respect to the Bonds, or (c) as to any party's compliance with any terms or conditions precedent to any purchase of Bonds.

This opinion is based on constitutional and statutory provisions and judicial decisions existing today. We assume no responsibility to update this opinion or take any other action with regard to changes in facts, circumstances or the applicable law.

Very truly yours,

[To Be Signed, "Sanford Holshouser LLP"]

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each stated maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmations from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into their transactions. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of bonds as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and any redemption premium payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC, the County or the Bond Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and any redemption premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and neither the Commission nor the County takes responsibility for the accuracy thereof.

