



REQUEST FOR BOARD ACTION

ITEM NO. 10.

DATE OF MEETING: August 16, 2010

REQUESTED BY: Dave McCole, Finance Officer

SHORT TITLE: Resolution Authorizing Payment to the IRS to Satisfy Arbitrage Liability Incurred on the General Obligation School Bond Series 2005 Bond Issue: \$581,936.

BACKGROUND: The County recently had an Arbitrage Rebate Calculation performed by Bingham Arbitrage Rebate Services Inc. on the General Obligation School Bond Series 2005 bond issue, as related to the arbitrage rebate requirements contained in Section 148 of the Internal Revenue Code and those Regulations promulgated there under. The Arbitrage Rebate Calculation is performed to determine whether the county will have to pay back interest that was earned on the proceeds of the bonds. Normally a liability is incurred to the IRS on interest earned on bond proceeds that is higher than the bond yield. The County is required to pay the IRS \$581,936. Funds have been reserved in the Public School Capital Fund in anticipation of the liability to the IRS.

SPECIFIC ACTION REQUESTED: The Board of Commissioners are requested to authorize payment to the IRS in the amount of \$581,936 to satisfy its arbitrage liability that was incurred on the General Obligation School Bond Series 2005 bond issue.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.



Initial

RESOLUTION

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

the Board authorizes payment to the IRS in the amount of \$581,936 to satisfy its arbitrage liability that was incurred on the General Obligation School Bond Series 2005 bond issue.

Increase Revenues:

Investment Income 2005 63-329120 \$581,936

Increase Appropriations:

Reserve for Arbitrage Rebate 63-409500 \$581,936

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

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

Jimmy T. Tate, Chairman 8/16/10
Date

ATTEST 8/16/10
Date

\$35,000,000
County of Pender, North Carolina
General Obligation School Bonds
Series 2005

First Installment Arbitrage Rebate Compliance Report
Evaluation Date: July 1, 2010

Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate

Under Sections 143(g)(3) and 148(f)
and Sections 103(c)(6)(D) and 103A(i)(4) of the Internal Revenue Code of 1954

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name Pender County, North Carolina		2 Issuer's employer identification number 56 ; 6000329	
3 Number and street (or P.O. box no. If mail is not delivered to street address) PO Box 1578		Room/suite	4 Report number 7 2010
5 City, town, or post office, state, and ZIP code Burgaw, NC 28425		6 Date of issue September 27, 2005	
7 Name of issue General Obligation School Bonds, Series 2005		8 CUSIP number 706 711 EKO	
9 Name and title of officer or legal representative whom the IRS may call for more information David McCole, Finance Officer		10 Telephone number of officer or legal representative (910) 259-1407	
11 Type of issue Education		Issue price	11 \$ 35,785,519.00

Part II Arbitrage Rebate and Yield Reduction Payments			
12 Computation date to which this payment relates (MMDDYYYY) 07/01/2010			
13 Arbitrage rebate payment (see instructions) <input type="checkbox"/> check box if less than 100% of rebate amount		13 \$	581,936.12
14 Yield reduction payment (see instructions) <input type="checkbox"/> check box if less than 100% of yield reduction amount		14 \$	
15 Rebate payment from Qualified Zone Academy Bond (QZAB) defeasance escrow (see instructions)		15 \$	

Part III Penalty in Lieu of Arbitrage Rebate			
16 Number of months since date of issue: <input type="checkbox"/> 6 mos <input type="checkbox"/> 12 mos <input type="checkbox"/> 18 mos <input type="checkbox"/> 24 mos <input type="checkbox"/> Other. No. of mos _____			
17 Penalty in lieu of rebate		17 \$	0.00
18 Date of termination election (MMDDYYYY)			
19 Penalty upon termination		19 \$	0.00

Part IV Late Payments			
20 Does failure to pay timely qualify for waiver of penalty (see instructions) Yes <input type="checkbox"/> No <input type="checkbox"/>			
21 Penalty for failure to pay on time (see instructions)		21 \$	0.00
22 Interest on underpayment (see instructions).		22 \$	0.00

Part V Total Payment			
23 Total payment. Add lines 13, 14, 15, 17, 19, 21, and 22. Enter total here		23 \$	581,936.12

Part VI Miscellaneous			
24 Unspent proceeds as of this computation date		24 \$	0.00
25 Proceeds used to redeem bonds		25 \$	0.00
26 Gross proceeds used for qualified administrative costs for GICs and defeasance escrows		26 \$	0.00
27 Fees paid for a qualified guarantee		27 \$	132,000.00
28 Is the issue a variable rate issue?		28	Yes No <input type="checkbox"/> <input checked="" type="checkbox"/>
29 Did the issuer enter into a hedge? Name of provider _____ Term of hedge _____		29	<input type="checkbox"/> <input checked="" type="checkbox"/>
30 Were gross proceeds invested in a GIC? Name of provider _____ Term of GIC _____		30	<input type="checkbox"/> <input checked="" type="checkbox"/>
31 Were any gross proceeds invested beyond an available temporary period?		31	<input type="checkbox"/> <input checked="" type="checkbox"/>
32 Calculations for filing of this form prepared by: <input type="checkbox"/> Issuer <input checked="" type="checkbox"/> Preparer: Bingham ARS, Inc.			

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Signature of Issuer's authorized representative Date Type or print name and title



1506 West Main Street
Richmond, VA 23220
(804) 288-5312 / Fax (804) 288-5020
Toll Free (888) 900-5312
www.bingham-ars.com

July 1, 2010

Mr. David J. McCole
Finance Officer
Pender County
PO Box 1578
Burgaw, NC 28425

Re: Arbitrage Rebate Compliance for the \$35,000,000 County of Pender, North Carolina,
General Obligation School Bonds Series 2005

Dear Dave,

Enclosed is the arbitrage rebate report for the above-referenced bond issue. As of July 1, 2010, the selected first installment evaluation date, a \$581,936.12 arbitrage rebate payment is due to the Internal Revenue Service. This payment must be sent to the IRS no later than 60 days from the evaluation date, August 30, 2010. Please have an authorized representative sign the enclosed Form 8038-T and mail the signed 8038-T along with the payment to the IRS no later than August 30, 2010. The IRS mailing address is shown on our Arbitrage Rebate Payment Information page.

Once the Form has been signed, please send Bingham a photocopy of the check and signed 8038-T for our records and proof of compliance. Per the Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters page 14, keep this report on file for at least six years after the final principal payment date as proof of compliance.

Further reviews for the Series 2005 should not be necessary since the proceeds have been fully expended. Bingham will not plan to complete future calculations for this issue. However, if there are any significant changes to the issue that would affect the calculation, such as a funded Debt Service Reserve Fund, please contact our office.

If you have any questions, please do not hesitate to call me at (804) 864-9566. Thank you for choosing Bingham.

Sincerely,

A handwritten signature in cursive script that reads "Julie Harrison".

Julie Harrison
Account Manager, Arbitrage Rebate Services

Enclosure

ARBITRAGE REBATE PAYMENT INFORMATION

July 1, 2010

BOND ISSUE

\$35,000,000
County of Pender, North Carolina
General Obligation School Bonds
Series 2005

EVALUATION DATE

July 1, 2010

TOTAL ARBITRAGE REBATE LIABILITY

\$581,936.12

REBATE PAYMENT

\$581,936.12

DUE DATE

August 30, 2010

CHECKS PAYABLE TO

UNITED STATES TREASURY

MAIL TO

INTERNAL REVENUE SERVICE CENTER
OGDEN, UTAH 84201

INCLUDE FEDERAL TAX FORM 8038-T WITH PAYMENT.

* If the rebate payment is not paid when due, additional late interest would accrue. The interest for late payment is calculated at the Quarterly Applicable Federal Interest Rate beginning at the due date (60 days from evaluation date).





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July 1, 2010

Mr. David J. McCole
 Finance Officer
 Pender County
 PO Box 1578
 Burgaw, NC 28425

RE:

\$35,000,000
 County of Pender, North Carolina
 General Obligation School Bonds
 Series 2005

Dear David,

Bingham Arbitrage Rebate Services, Inc. has completed the requested arbitrage rebate calculation (ARC) with respect to the above-referenced bond issue.

This evaluation covers the period of time from September 27, 2005 to July 1, 2010 of the first installment computation period. The yield on the bond issue and the amount to be rebated are as follows (and as set forth on the attached schedules, respectively):

<u>PROJECT</u>	<u>BOND YIELD</u>	<u>AMOUNT TO BE REBATED</u>
Pender County, North Carolina General Obligation School Bonds Series 2005	3.9487158%	<u>\$581,936.12</u>
Total Arbitrage Rebate Payment Due:		<u>\$581,936.12</u>

Pender County, North Carolina DOES OWE an arbitrage rebate payment to the Internal Revenue Service as of this first installment computation period, ending July 1, 2010, with regard to the above referenced bond issue. Please refer to paragraph (o) and the attached Arbitrage Rebate Payment Information Sheet for more information.

Purpose of the Bonds

The Series 2005 General Obligation School Bonds were issued for the purpose of providing funds to: a) finance the acquisition and construction of certain school improvements in the County; b) pay a premium for the MBIA insurance policy; and c) pay certain expenses incurred in connection with the issuance of the Series 2005 Bonds (Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters page 2 and Official Statement page 2).

Manner of Calculation

The calculations were made in accordance with our understanding of Section 148(f) of the Internal Revenue Code of 1986, as amended; and the Final U.S. Treasury Regulations Sections 1.148-1 through 1.148-11 issued on June 19, 1993 and amended on May 9, 1997.

We used the information provided to us by Pender County, North Carolina (the "County") and North Carolina Capital Management Trust ("NCCMT") to prepare the calculations contained herein without auditing or verifying such information.

Simply described, the computation method used by Bingham is as follows:

(a) The exact yield on a fixed yield issue is calculated using a "30/360" day model with semi-annual compounding. "Yield" is that rate of interest which, when used to discount all conditionally payable payments of principal, interest, and fees of qualified guarantees on the Bonds, at the same discount rate, produces a present value equal to the initial aggregate issue price of the bonds.

(b) The \$132,000 MBIA Insurance Corporation ("MBIA") insurance premium paid for this issue is included in the yield calculation. The insurance policy is considered a qualified guarantee of the bond and the premium is allowed in the yield calculation (U.S. Treasury Regulations Section 1.148-4(f)(1)).

(c) The MBIA insurance premium paid with respect to the Series 2005 Bonds was reasonable, and the fee was paid for no other purpose than to shift credit risk (Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters page 7). The present value of the premium was less than the present value of the interest reasonably expected to be saved as a result of obtaining the bond insurance using the yield on the Bonds, determined with regard to the payment of the premium, as the discount rate (U.S. Treasury Regulations Section 1.148-4(f)(2)).



(d) The special yield calculation rule under Section 1.148-4(b)(3)(ii)(B) of the U.S. Treasury Regulations applied to the computation of this issue's bond yield since the bonds maturing September 1, 2016 through September 1, 2020 (collectively the "Callable Premium Bonds") were issued at a price that exceeded the stated redemption price at maturity by more than one-fourth of one percentage point (.25%) times the product of its stated redemption price at maturity and the number of complete years to an optional redemption date. By treating the Callable Premium Bonds as maturing at the first optional call date of September 1, 2015 the lowest yield on the bonds was produced. The Bonds were treated as paid on the date that produces the lowest yield.

(e) Bingham has verified that the County has not entered into a swap or other hedge contract that could be included in the bond yield calculation as a qualified hedge (U.S. Treasury Regulations Section 1.148-4(h)(1)).

The bond yield for the Series 2005 is 3.9487158%.

(f) All of the moneys on deposit and any accrued interest income earned on the date of evaluation, or installment date, are treated as receipts on that date.

(g) All receipts and payments occurring on or prior to the date of evaluation, as well as the calculated receipts on that date are future valued to the date of evaluation using the yield on the bonds for that period. The future value is calculated using a "30/360" day model with semi-annual compounding, taking the dates of receipts and payments from the statements provided by the County and NCCMT.

(h) The future value of the receipts is subtracted from the future value of the payments. The resulting balance is the amount to be rebated.

For purposes of this issue only, the following also apply:

(i) The Series 2005 was eligible for either the Eighteen-Month or the Two-Year Spending Exception. The Series 2005 did not meet the spend-down requirements for either spending exception. Therefore, the Series 2005 required the arbitrage rebate calculation in full.

An exception applies when required semi-annual spend-down percentages are met. If one of the spend-down percentages is missed, then that portion of the issue no longer qualifies for exemption and will require the arbitrage rebate calculation. These Exceptions are as follows:

EIGHTEEN MONTH SPENDING EXCEPTION	
Within Six Months of Closing	15%
Within Twelve Months of Closing	60%
Within Eighteen Months of Closing	100%



TWO-YEAR CONSTRUCTION EXCEPTION

Within Six Months of Closing	10%
Within Twelve Months of Closing	45%
Within Eighteen Months of Closing	75%
Within Twenty-Four Months of Closing	100%

(j) The fund that required the arbitrage rebate calculation was the Project Fund. This fund was invested with the North Carolina Capital Management Trust. The Series 2005 Project Fund was fully expended as of April 18, 2008.

(k) Receipts derived from the sale of the Series 2005 Bonds, or approximately \$2,100,000, were used to reimburse the County for expenditures made prior to the closing date. The proceeds were used to reimburse for expenditures which were 1) capital expenditures, 2) occurred not earlier than 60 days before the date the County adopted a resolution and declared its official intent to issue obligations to finance such expenditures, and 3) were reimbursed no later than the later of (i) 18 months after the original expenditure, or (ii) 18 months after the project was placed into service (U.S. Treasury Regulations Sections 1.148-6(d)(1)(iii) & 1.150-2 and Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters pages 2&3).

(l) The debt service payments for the Series 2005 Bonds are made from the County's General Fund. The sinking fund portion of the County's General Fund does not require the arbitrage rebate calculation since it is a qualified bona fide debt service fund. A bona fide debt service fund is used primarily to achieve a proper matching of revenues with debt service payments within each bond year and is depleting properly each bond year (Internal Revenue Code Section 148(f)(4)(A)(ii), U.S. Treasury Regulations Section 1.148-1(b) and Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters page 6).

(m) Other than the funds mentioned above, there are no pledged funds reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or which are pledged as security for the Bonds that would require the arbitrage rebate calculation. In addition, there is no agreement in place, which requires the County to maintain a particular level or Reserve for the direct or indirect benefit of the bond holders (Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters page 6).

(n) On the last day of each bond year during which there are amounts allocated to gross proceeds of an issue that are subject to the rebate requirement, and on the final maturity date, an annual computation credit is allocated to the arbitrage rebate calculation (U.S. Treasury Regulations Sections 1.148-3(d)(1)(iv) & 1.148-3(d)(4)). For each bond year ending after January 1, 2007, the Internal Revenue Service provides an inflation adjustment to the annual computation credit due to the cost of living, which is based on the consumer price index. Three credits are given within the calculation.



(o) The selected evaluation date for arbitrage rebate purposes is July 1st. This report is through the chosen installment date ending July 1, 2010. All of the bond proceeds have been fully expended as of this report, and there was no funded Debt Service Reserve Fund that would require additional calculations. Therefore, the County chose to pay the rebate payment as of this earlier date rather than wait until the fifth anniversary date (U.S. Treasury Regulations Section 1.148-3(f)(1)). The arbitrage rebate payment, along with the IRS Form 8038-T, must be sent to the IRS no later than 60 days from the first installment evaluation date, or by August 30, 2010 (U.S. Treasury Regulations Section 1.148-3(g)). Please see the Arbitrage Rebate Payment Information Sheet for amounts and mailing instructions.

Under the U.S. Treasury Regulations Section 1.148-3(e)(1)(i), the County may treat the last day of any bond year ending on or before the fifth anniversary date as the computation date, but may not change this date after the first rebate payment has been made to the Internal Revenue Service. Since all proceeds have technically been expended, the County can select an earlier first installment evaluation date for rebate purposes.

(p) The County deposited \$600,000 on May 8, 2008 in the Project Fund to make a future arbitrage rebate payment. Therefore, the Project Fund was acting as the Rebate Fund on the date of deposit. Per the County, the funds are not bond proceeds, so we excluded this deposit from the arbitrage rebate calculation.

(q) No further arbitrage rebate calculations should be required for the Series 2005. Please keep this report on file for at least six years after the final principal payment date as proof of compliance (Certificate Regarding Use and Investment of Bond Proceeds and Other Related Matters page 14).

Excess Investment Yield Calculation

(a) The U.S. Treasury Regulations require that any capital project investment held beyond the three-year temporary period must be yield restricted to the bond yield, plus .125%. Any amount earned over the limit must be paid to the Internal Revenue Service in the form of a "yield reduction payment." Such payment is similar to an arbitrage rebate payment and is paid in the same manner and with the same frequency as arbitrage rebate; within 60 days of the fifth bond year (U.S. Treasury Regulations Section 1.148-5(c)(1) & (2)).

(b) The three-year temporary period ended for this issue on September 27, 2008 (U.S. Treasury Regulations Section 1.148-2(e)(2)). Following this date, the composite yield on any outstanding Project Fund investments should not exceed the bond yield by more than .125% (U.S. Treasury Regulations Section 1.148-2(d)(2)(i)). If the yield on the outstanding investments does exceed the bond yield plus .125%, or 4.0737158%, a yield reduction payment can be made to satisfy the arbitrage rebate requirements. Yield reduction payments, if a factor, are made at the same time as an arbitrage rebate payment. Only one payment is made to the Internal Revenue Service, either an arbitrage rebate payment or a yield reduction payment.



(c) As of September 27, 2008, the end of the three-year temporary period, the Series 2005 Project Fund had been depleted. Therefore, the excess investment yield calculation was not a factor for the Series 2005 Bonds.

Summary

The scope of our engagement was limited to preparing the attached schedules for the specified period without verifying that the investments were purchased, sold, or otherwise disposed of at market price nor that any payments were made to any party other than the United States of America to reduce the yield on any investment.

Please be advised that while we believe that the method we use in making the calculations is consistent with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended; and the Final U.S. Treasury Regulations Sections 1.148-1 through 1.148-11 issued on June 19, 1993 and amended on May 9, 1997; we are not providing an opinion that the calculations comply with its provisions, or that the interest on the referenced issue of bonds is now or was ever excludable from gross income of the recipients thereof for purposes of federal income taxation.

If you have any questions or comments, please feel free to contact me at (804) 864-9566. It has been a pleasure to work with Pender County, and we look forward to working with you again on future arbitrage rebate calculations. Thank you for choosing Bingham.

Very Truly Yours,

BINGHAM ARBITRAGE
REBATE SERVICES, INC.



Julie Harrison
Account Manager, Arbitrage Rebate Services

Attachments



\$35,000,000
County of Pender, North Carolina
General Obligation School Bonds
Series 2005

Summary of Calculations

First Installment Date: (September 27, 2005 through July 1, 2010)	July 1, 2010
Bond Yield:	3.9487158%

Arbitrage Rebate Calculation

<u>Fund</u>	<u>Arbitrage Rebate Liability</u>
Computation Credits	(\$4,289.88)
Project Fund	<u>\$586,226.00</u>
Total Arbitrage Liability (100%):	<u><u>\$581,936.12</u></u>
Total Arbitrage Rebate Payment Due:	<u><u>\$581,936.12</u></u>

Bond Yield Calculation
&
Sources and Uses

\$35,000,000
County of Pender, North Carolina
General Obligation School Bonds
Series 2005

Sources and Uses

Total Source of Funds:

Series 2005 Par Amount	\$ 35,000,000.00
Original Issue Premium	\$ 785,519.00
Accrued Interest	\$ 103,368.06
Total	<u>\$ 35,888,887.06</u>

Total Use of Funds:

Project Fund	\$ 35,366,318.97
Cost of Issuance	\$ 60,000.00
General Fund	\$ 103,368.06
Insurance Premium	\$ 132,000.00
Underwriters Discount	\$ 227,200.03
Total	<u>\$ 35,888,887.06</u>

\$35,000,000
 County of Pender, North Carolina
 General Obligation School Bonds
 Series 2005

Bond Yield Calculation

Date	Principal	Callable Principal @ 100% *	Coupon	Yield	Price	Interest	Total Principal & Interest	Present Value	Cumulative PV
03/01/2006					-	715,625.00	715,625.00	703,754.20	703,754.20
09/01/2006					-	715,625.00	715,625.00	690,128.59	1,393,882.79
03/01/2007					-	715,625.00	715,625.00	676,766.79	2,070,649.58
09/01/2007					-	715,625.00	715,625.00	663,663.70	2,734,313.28
03/01/2008					-	715,625.00	715,625.00	650,814.29	3,385,127.57
09/01/2008	1,000,000		3.000%	2.920%	100.221	715,625.00	1,715,625.00	1,530,040.63	4,915,168.20
03/01/2009	1,000,000		3.000%	3.000%	100.000	700,625.00	700,625.00	612,738.61	5,527,906.82
09/01/2009	1,000,000		3.000%	3.000%	100.000	700,625.00	1,700,625.00	1,458,502.57	6,986,409.39
03/01/2010	1,000,000		3.125%	3.090%	100.157	685,625.00	685,625.00	576,626.11	7,563,035.50
09/01/2010	1,000,000		3.125%	3.090%	100.157	685,625.00	1,685,625.00	1,390,201.15	8,953,236.65
03/01/2011	1,400,000		3.250%	3.180%	100.373	670,000.00	670,000.00	541,876.73	9,495,113.38
09/01/2011	1,400,000		3.250%	3.180%	100.373	670,000.00	2,070,000.00	1,641,742.60	11,136,855.98
03/01/2012	1,400,000		3.500%	3.270%	101.413	647,250.00	647,250.00	503,403.00	11,640,258.98
09/01/2012	1,400,000		3.500%	3.270%	101.413	647,250.00	2,047,250.00	1,561,434.04	13,201,693.02
03/01/2013	1,400,000		3.500%	3.380%	100.826	622,750.00	622,750.00	465,774.30	13,667,467.32
09/01/2013	1,400,000		3.500%	3.380%	100.826	622,750.00	2,022,750.00	1,483,586.98	15,151,054.30
03/01/2014	1,400,000		4.000%	3.480%	103.959	598,250.00	598,250.00	430,291.27	15,581,345.57
09/01/2014	1,400,000		4.000%	3.480%	103.959	598,250.00	1,998,250.00	1,409,414.28	16,990,759.85
03/01/2015	1,400,000		4.000%	3.620%	103.143	570,250.00	570,250.00	394,423.84	17,385,183.69
09/01/2015	1,400,000	12,200,000	4.000%	3.620%	103.143	570,250.00	14,170,250.00	9,611,350.14	26,996,533.83
03/01/2016	*		4.000%	3.690%	102.555	260,750.00	260,750.00	173,436.39	27,169,970.22
09/01/2016	*		4.000%	3.690%	102.555	260,750.00	260,750.00	170,078.43	27,340,048.65
03/01/2017	*		4.750%	3.910%	106.853	260,750.00	260,750.00	166,785.49	27,506,834.14
09/01/2017	*		4.750%	3.910%	106.853	260,750.00	260,750.00	163,556.30	27,670,390.44
03/01/2018	*		4.750%	3.960%	106.430	260,750.00	260,750.00	160,389.64	27,830,780.08
09/01/2018	*		4.750%	3.960%	106.430	260,750.00	260,750.00	157,284.28	27,988,064.36
03/01/2019	*		4.750%	4.010%	106.008	260,750.00	260,750.00	154,239.05	28,142,303.42
09/01/2019	*		4.750%	4.010%	106.008	260,750.00	260,750.00	151,252.78	28,293,556.20
03/01/2020	*		4.750%	4.060%	105.588	260,750.00	260,750.00	148,324.33	28,441,880.52
09/01/2020	*		4.750%	4.060%	105.588	260,750.00	260,750.00	145,452.57	28,587,333.10
03/01/2021	3,000,000		4.000%	4.010%	99.880	260,750.00	3,260,750.00	142,636.42	28,729,969.52
09/01/2021	3,000,000		4.000%	4.010%	99.880	260,750.00	3,260,750.00	1,749,172.48	30,479,142.00
03/01/2022			4.000%	4.060%	99.288	200,750.00	200,750.00	105,603.84	30,584,745.84
09/01/2022			4.000%	4.060%	99.288	200,750.00	3,200,750.00	1,651,143.92	32,235,889.75
03/01/2023					-	140,750.00	140,750.00	71,201.74	32,307,091.49

\$35,000,000
 County of Pender, North Carolina
 General Obligation School Bonds
 Series 2005

Bond Yield Calculation

Date	Principal	Callable Principal @ 100% *	Coupon	Yield	Price	Interest	Total Principal & Interest	Present Value	Cumulative PV
09/01/2023	3,000,000		4.000%	4.100%	98.736	140,750.00	3,140,750.00	1,558,061.46	33,865,152.95
03/01/2024	3,000,000		4.250%	4.140%	100.885	80,750.00	3,080,750.00	39,282.83	33,904,435.78
09/01/2024	3,000,000		4.250%	4.180%	100.561	17,000.00	17,000.00	1,469,689.91	35,374,125.69
03/01/2025	800,000		4.250%			17,000.00	17,000.00	7,952.93	35,382,078.62
09/01/2025	800,000		4.250%			17,000.00	17,000.00	374,808.43	35,756,887.06
Totals	\$ 22,800,000.00	\$ 12,200,000.00				\$ 17,290,750.00	\$ 52,290,750.00	\$ 35,756,887.06	

Dated Date: 09/01/2005
 Delivery Date: 09/27/2005
 Bond Yield: 3.9487158%

Amount of Issue: \$ 35,000,000.00
 Accrued Interest: 103,368.06
 Reoffering Premium: 785,519.00
 (Insurance Premium): (132,000.00)
 Cost of Issuance:
 Other Adjustments:
 Total: \$ 35,756,887.06

* Callable Bonds that were issued at a price that exceeds the stated redemption price at maturity by more than one-fourth of one percentage point (.25%) times the product of its stated redemption price at maturity and the number of complete years to its first optional redemption date. [US Treasury Regulations Section 1.148-4(b)(3)(ii)(B)].

9/1/2016	2,200,000
9/1/2017	2,500,000
9/1/2018	2,500,000
9/1/2019	2,500,000
8/1/2020	2,500,000
	\$ 12,200,000

Arbitrage Rebate Calculation

Evaluation Date: July 1, 2010

\$35,000,000
 County of Pender, North Carolina
 General Obligation School Bonds
 Series 2005

Computation Credits

Evaluation Date:		07/01/2010	Bond Yield:	3.9487158%
Computation Period	Date	Computation Credit *	Future Value of Computation Credit @ Evaluation Date	
Bond Year One	07/01/2006	(1,000.00)	(1,169.31)	
Bond Year Two **	07/01/2007	(1,400.00)	(1,574.25)	
Bond Year Three **	07/01/2008	(1,430.00)	(1,546.32)	
Totals		(\$3,830.00)	(\$4,289.88)	

Surplus at Evaluation Date (\$4,289.88)

* Annual computation credit [U.S. Treasury Regulations Section 1.148-3(d)(1)(iv)].

** Computation credit inflation adjustment [Proposed U.S. Treasury Regulations Section 1.148-3(d)(4)].

\$35,000,000
 County of Pender, North Carolina
 General Obligation School Bonds
 Series 2005

Evaluation Date:		07/01/2010		Bond Yield:		3.9487158%	
Date	Project Fund Investments	Project Fund Income	Future Value of Investments @ Evaluation Date	Future Value of Income @ Evaluation Date			
09/27/2005	35,531,053.39		42,801,705.67	-			
09/30/2005	13,880.35	13,880.35	16,715.21	16,715.21			
10/31/2005	109,915.35	109,915.35	131,933.37	131,933.37			
11/30/2005	112,762.49	112,762.49	134,910.52	134,910.52			
12/09/2005	(2,791,210.92)		(3,336,178.33)	-			
12/30/2005	116,600.86	116,600.86	139,048.96	139,048.96			
01/06/2006	(727,126.30)		(866,548.37)	-			
01/31/2006	115,337.87	115,337.87	137,095.36	137,095.36			
02/09/2006	(91,599.83)		(108,772.96)	-			
02/28/2006	107,496.17	107,496.17	127,358.71	127,358.71			
03/31/2006	122,795.69	122,795.69	145,011.89	145,011.89			
04/07/2006	(593,391.21)		(700,214.99)	-			
04/28/2006	121,792.14	121,792.14	143,390.02	143,390.02			
05/09/2006	(332,786.53)		(391,333.05)	-			
05/25/2006	(57,253.50)		(67,209.10)	-			
05/31/2006	129,673.12	129,673.12	152,138.85	152,138.85			
06/27/2006	(514,530.50)		(601,904.58)	-			
06/30/2006	(29,474.69)		(34,468.65)	-			
06/30/2006	127,860.46	127,860.46	149,524.13	149,524.13			
07/31/2006	135,452.31	135,452.31	157,886.96	157,886.96			
08/04/2006	(549,467.00)		(640,195.73)	-			
08/30/2006	(694,542.50)		(806,944.20)	-			
08/31/2006	135,829.81	135,829.81	157,811.91	157,811.91			
09/13/2006	(592,527.00)		(687,447.58)	-			
09/29/2006	127,619.89	127,619.89	147,807.02	147,807.02			
10/10/2006	(497,316.41)		(575,294.98)	-			
10/24/2006	(1,467,500.00)		(1,695,022.62)	-			
10/31/2006	128,487.42	128,487.42	148,311.55	148,311.55			
11/16/2006	(750,769.10)		(865,099.36)	-			
11/30/2006	118,089.23	118,089.23	135,865.59	135,865.59			
12/08/2006	(112,838.67)		(129,711.89)	-			
12/29/2006	120,411.53	120,411.53	138,101.78	138,101.78			
01/05/2007	(438,451.00)		(502,538.38)	-			
01/31/2007	118,710.22	118,710.22	135,692.85	135,692.85			
02/01/2007	(1,095,043.69)		(1,251,564.22)	-			
02/28/2007	102,838.40	102,838.40	117,168.00	117,168.00			
03/05/2007	(332,585.59)		(378,722.64)	-			
03/30/2007	113,609.29	113,609.29	129,018.62	129,018.62			
04/12/2007	(1,736,905.57)		(1,969,920.41)	-			
04/16/2007	(704,637.50)		(798,821.12)	-			
04/30/2007	103,870.35	103,870.35	117,575.00	117,575.00			
05/01/2007	(16,924.25)		(19,155.15)	-			
05/24/2007	(2,051,742.00)		(2,316,402.33)	-			
05/31/2007	101,157.81	101,157.81	114,132.05	114,132.05			
06/14/2007	(1,780,842.65)		(2,006,195.96)	-			

