

Bond Order for Refunding Bonds

BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS IN THE MAXIMUM AMOUNT OF \$3,500,000

WHEREAS -

Pender County, North Carolina (the "County"), has previously issued its General Obligation School Bonds, Series 1997, in the original principal amount of \$5,500,000 (the "Prior Bonds"). Based on the current state of the municipal bond market, the County has determined that refinancing all or a portion of the outstanding balance of the Prior Bonds would provide savings to the County.

The County has applied to the North Carolina Local Government Commission for its approval of the issuance of County refunding bonds to carry out the refinancing of the Prior Bonds. The LGC has accepted the County's application.

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

1. There are hereby ordered to be issued general obligation refunding bonds of the County to provide for the refinancing of all or a portion of the outstanding balance of the Prior Bonds, including paying related financing costs and other necessary or incidental costs.
2. The maximum aggregate principal amount of the bonds issued for such purpose will be \$3,500,000.
3. Taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds so issued.
4. A sworn statement of debt prepared by the County's Finance Officer has been filed with the Clerk to this Board and is available for public inspection.
5. This Bond Order takes effect immediately.

**RESOLUTION FOR THE SALE OF GENERAL OBLIGATION
REFUNDING BONDS IN THE MAXIMUM AMOUNT OF \$3,500,000**

WHEREAS:

Pender County has previously approved and determined to refinance the outstanding balance of the County's 1997 general obligation school bonds (the "Prior Bonds ") through the issuance of new refunding bonds (the "Bonds").

Branch Banking and Trust Company (the "Bank") has submitted a proposal for the purchase of such Bonds, and the County has determined to accept such proposal.

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

1. Determination To Sell Bonds - The County will issue and sell the Bonds and use the proceeds to pay all or a portion of the outstanding balance of the County's 1997 general obligation school bonds, including the required redemption premium, together with financing costs and other necessary or incidental related costs. The Bonds will be designated "General Obligation School Refunding Bonds, Series 2008."

2. Acceptance of Proposal - The County accepts the Bank's proposal for the purchase of the Bonds dated _____, 2008. The County asks the North Carolina Local Government Commission (the "LGC") to sell the Bonds to the Bank at a private sale, substantially in accordance with the terms of the Bank's propo sal.

3. Payment and Prepayment Provisions - The County's Finance Officer is authorized and directed to determine the final aggregate principal amount of Bonds to be issued (up to the \$3,500,000 authorized maximum amount), the principal and interest payment schedule for the Bonds and the prepayment terms of the Bonds. The Finance Officer will execute a certificate prior to the initial delivery of the Bonds determining such matters, and this certificate will be conclusive evidence of the Finance Officer's approval and determination of such

matters. Principal, prepayment premium (if any) and interest on the Bonds will be payable in lawful money of the United States of America.

The Bonds in final form, however, must provide (i) for the principal amount of the Bonds to be not more than \$3,500,000, (ii) for the Bonds to bear interest at an annual interest rate not to exceed _____%, and (iii) for the final maturity of the Bonds not to extend beyond June 1, 2017.

4. Form of Bonds -- The Bonds will be issued initially in the form of a single fully-registered bond, in substantially the form set out in Exhibit A, with such changes as may be in keeping with the Bank's proposal and this resolution, and as the Finance Officer may approve. This Bond will be dated the date of its initial delivery to the Bank (the "Closing Date"), will be in fully registered form, and will be numbered R-1.

The Bonds must be signed by the manual or facsimile signature of the Chairman or the County Manager, must be countersigned by the manual or facsimile signature of the Clerk to this Board 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.

5. 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 County 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.

6. Disbursement of Bond Proceeds -- The Finance Officer shall determine, in consultation with the LGC, the procedures for the disbursement of the proceeds of the Bonds.

7. 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, premium, if any, 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 payment date.

8. Finance Officer To Complete Bond Closing - 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 Bank 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 to provide for the refunding contemplated by this resolution (such as giving notice of redemption to the existing bondholders), and (b) to approve changes to any documents or closing certifications previously signed by County officers or employees, subject to the provisions of this resolution and provided that any such changes will not substantially alter the intent of such certificates from that expressed in the forms of such certificates as executed by such officers or employees. In addition, the Finance Officer is authorized to execute and deliver on behalf of the County an escrow agreement providing for the custody of Bond proceeds pending their disbursement for the planned redemption. 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.

9. 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 the purposes of this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, including applicable Treasury regulations.

10. Bonds Are "Bank-Qualified" Obligations -- The County designates the Bonds as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3).

11. Call of Prior Bonds for Redemption - The Board authorizes and directs the Finance Officer to make, on the County's behalf, an irrevocable call for redemption of such of the Prior Bonds as the Finance Officer (after consultation with the LGC) deems beneficial to the County.

12. Application to LGC -- The Finance Officer is authorized and directed to proceed with the proper steps toward the authorization and approval of the refunding, including proceeding with an application to the North Carolina Local Government Commission (the "LGC") for its approval of such bonds. The Board appoints the Finance Officer as the County's authorized representative with respect to the LGC application process. All prior actions in this regard are authorized, ratified and approved.

13. Approval of Bond Counsel -- The Board appoints Sanford Holshouser LLP as the County's bond counsel with respect to the proposed refunding bonds.

14. Publishing Bond Order -- The Clerk to the Board is authorized and directed to publish a notice of the adoption of the Bond Order authorizing the issuance of the refunding bonds. The notice must be in the form provided for in Section 159-58 of the General Statutes, and is to be published one time in a newspaper having general circulation in the County.

15. 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 of such officers

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may assume any responsibility or carry out any function assigned to another officer. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

* * * * *

I certify that the foregoing resolution was duly adopted at a meeting of the Board of Commissioners of Pender County, North Carolina, duly called and held on April 21, 2008, and that a quorum was present and acting throughout such meeting. Such resolution remains in full effect as of today.

Dated this ____ day of April, 2008.

[SEAL]

Clerk, Board of Commissioners
Pender County, North Carolina

Exhibit A

(Form of Refunding Bond)

REGISTERED BOND NUMBER R-1

May ____, 2008

\$3,500,000

UNITED STATES OF AMERICA

STATE OF NORTH CAROLINA

PENDER COUNTY

General Obligation Refunding Bond, Series 2008

PENDER COUNTY, NORTH CAROLINA (the "County"), a political subdivision of the State of North Carolina, for value received, promises to pay to

BRANCH BANKING AND TRUST COMPANY

or registered assigns (the "Bondholder"), the principal sum of

THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000)

together with interest on the unpaid principal from the date hereof until payment of the entire principal sum at the annual rate of ____%, subject to prepayment as provided below, in installments of principal and interest on dates and in amounts as shown on Schedule I.

Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America by wire transfer sent by the County to the Bondholder on the payment date.

[The County may prepay the principal of this Bond, in whole or in part at any time at the County's discretion, with 15 days' notice to the Bondholder, upon

.....

payment of the principal amount to be prepaid plus interest accrued to the payment date, without premium. If less than all of the outstanding principal of this Bond is to be so prepaid, the principal installments will be prepaid in inverse order of maturity, and such prepayments will not affect the County's obligation to pay remaining principal installments in full as provided herein.]

In all events, (1) all payments on this Bond will be applied first to interest accrued and unpaid to the payment date and then to principal, and (2) if not sooner paid, the entire principal of and interest on this Bond will be due and payable on June 1, 2017, upon presentation and surrender of this Bond at the office of the County's Finance Officer, who has been appointed Registrar, at 805 South Walker St., Burgaw, North Carolina, 278425, or such successor office as the Registrar may designate in writing to the Bondholder.

This Bond is issued pursuant to a Bond Order and a Bond Resolution, each adopted by the County's governing Board of Commissioners on April 21, 2008, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act, and constitutes the entire issue of refunding bonds authorized by such Bond Order.

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

This Bond is fully registered as to both principal and interest. Transfer of this Bond may be registered upon books maintained for that purpose by the Registrar. Prior to due presentment for registration of transfer, the Registrar will treat the registered owner of this Bond as the person exclusively entitled to payment of principal of, premium, if any, and interest on this Bond and the exercise of all other rights and powers of the owner hereof, except that interest will be payable to the person shown as the registered owner at the close of business on the 15th day (whether or not a business day) of the month preceding the interest payment date.

The County has designated the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond is issued with the intent that North Carolina law will govern its interpretation.

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, the County has caused this Bond to be signed by the Chairman of its Board of Commissioners, its seal to be affixed hereto and attested by the Clerk to such Board, and this Bond to be dated May __, 2008.

(SEAL)

ATTEST:

**PENDER COUNTY,
NORTH CAROLINA**

By: [sample only - do not sign]
Clerk, Board of Commissioners

By: [sample only - do not sign]
Chairman, Board of
Commissioners

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

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

TRANSFER OF BOND

Transfer of this Bond may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Registrar, who will note such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Re- Registration</u>	<u>Name of New Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____