REQUEST FOR BOARD ACTION

ITEM NO. _30_

DATE OF MEETING: April 4, 2016

REQUESTED BY: Michael G. Mack, Utilities Director

SHORT TITLE: Resolution by the Central Pender Water and Sewer District Board of Directors Approving the Issuance of General Obligation Water Bond Anticipation Notes (BANS) in the amount of $6,074,000 for the Interim Construction Period Financing of the Central Pender Water & Sewer District's Water Distribution System.

BACKGROUND: At a referendum held on November 7, 2006, the voters of the Central Pender Water and Sewer District authorized the issuance of up to $27,000,000 of general obligation water bonds to pay the costs of a water supply distribution system within their District.

The County's Board of Commissioners (the "Board") has now determined to issue a series of bond anticipation notes to provide construction financing for water system construction and improvement projects in anticipation of the later issuance of a portion of the water bonds authorized at the 2006 referendum (the "Water Bonds"). The District will issue and sell a single issue of general obligation water bond anticipation notes (the "Notes") in an aggregate principal amount not to exceed $6,047,000. The District will issue the Notes to provide construction-period financing for water system construction 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 2016." The District'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 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 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 General Obligation Water Bond Anticipation Notes in the amount of $6,047,000 for the construction period financing of the Central Pender Water Distribution System before USDA-RD purchases a bond to provide permanent financing after the project is complete.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners as the Central Pender Water and Sewer District's governing board :

the attached Resolution approves the issuance of General Obligation Water Bond Anticipation Notes in the amount of $6,047,000 for the construction period financing of the water distribution system before USDA-RD purchases a bond to provide permanent financing after the project is complete.

The Chairman/County Manager/Project Manager is authorized to execute any document necessary to implement this resolution.

AMENDMENTS:

MOVED_____ SECONDED_____

APPROVED_____ DENIED_____UNANIMOUS

YEA VOTES: Brown ___ McCoy ___ Keith ___ Piepmeyer ___ Williams ___

_____ 04/04/16
George R. Brown, Chairman Date

_____ 04/04/16
ATTEST Date

Resolution for the Sale of up to $6,047,000 Water Bond Anticipation Notes of Central Pender Water and Sewer District

WHEREAS --

The voters of Central Pender Water and Sewer District (the "District") in Pender County (the "County") authorized the issuance of up to $27,000,000 general obligation water bonds (the "Water Bonds") at a referendum held on November 7, 2006.

The County's Board of Commissioners (the "Board") has now determined to issue a series of bond anticipation notes to provide construction financing for water system construction and improvement projects in anticipation of the later issuance of a portion of the Water Bonds.

This resolution provides for the issuance of these notes and takes related action.

BE IT THEREFORE RESOLVED by the Board of Commissioners of Pender County, North Carolina, as the governing board of Central Pender Water and Sewer District, as follows:

1. Determination To Issue Notes -- The District will issue and sell a single issue of general obligation water bond anticipation notes (the "Notes") in an aggregate principal amount of up to $6,047,000. The District will issue the Notes to provide construction-period financing for water system construction and improvement projects in anticipation of the later issuance of a portion of the previously-authorized Water Bonds.

2. Payment Provisions -- The principal of the Notes will mature on November 2, 2016, without option of prior payment. The Notes will bear interest from their date at the rate determined at the time of their sale by the North Carolina Local Government Commission (the "LGC") (currently scheduled for April 19, 2016). Interest will be payable at maturity and calculated on the basis of a 360-day year consisting of twelve 30-day months.

3. 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 Notes. Unless other funds are lawfully available and appropriated for timely payment of the Notes, 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 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 designated "General Obligation Water Bond Anticipation Notes, Series 2016." 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 will be dated the date of their initial issuance, will be in fully registered form, in a minimum denomination of $100,000, and will be numbered for identification from R-1 upward.

The Notes will be fully-registered as to principal and interest. 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 to the Notes (or a facsimile of the seal printed on the Notes) and attested by the manual or facsimile signature of the Board's Clerk. No Note will be valid unless at least one signature appearing on that Note is manually applied; the manual signature may be the signature of an LGC official that is required by law to appear on each 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 District 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 District will pay principal of and interest on the Notes at maturity to the persons shown as owners on the District's registration books at the end of the calendar day on October 15, 2016 (whether or not that day is a business day).

6. Advertising Notes for Sale -- The Finance Officer, in collaboration with the LGC, is 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 note sales for the County and its water districts. The Finance Officer is authorized to review and approve a form of Notice of Sale as she may determine to be in the District's best interest. Any previous actions to that end are ratified.

7. ***LGC To Sell Notes*** -- The District asks the LGC to sell the Notes, to receive and evaluate bids, and to award the Notes on the basis of 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 to take all proper steps to have the Notes prepared and executed in accordance with their terms, 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 to hold the executed Notes, and any other documents authorized by this resolution, in escrow on the District's behalf until the conditions for the delivery of the Notes and other documents have been completed to her 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 is specifically extended to authorize the Finance Officer to approve changes to any documents or closing certifications previously signed by District or 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 originally executed. The Finance Officer's authorization of the release of any document for delivery will constitute conclusive evidence of her 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 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 District 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 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 Notes, 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. Notes Are "Bank-Qualified" Obligations -- The Board designates the Notes as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3), which provides beneficial income tax treatment for interest on the Notes in the hands of certain financial institutions.

11. 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.

Therefore, so long as the book-entry system of registration with DTC is in effect, (a) the District will pay principal and interest on the Notes only to DTC or its nominee as registered owner of the Notes, (b) the District 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 Notes, and (c) the District will not mail any notices related to the Notes to anyone other than DTC or its nominee. The Board, by resolution, may elect to discontinue the District's book-entry system with DTC, in which case the Notes will be exchanged for Notes in denominations of $1,000 above the minimum denomination of $100,000. The Finance Officer is authorized to enter into any agreements she deems appropriate to put into place and carry out the book-entry system with DTC.

12. Miscellaneous provisions -- All District and County officers and employees 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. The Board ratifies all prior actions of District or County officers and employees in this regard. 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.

EXHIBIT A

No. R-1

$6,047,0000

UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA

CENTRAL PENDER
WATER AND SEWER DISTRICT

General Obligation Water Bond Anticipation Note, Series 2016

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	November 2, 2016	May 3, 2016	XXX XXX XXX

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

PRINCIPAL AMOUNT: ******* SIX MILLION FORTY-SEVEN THOUSAND DOLLARS ($6,047,000)******

CENTRAL PENDER WATER AND SEWER DISTRICT (the "District"), 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 District's $6,047,000 General Obligation Water Bond Anticipation Notes, Series 2016 (the "Notes"). The Notes have been authorized and are issued pursuant to a resolution adopted by the Board of Commissioners of Pender County, North Carolina, as the District's governing

body, on April 4, 2016, 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 District general obligation bonds (the "Bonds") previously authorized for such purpose.

The District's full faith and credit are 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 may 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 District only to DTC or its nominee as registered owner of the Notes. The District 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 those participants.

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

The Pender 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 District 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 District will pay principal and interest on the Notes at maturity to the persons shown as owners on the District's registration books at the end of the calendar day on October 15, 2016 (whether or not that day is a business day).

The District has designated the Notes as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The District intends that North Carolina law will govern this Note and all matters of 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 Note have happened, exist and have been performed, and the issue of Notes of which this Note is one, together with all other District indebtedness, 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 District's governing board, has caused this Note to be signed by the County Manager, the County's seal to be affixed hereto and attested by the Clerk of the Board of Commissioners, and this Note to be dated May 3, 2016.

[SEAL]
ATTEST:

[Exhibit Only - Do Not Sign]	*[Exhibit Only - Do Not Sign]*
Melissa Pedersen	Randell K. Woodruff
Clerk, Board of Commissioners	County Manager
Pender County, North Carolina	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/Greg C. Gaskins
Secretary, North Carolina
Local Government Commission

[$6,047,000 General Obligation
Water Bond Anticipation Note, Series 2016,
of Central Pender Water and Sewer District]

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: _____

Signature Guaranteed: _____ NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program	_____ (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 note in every particular without alteration or enlargement or any change whatsoever.

**[$6,047,000 General Obligation
Water Bond Anticipation Note, Series 2016,
of Central Pender Water and Sewer District]**