



REQUEST FOR BOARD ACTION

ITEM NO. 10.

DATE OF MEETING: May 16, 2011

REQUESTED BY: Michael G. Mack, Director, PCU

SHORT TITLE: Resolution Approving the Issuance of an Additional Series of General Obligation Water Bond Anticipation Notes (BANS) to Refinance the Previously-Issued BANS at Their Upcoming Maturity in the Amount of \$17,500,000 for the Construction Period Financing of the Pender County Surface Water Treatment Plant Project.

BACKGROUND: At a referendum held on November 7, 2006, the voters of Pender County authorized the issuance of up to \$17,500,000 of County general obligation water bonds to pay costs of water system improvements to include the Surface Water Treatment Plant and Finished Water Transmission Main projects.

The County will issue and sell a new series of General Obligation Water Bond Anticipation Notes (the "Notes") in an aggregate principal amount not to exceed \$17,500,000 to refinance the previously issued Water Bond Anticipation Notes. The County will re-issue the Notes to provide construction-period financing for water projects in anticipation of the later issuance of all or a portion of the previously-authorized Water Bonds.

The Notes will be designated "General Obligation Water Bond Anticipation Notes, Series 2011." The County's full faith and credit are hereby irrevocably pledged for the payment of the principal of and interest on the Notes. Unless other funds are lawfully available and appropriated for timely payment of the Notes, 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 Notes as the same become due. In addition, the proceeds of the Water Bonds are also hereby pledged for the payment of the Notes, and the Notes shall be retired from proceeds of the Water Bonds as the first priority.

SPECIFIC ACTION REQUESTED: To consider a resolution approving the issuance of an additional series of General Obligation Water Bond Anticipation Notes in the amount of \$17,500,000 to refinance the previously issued Water Bond Anticipation Notes for the construction period financing before USDA-RD purchases a bond to provide permanent financing after the project is complete.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

RB
Initial

RESOLUTION

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

the attached Resolution approves the issuance of an additional series of General Obligation Water Bond Anticipation Notes in the amount of \$17,500,000 to refinance the previously issued Water Bond Anticipation Notes for the construction period financing of the Surface Water Treatment Plant and Finished Water Transmission Main Projects before USDA-RD purchases a bond to provide permanent financing after the project is complete.

The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

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

George R. Brown, Chairman 05/16/11
Date

ATTEST 05/16/11
Date

**RESOLUTION FOR THE ISSUANCE OF \$17,500,000
WATER BOND ANTICIPATION NOTES**

WHEREAS --

At a referendum held on November 7, 2006, the voters of Pender County authorized the issuance of up to \$17,500,000 of County general obligation water bonds.

The County has previously issued \$17,200,000 of "bond anticipation notes" to provide construction-period financing for certain water projects, especially including the construction of a new water treatment plant, in anticipation of the later issuance of a portion of the bonds authorized at the 2006 referendum (the "Water Bonds").

The County's Board of Commissioners (the "Board") has now determined to issue an additional series of bond anticipation notes to refinance the previously-issued bond anticipation notes at their upcoming maturity, as well as to provide additional construction funds, and thereby continue preliminary funding for the water projects in anticipation of the later issuance of the Water Bonds.

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

1. Determination To Issue Notes -- The County will issue and sell a single issue of general obligation water bond anticipation notes (the "Notes") in the aggregate principal amount of \$17,500,000 for the purposes described above and in anticipation of the later issuance of the Water Bonds.

2. Payment and Other Details of the Notes -- The Notes will be designated "General Obligation Water Bond Anticipation Notes, Series 2011." The Notes will be dated the date of their initial delivery to their purchaser, will be in a minimum denomination of \$100,000 and will be numbered for identification from R-1 upward. The principal of the Notes will mature on April 4, 2012, without option of prior payment. The Notes will bear interest from their date at such rate or rates as will be determined at the time of sale, payable at maturity on the basis of a 360-day year consisting of twelve 30-day months.

3. 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 Notes. Unless other funds are lawfully available and appropriated for timely payment of the Notes, 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 Notes as the same become due. In addition, the

proceeds of the Water Bonds are also hereby pledged for the payment of the Notes, and the Notes shall be retired from proceeds of the Water Bonds as the first priority.

4. Form of Notes -- The Notes will be fully-registered as to principal and interest. The Notes will be issued initially in the form of a single note for the entire issue that will be in substantially the form set out in Exhibit A. The Notes must be signed by the manual or facsimile signature of the Board's Chairman or Vice Chairman or the County Manager. The County's seal must be affixed thereto or a facsimile thereof printed thereon and attested by the manual or facsimile signature of the Board's Clerk or any Assistant or Deputy Clerk. No Note will be valid unless at least one signature appearing on such Note is manually applied; the manual signature may be the signature of an official of the North Carolina Local Government Commission (the "LGC") that is required by law to appear on the Note.

5. Finance Officer as Registrar; Payments to Registered Owners -- The County's Finance Officer is appointed Registrar for the Notes. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Notes. The County will treat the registered owner of each Note as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that the County shall pay principal and interest on the Notes at maturity to the persons shown as owners on the County's registration books at the close of business on March 15, 2012 (whether or not a business day).

6. Advertising Notes for Sale -- The Finance Officer, in collaboration with the LGC, is authorized and directed to take all proper steps to advertise the Notes for sale in accordance with standard LGC procedures, including through the use of a "Notice of Sale" document in the LGC's customary form and in substantially the same form as used for prior County note sales. 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. Any previous actions to that end are ratified and confirmed.

7. LGC To Sell Notes -- The County asks the LGC to sell the Notes, to receive and evaluate bids and to award the Notes pursuant to the best bid received.

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

The Finance Officer is authorized and directed to hold the executed Notes, 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 Notes and other documents have been

completed to the Finance Officer's satisfaction, and thereupon to release the executed Notes 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 to approve changes to any documents or closing certifications previously signed by County officers or employees, provided that the Notes 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.

In addition, the Finance Officer is authorized and directed to take all appropriate steps for the efficient and convenient carrying out of the County's on-going responsibilities with respect to the issuance of the Notes and otherwise with respect to the financing of the project. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under this resolution or otherwise with respect to the Notes or the Water Bonds.

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 Notes 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 Notes 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 Notes, 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. Book-Entry System for Note Registration -- The Notes will be issued by means of a book-entry system, with one note certificate 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 in accordance with DTC's usual operating procedures. The County will pay principal and interest on the Notes to DTC or its nominee as registered owner of the Notes. The County will not be responsible or liable for 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 Notes. 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. The County may elect to discontinue the book-entry system with DTC, in which case the Notes will be in denominations of \$1,000 above the minimum denomination of \$100,000.

11. **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 persons may assume any responsibility or carry out any function assigned to any other officer in this resolution. In addition, the Vice Chairman or any Deputy or Assistant Clerk to the Board may in any event assume any responsibility or carry out any function assigned to the Chairman or the Clerk, respectively, 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.

* * * * *

I certify as follows: that the foregoing resolution (which includes the attached Exhibits A and B) was properly adopted at a meeting of the Board of Commissioners of Pender County, North Carolina; that such meeting was properly called and held on May 16, 2011; that a quorum was present and acting throughout such meeting; and that such resolution has not been modified or amended, and remains in full effect as of today.

Dated this ____ day of _____, 2011.

[SEAL]

Clerk, Board of Commissioners
Pender County, North Carolina

EXHIBIT A

No. R-1

\$17,500,000

UNITED STATES OF AMERICA

STATE OF NORTH CAROLINA

PENDER COUNTY

General Obligation Water Bond Anticipation Note, Series 2011

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	April 4, 2012	July 5, 2011	706 711 XXX

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

PRINCIPAL AMOUNT: **SEVENTEEN MILLION FIVE HUNDRED****
****THOUSAND DOLLARS (\$17,500,000)*****

PENDER COUNTY, NORTH CAROLINA (the "County"), for value received, acknowledges itself indebted and promises to pay to the registered owner of this Note, or registered assigns or legal representative, the principal amount stated above on the Maturity Date stated above, without option of prior payment, together with interest on the unpaid principal from the date of this Note until payment of the entire principal sum at the annual rate of ____% (calculated on the basis of a 360-day year consisting of twelve 30-day months).

This Note constitutes the entire issue of the County's \$17,500,000 General Obligation Water Bond Anticipation Notes, Series 2011 (the "Notes"). The Notes have been authorized and are issued pursuant to a resolution adopted by the County's governing Board of Commissioners on May 16, 2011, and the Constitution and laws of the State of North Carolina, including The Local Government Bond Act. The Notes have been authorized and are issued to provide funds, together with other available funds, to pay capital costs of water system construction and improvement projects in anticipation of the issuance of certain County general obligation bonds (the "Bonds") previously authorized for such purpose.

The County's full faith and credit are irrevocably pledged for the payment of the principal of and interest on the Notes. In addition, the proceeds of the Bonds are also

pledged for the payment of the Notes, and the Notes shall be retired from the Bond proceeds as the first priority.

The Notes are issued by means of a book-entry system, with one note certificate for the single 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 Notes in the minimum denomination of \$100,000 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 Notes are payable by the County only to DTC or its nominee as registered owner of the Notes. The County is not responsible or liable for transfers of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Notes 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 Notes in the form of fully-registered certificates.

The County Finance Officer has been appointed Registrar for the Notes. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Notes. The County will treat the registered owners of the Notes as the persons exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that the County shall pay principal and interest on the Notes at maturity to the persons shown as owners on the County's registration books at the close of business on March 15, 2012 (whether or not a business day).

The County intends that North Carolina law will govern the terms of this Note.

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 Note have happened, exist and have been performed, and the issue of Notes of which this Note is one, together with all other County indebtedness, 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 Note to be signed by the Chairman of the County's Board of Commissioners, the County's seal to be affixed hereto and attested by the Clerk of such Board, and this Note to be dated July 5, 2011.

[SEAL]

ATTEST:

[Exhibit Only - Do Not Sign]

Rick Benton
Clerk, Board of Commissioners
Pender County, North Carolina

[Exhibit Only - Do Not Sign]

George Brown
Chairman, Board of Commissioners
Pender County, North Carolina

The series of Notes of which this Note is one have been approved by the North Carolina Local Government Commission in accordance with the Local Government Bond Act.

s/T. Vance Holloman
Secretary, North Carolina
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 note and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

<p>Signature Guaranteed:</p> <p>_____</p> <p>NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program</p>	<p>_____</p> <p>(Signature of Registered Owner)</p> <p>NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this note in every particular without alteration or enlargement or any change whatsoever.</p>
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[Pender County, North Carolina
\$17,500,000
General Obligation Water Bond Anticipation Note, Series 2011]