REQUEST FOR BOARD ACTION

ITEM NO. 17.

DATE OF MEETING: September 4, 2012

REQUESTED BY: Claiburn B. Watson, Finance Officer

SHORT TITLE: Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing the Sale of up to $22,800,000 General Obligation Water Refunding Bonds by Rocky Point - Topsail Water & Sewer District.

BACKGROUND: The Pender County Board of Commissioners, as the governing body of Rocky Point - Topsail Water & Sewer District, has previously approved the issuance of the District's general obligation refunding bonds (the "Bonds") to refinance all or a portion of the District's outstanding general obligation water bonds (the "Prior Bonds").

The County's Finance Officer has made available to this Board the draft of a Bond Purchase Agreement among the District, the County and the North Carolina Local Government Commission (the "Agreement"), providing for the sale of the refunding bonds to the County

SPECIFIC ACTION REQUESTED: To adopt the resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing the Sale of up to $22,800,000 General Obligation Water Refunding Bonds by Rocky Point - Topsail Water & Sewer District.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Rocky Point/Topsail Water and Sewer District that:

1. Determination To Sell Bonds - The District will issue and sell the Bonds and use the proceeds to pay all or a portion of the outstanding balance of the Prior Bonds, along with related costs.

2. Approval of Bond Purchase Agreement – The District will sell the Bonds to the County pursuant to a final form Bond Purchase Agreement in substantially the form of the draft presented to this meeting.

3. Payment Terms -- The County's Finance Officer is authorized and directed to determine the final aggregate principal amount of Bonds to be issued, 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.

4. Form of Bonds -- The Bonds will take the form of a single fully-registered bond to be designated "General Obligation Refunding Bond, Series 2012." The Bond will be dated the date of its initial delivery to the County (the "Closing Date") and will be numbered R-1 for identification.

5. Pledge of Faith, Credit and Taxing Power -- The District'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 District will levy and collect an annual ad valorem tax, without restriction as to rate or amount, on all locally taxable property in the District sufficient to pay the principal of and interest on the Bonds as the same become due.

6. Disbursement of Bond Proceeds – The Board directs the Finance Officer to determine, in consultation with the LGC, the procedures for the disbursement of the proceeds of the Bonds for the payment of the Prior Bonds and related costs.

7. Finance Officer as Registrar; Payments to Registered Owners -- (a) The County's Finance Officer is appointed Registrar for the Bonds. As Registrar, the Finance Officer must maintain appropriate books and records of the ownership of the Bonds.

8. Officers To Complete Closing - The Board directs the Finance Officer and all other District representatives to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the County upon payment for the Bonds.

9. Covenants As To Tax Matters - The District 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.

10. Call of Prior Bonds for Redemption - The Board directs the Finance Officer, on the District's behalf, (a) to provide notice to the holders of the Prior Bonds of the pending prepayment of those bonds, and (b) to make a final irrevocable call for redemption of the Prior Bonds (in whole or in part) as the Finance Officer (after consultation with the LGC) deems beneficial to the District.

11. Miscellaneous Provisions -- All District representatives are authorized 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 District representatives are ratified. Upon the absence, unavailability or refusal to act of the Chairman, the County Manager or the Finance Officer, any of such officers may assume any responsibility or carry out any function assigned to another officer. In addition, the Vice Chairman or any Deputy or Assistant Clerk may assume any responsibility or carry out any function assigned to the Chairman or the Clerk, respectively, in this resolution. All other Board proceedings, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

Initial

RESOLUTION

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

the attached resolution hereby provides for the Board of Directors of the Rocky Point/Topsail Water & Sewer District to Authorize the Sale of up to $22,800,000 General Obligation Water Refunding Bonds by Rocky Point - Topsail Water & Sewer District.

MOVED_____ SECONDED_____

APPROVED_____ DENIED_____UNANIMOUS

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

_____ _____
George R. Brown, Chairman Date

_____ _____
ATTEST Date

Resolution for the Sale by of up to $22,800,000 General Obligation Water Refunding Bonds by Rocky Point - Topsail Water & Sewer District

WHEREAS --

The Pender County Board of Commissioners, as the governing body of Rocky Point - Topsail Water & Sewer District, has previously approved the issuance of the District's general obligation refunding bonds (the "Bonds") to refinance all or a portion of the District's outstanding general obligation water bonds (the "Prior Bonds").

The County's Finance Officer has made available to this Board the draft of a Bond Purchase Agreement among the District, the County and the North Carolina Local Government Commission (the "Agreement"), providing for the sale of the refunding bonds to the County.

BE IT THEREFORE RESOLVED by the Board of Commissioners of Pender County, North Carolina, as the governing body of Rocky Point - Topsail Water & Sewer District, as follows:

1. ***Determination To Sell Bonds*** - The District will issue and sell the Bonds and use the proceeds to pay all or a portion of the outstanding balance of the Prior Bonds, along with related costs.

2. ***Approval of Bond Purchase Agreement*** – The District will sell the Bonds to the County pursuant to a final form Bond Purchase Agreement in substantially the form of the draft presented to this meeting.

The Board approves the form of the Agreement submitted to this meeting. The Board authorizes the Board's Chairman and the County Manager, or either of them, to execute and deliver the Agreement in its final form. The Agreement in its final form must be in substantially the form presented, with such changes as the Chairman or the County Manager may approve. The execution and delivery of the Agreement by an authorized County officer will be conclusive evidence of such officer's approval of any such changes.

The Agreement in its final form, however, must provide (a) for the principal amount of the Bonds to be not more than $22,800,000, (b) for the first principal payment on the Bonds to be due not later than June 1, 2013, (c) for the Bonds to bear interest at an annual interest rate not to exceed 5.00%, and (d) for the final maturity of the Bonds not to extend beyond December 31, 2041.

3. ***Payment Terms*** -- The County's Finance Officer is authorized and directed to determine the final aggregate principal amount of Bonds to be issued, 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 and interest on the Bonds will be payable in lawful money of the United States of America by federal reserve wire transfer (or other transfer of immediately available funds) sent to the Bondholder on the payable date.

4. ***Form of Bonds*** -- The Bonds will take the form of a single fully-registered bond to be designated "General Obligation Refunding Bond, Series 2012." The Bond will be dated the date of its initial delivery to the County (the "Closing Date") and will be numbered R-1 for identification. The Bond will be fully registered as to payment of principal and interest, and will be registered initially in the name of the County or its designee.

The Bond will be substantially in the form set out in Exhibit A, with such changes as the officers signing the Bond may approve. The delivery of the Bond to the County will be conclusive evidence of such officers' approval of the final form of the Bond.

The Bond must be signed by the manual or facsimile signature of the Board's Chairman or the County Manager. The County's seal must be affixed to the Bond (or a facsimile of the seal printed on the Bond) and attested by the manual or facsimile signature of the Clerk to this Board. No Bond will be valid unless at least one signature appearing on the Bond is manually applied; the manual signature may be the signature of an LGC official that is required by law to appear on the Bond.

5. ***Pledge of Faith, Credit and Taxing Power*** -- The District'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 District will levy and collect an annual ad valorem tax, without restriction as to rate or amount, on all locally taxable property in the District sufficient to pay the principal of and interest on the Bonds as the same become due.

6. ***Disbursement of Bond Proceeds*** – The Board directs the Finance Officer to determine, in consultation with the LGC, the procedures for the disbursement of the proceeds of the Bonds for the payment of the Prior Bonds and related costs.

7. ***Finance Officer as Registrar; Payments to Registered Owners*** -- (a) The County's Finance Officer is appointed Registrar for the Bonds. As Registrar, the Finance Officer must maintain appropriate books and records of the ownership of the Bonds.

(b) The District 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 the District will make all payments to the person shown as owner on the registration books at the end of the calendar day on the 15th day (whether or not a business day) of the month preceding each payment date.

(c) The Registrar must not, however, register the transfer of any portion of the Bonds to any person or entity other than a bank, an insurance company or a similar financial institution unless the LGC has previously approved the transfer.

8. ***Officers To Complete Closing*** - The Board directs the Finance Officer and all other District representatives to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the County upon payment for the Bonds.

The Board authorizes the Finance Officer to hold the executed Bonds, and any other documents authorized or permitted by this resolution, in escrow on the District'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, the Board specifically authorizes 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, agreements or closing certifications previously signed by District representatives, subject to the provisions of this resolution and provided that any such changes do not substantially alter the intent of such documents from that expressed in the forms originally signed. 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 changes.

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

9. ***Covenants As To Tax Matters*** - The District 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 District will comply with any Code provision that may require the District 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 District 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. ***Call of Prior Bonds for Redemption*** - The Board directs the Finance Officer, on the District's behalf, (a) to provide notice to the holders of the Prior Bonds of the pending prepayment of those bonds, and (b) to make a final irrevocable call for redemption of the Prior Bonds (in whole or in part) as the Finance Officer (after consultation with the LGC) deems beneficial to the District. The Finance Officer will make this call for redemption by the execution and delivery of an appropriate certificate in connection with the original delivery of the Bonds.

11. ***Miscellaneous Provisions*** -- All District representatives are authorized 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 District representatives are ratified. Upon the absence, unavailability or refusal to act of the Chairman, the County Manager or the Finance Officer, any of such officers may assume any responsibility or carry out any function assigned to another officer. In addition, the Vice Chairman or any Deputy or Assistant Clerk may assume any responsibility or carry out any function assigned to the Chairman or the Clerk, respectively, in this resolution. All other Board proceedings, 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 Refunding Bond

REGISTERED BOND NUMBER R-1

October ___, 2012 $22,800,000

UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA
PENDER COUNTY

ROCKY POINT - TOPSAIL WATER & SEWER DISTRICT

General Obligation Refunding Bond, Series 2012

ROCKY POINT - TOPSAIL WATER & SEWER DISTRICT (the "District"), for value received, hereby acknowledges itself indebted and promises to pay to

PENDER COUNTY, NORTH CAROLINA

its successors and registered assigns (the "Bondholder"), the principal sum of

TWENTY-TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS ($22,800,000)

together with interest on the unpaid principal from the date of this Bond until payment of the entire principal sum, in installments of principal and interest on dates and in amounts as shown on Schedule I, subject to prepayment as provided below

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 federal reserve wire transfer (or other transfer of immediately available funds) sent to the Bondholder on the payment date.

This Bond is issued pursuant to a Bond Order of August 20, 2012, and a Bond Resolution of September 4, 2012, each adopted by the Pender County Board of Commissioners, as District's governing board, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act.

The District'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 Pender County Finance Officer, who has been appointed Registrar, at Pender County Administration Building, 805 S. Walker Street, Burgaw, North Carolina 28425, or such successor office as the Registrar may designate in writing to the Bondholder. The Registrar will not, however, register the transfer of any portion of the Bonds to any person or entity other than a bank, an insurance company or a similar financial institution unless the North Carolina Local Government Commission has previously approved the transfer.

Principal installments due on or before June 1, 2022, are not subject to prepayment. Principal installments due on or after June 1, 2023, are subject to prepayment, in whole or in part at any time at the District's option, on any date on or after June 1, 2022. The District will give notice of the intended prepayment at least 30 days, but not more than 60 days, prior to the prepayment date. The District must send this notice by registered or certified mail to the registered owner at its address as it appears on the registration books maintained by the Registrar.

The Registrar will treat the registered owner of this Bond as the person exclusively entitled to payment of principal of and interest on this Bond and the exercise of all other rights and powers of the owner, except that the District will make payments to the person shown as the registered owner at the end of the calendar day on the 15th day (whether or not a business day) of the month preceding the payment date.

The District intends that North Carolina law will govern the interpretation of the terms of this Bond.

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 will all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

IN WITNESS WHEREOF, the Board of Commissioners of Pender County, North Carolina, as the governing body of Rocky Point - Topsail Water & Sewer District, has caused this Bond to signed by its Chairman, the County's seal to be affixed hereto and attested by the Clerk to the Board of Commissioners, and this Bond to be dated October ___, 2012.

(SEAL)

ATTEST:

Rocky Point - Topsail Water & Sewer District

[sample only - do not sign]
Michael N. Duvall
Clerk, Board of Commissioners
Pender County, North Carolina

By: *[sample only - do not sign]*
George Brown
Chairman, Board of Commissioners
Pender County, North Carolina

[$22,800,000 General Obligation Refunding Bond, Series 2012, of Rocky Point - Topsail Water & Sewer District]

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 its duly authorized attorney upon presentation to the Registrar, who will note the transfer in books kept by the Registrar for that purpose and in the registration blank below.

Date of Re-registration	**Name of New Registered Owner**	**Signature of Registrar**

**[$22,800,000 General Obligation Refunding Bond, Series 2012,
of Rocky Point - Topsail Water & Sewer District]**

Schedule I – Principal and Interest Payment Schedule

Principal is payable annually on each June 1 in years and amounts as shown below. Interest is payable on each June 1 and December 1, beginning December 1, 2012, at the annual rates shown below. The schedule below shows the expected interest payment amounts.

[Complete schedule to be determined]

Payment	Principal Amount ($)	Interest Rate for this Maturity	Interest Amount ($)	Total ($)
12/1/2012	--- 0 ---	----		
6/1/2013				
12/1/2013	--- 0 ---	----		
6/1/2014				
12/1/2014	--- 0 ---	----		
6/1/2015				
12/1/2015	--- 0 ---	----		
6/1/2016				
12/1/2016	--- 0 ---	----		
6/1/2017				

[$22,800,000 General Obligation Refunding Bond, Series 2012, of Rocky Point - Topsail Water & Sewer District]