

**EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS**

A regular meeting of the Board of Commissioners (the "*Board*") of the Town of Huntersville, North Carolina was held at the Town Hall, 101 Huntersville-Concord Road, Huntersville, North Carolina 28078, at 6:30 p.m. on November 16, 2015, after proper notice, and was called to order by Mayor Jill Swain, and upon the roll being called, the following members of the Board answered present:

Commissioners Absent:

Also present:

Commissioner \_\_\_\_\_ moved that the following resolution (the "*Resolution*"), a copy of which was available with the Board and which was read by title:

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF HUNTERSVILLE, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF A GENERAL OBLIGATION REFUNDING BOND OF THE TOWN OF HUNTERSVILLE, NORTH CAROLINA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,400,000**

*WHEREAS*, the Bond Order (as defined below) has been adopted, and it is desirable to make provision for the issuance of the bonds authorized by the Bond Order;

*WHEREAS*, the Town of Huntersville, North Carolina (the "*Town*") desires to issue its General Obligation Refunding Bond, Series 2015 (the "*Bond*") and to request that the Local Government Commission of North Carolina (the "*Commission*") sell the Bond to Carter Bank & Trust (the "*Bank*"), each in accordance with the terms provided herein;

*NOW, THEREFORE, BE IT RESOLVED* by the Board of Commissioners of the Town (the "*Board*") as follows:

**Section 1.** For purposes of this Resolution, in addition to the words defined above, the following words will have the meanings ascribed to them below:

"*Bond Order*" means the Bond Order authorizing the issuance of the Bond adopted by the Board on November 16, 2015 and effective on its adoption.

"*Bond*" means the Town's General Obligation Refunding Bond, Series 2015, authorized under the Bond Order, the proceeds of which will be used to refund the Refunded Bonds in advance of their maturities and to pay certain costs of issuance incurred in connection with the issuance of the Bond.

"*Code*" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto.

"*Federal Securities*" means, to the extent permitted by the General Statutes of North Carolina, as amended, (a) direct obligations of the United States of America for the timely payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency

controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of a trustee in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of a trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the holder; (c) any bonds or other obligations of the State of North Carolina or of any agency, instrumentality or local governmental unit of the State of North Carolina which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent with respect to such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's, if the Bond is rated by Moody's, and S&P, if the Bond is rated by S&P, within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; or (d) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

*"Moody's"* means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"Moody's"* will be deemed to refer to any other nationally recognized rating agency other than S&P designated by the Town.

*"Pricing Certificate"* means the certificate of either the Town Manager or the Finance Director delivered in connection with the issuance of the Bond which establishes the final maturity amounts, the interest payment dates and the provisions for redemption or any other changes to the terms described in this Resolution.

*"Refunded Bonds"* means the 2004 Bonds maturing on and after June 1, 2016.

*"Registrar"* means the bond registrar, or alternate or successor registrars selected by the Town pursuant to Section 159E-8 of the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina.

*"S&P"* means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, its successors and their assigns and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"S&P"* will be deemed to refer to any other nationally recognized rating agency other than Moody's designated by the Town.

*"2004 Bonds"* means the \$5,000,000 aggregate principal amount of the Town's General Obligation Bonds, Series 2004, of which \$2,285,000 is currently outstanding.

**Section 2.** Unless otherwise changed by the Pricing Certificate, the Town shall issue the Bond in the principal amount of \$2,341,000. In no event shall the aggregate principal amount of the Bond exceed \$2,400,000.

**Section 3.** Unless otherwise changed by the Pricing Certificate, the Bond shall be dated as of its date of issuance, mature on June 1, 2024 and pay interest semiannually on June 1 and December 1, beginning June 1, 2016. The Bond is being issued to refund the Refunded Bonds pursuant to and in accordance with the Bond Order in order to lower the Town's debt service costs related to projects financed with the proceeds of the 2004 Bonds.

**Section 4.** The Bond is to be numbered "R-1" and shall bear interest from its date at a rate of 1.95%. Interest on the Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

**Section 5.** The Bond shall be registered as to principal and interest, and the Finance Director of the Town is directed to maintain the registration records with respect thereto. The Bond shall bear the original or facsimile signatures of the Mayor or Town Manager of the Town and the Clerk to the Board. An original or facsimile of the seal of the Town is to be imprinted on the Bond.

**Section 6.**

(a) Unless otherwise changed by the Pricing Certificate, the Bond may be redeemed, at the option of the Town, in whole or in part at any time on 15 days' prior written notice to the registered owner of the Bond at a redemption price equal to 100% of the principal amount to be redeemed, without premium, plus accrued interest thereon to the redemption date. If the Bond is redeemed in part, then the Town shall receive a credit against its mandatory payment obligations on the Bond in the inverse order of the due dates set forth in subsection (b) below (as such payment schedule may be modified by the Pricing Certificate). The Registrar shall direct the registered owner of the Bond to evidence any such partial redemption by appropriate notation on a schedule attached to the Bond for such purpose or on the registered owner's electronic books and records.

(b) Unless otherwise changed by the Pricing Certificate, the Bond is subject to mandatory redemption before maturity in part at the redemption price of 100% of the principal amount to be redeemed, without premium, on June 1 in the years and in the amounts as follows:

| PRINCIPAL   |               | PRINCIPAL   |               |
|-------------|---------------|-------------|---------------|
| <u>DATE</u> | <u>AMOUNT</u> | <u>DATE</u> | <u>AMOUNT</u> |
| 2016        | \$269,000     | 2021        | \$259,000     |
| 2017        | 276,000       | 2022        | 253,000       |
| 2018        | 272,000       | 2023        | 243,000       |
| 2019        | 268,000       | 2024*       | 237,000       |
| 2020        | 264,000       |             |               |

\* Maturity

**Section 7.** The Bond and the provisions for the registration and for the approval of the Bond by the Secretary of the Commission are to be in substantially the form set forth in Appendix A hereto (with such changes as may be necessary to conform to the terms of the Bond established in the Pricing Certificate in accordance with this Resolution).

**Section 8.** The Finance Director of the Town is hereby authorized to execute a no-arbitrage certificate with respect to the Bond in order to comply with Section 148 of the Code and the applicable Income Tax Regulations thereunder.

**Section 9.** The Town covenants and agrees with the owner of the Bond as follows:

(a) The Town will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bond for federal income tax purposes. The Town will not directly or indirectly use or permit the use of any proceeds of the Bond or any funds of the Town, or take or omit to take any action that would cause the Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. To that end, the Town will execute and deliver an Arbitrage and Tax Regulatory Certificate, dated the date the Bond is issued, and will comply with all of the requirements of Section 148 of the Code to the extent applicable.

(b) The Town acknowledges that the Bank is purchasing the Bond at the interest rate applicable to the Bond on the basis that the interest on the Bond is exempt from federal and State taxation and on the basis of other State and federal laws in effect as of the date the Bond is issued. If any action or failure to take any action by the Town shall (1) make the Bond not a "qualified tax exempt obligation" within the meaning of Section 265 of the Code or (2) make the interest received by the Bank on the Bond deemed to be taxable income to the Bank by any governmental agency or court of competent jurisdiction, then the interest rate applicable to, and the remaining interest on, the Bond will be adjusted upward in order to provide for the payment of interest by the Town at a taxable rate which will preserve the Bank's after-tax economic yield with respect to the Bond. In such event, the Town shall indemnify and hold harmless the Bank from any cost and expense incurred as a result of the loss of the tax-exempt status or the loss of status as a "qualified tax exempt obligation" within the meaning of Section 265 of the Code, specifically including without limitation all administrative expenses and reasonable attorneys' fees arising in connection with the amendment of the Bank's income tax returns. In addition, if any action or failure to take any action by the Town shall adversely affect the Bank's after-tax economic yield with respect to the Bond, then the interest rate applicable to the Bond shall be adjusted to produce an after-tax yield to the Bank equivalent to the Bank's after-tax yield immediately prior to such action or inaction.

(c) The Town shall give prompt written notice to the Bank on the Town's receipt of any oral or written notice or information from any source whatsoever to the effect that the interest received by the Bank on the Bond will be, or has been, deemed to be taxable income to the Bank.

(d) If the Town provides to the Bank an opinion of nationally recognized bond counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the tax-exempt status of the interest on the Bond, then the Town and the Bank may rely conclusively on such opinion in complying with the provisions of this Section.

(e) The Town will provide the owner of the Bond:

(1) within 210 days of the end of each fiscal year, audited financial statements for that fiscal year, and

(2) such other documents relating to the financial condition of the Town as the owner of the Bond reasonably requests.

**Section 10.** Unless otherwise changed by the Pricing Certificate, the Finance Director shall (1) cause a portion of the proceeds of the sale of the Bond in an amount sufficient to redeem and discharge the Refunded Bonds to be transferred on December 22, 2015 to The Depository Trust Company on behalf of the registered owners of such Refunded Bonds and (2) deposit the balance of the proceeds of the Bond in a separate segregated account held by the Town; invest and reinvest such proceeds as permitted by the laws of the State of North Carolina; and apply such proceeds to pay the costs of issuance of the Bond. The Finance Director shall keep and maintain adequate records pertaining to such account and all disbursements from the account so as to satisfy the requirements of the laws of the State of North Carolina and to assure that the Town maintains its covenants with respect to the exclusion of the interest on the Bond from gross income for purposes of federal income taxation. To the extent any funds remain in the account on May 15, 2016, the Finance Director shall apply the remaining proceeds of the Bond to pay interest on the Bond on June 1, 2016.

**Section 11.** Actions taken by officials of the Town to select paying and transfer agents, and a Registrar, or alternate or successor agents and Registrars pursuant to Section 159E-8 of the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, are hereby authorized and approved.

**Section 12.** The Commission is hereby requested to sell the Bond in a private placement to the Bank subject to the provisions hereof. The Bond will be non-transferable, except to a bank, insurance company or similar financial institution or any other entity approved by the Commission.

**Section 13.** The Mayor, the Town Manager, the Finance Director and the Clerk to the Board of the Town are hereby authorized and directed to cause the Bond to be prepared and, when it has been duly sold by the Commission, to execute the Bond and to turn the Bond over to the Registrar and transfer agent of the Town for delivery to the Bank.

**Section 14.** The Mayor, the Town Manager, the Finance Director and the Clerk to the Board of the Town are authorized and directed, individually and collectively, to execute and deliver for and on behalf of the Town any and all additional certificates, documents, opinions or other papers and perform all other acts as may be required by the documents contemplated in this Resolution or as may be deemed necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

**Section 15.** Portions of this Resolution may be amended or supplemented, from time to time, without the consent of the owner of the Bond if, in the opinion of nationally recognized bond counsel, such amendment or supplement would not adversely affect the interests of the owner of the Bond and would not cause the interest on the Bond to be included in the gross income of a recipient thereof for federal income tax purposes. All other amendments or supplements to this Resolution with respect to the Bond require the consent of the owner of the Bond, including any amendment or supplement that would reduce the principal amount of the Bond, reduce the interest rate payable on it, extend its maturity or the times for paying interest or change the monetary medium in which principal and interest is payable.

Any act done pursuant to a modification or amendment consented to by the owner of the Bond is binding on all owners of the Bond and will not be deemed an infringement of any of the provisions of this Resolution, whatever the character of the act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution. After consent has been given, no owner of the Bond has any right or interest to object to the action, to question its propriety or to enjoin or restrain the Town from taking any action pursuant to a modification or amendment.

**Section 16.** Nothing in this Resolution precludes the payment of the Bond from the proceeds of refunding bonds or from any legally available funds in accordance with the redemption provisions described in Section 6.

If the Town causes to be paid, or has made provisions to pay, on maturity or on redemption before maturity, to the owner of the Bond the principal of the Bond (including interest to become due thereon) and, premium, if any, on the Bond, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Resolution or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with an escrow agent or otherwise, moneys sufficient therefor, including, but not limited to, interest earned or to be earned on Federal Securities, the Bond shall be considered to have been discharged and satisfied, and the principal of the Bond (including premium, if any, and interest thereon) shall no longer be deemed to be outstanding and unpaid; *provided, however*, that nothing in this Resolution requires the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any such defeasance.

If such a defeasance occurs and after the Town receives an opinion of a nationally recognized verification firm that the segregated money or Federal Securities together with interest earnings thereon are sufficient to effect a defeasance, the Town shall execute and deliver all such instruments as may be necessary to effect such a defeasance and desirable to evidence such release, discharge and satisfaction. The Town shall make provisions for the mailing of a notice to the owner of the Bond that such money is so available for such payment.

**Section 17.** All acts and doings of the Mayor, the Town Manager, the Finance Director of the Town and the Clerk to the Board that are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance of the Bond are in all respects approved and confirmed.

**Section 18.** If any one or more of the agreements or provisions contained in this Resolution is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions hereof or of the Bond authorized hereunder.

**Section 19.** All resolutions or parts thereof of the Board in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby superseded and repealed.

**Section 20.** This Bond Resolution is effective on its adoption.

STATE OF NORTH CAROLINA            )  
  )  
TOWN OF HUNTERSVILLE                )       ss:

I, *Janet Pierson*, Clerk to the Board of Commissioners of the Town of Huntersville, North Carolina ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF HUNTERSVILLE, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF A GENERAL OBLIGATION REFUNDING BOND OF THE TOWN OF HUNTERSVILLE, NORTH CAROLINA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,400,000” adopted by the Board of Commissioners of the Town of Huntersville, North Carolina, at a meeting held on the 16<sup>th</sup> day of November, 2015.

***WITNESS*** my hand and the corporate seal of the Town of Huntersville, North Carolina, this the \_\_\_ day of November, 2015.

\_\_\_\_\_  
Janet Pierson  
Clerk to the Board  
Town of Huntersville, North Carolina

[SEAL]

**APPENDIX A**

**FORM OF BOND**

No. R-1

\$2,341,000

**UNITED STATES OF AMERICA  
STATE OF NORTH CAROLINA  
TOWN OF HUNTERSVILLE**

**INTEREST  
RATE**

1.95%

**MATURITY DATE**

JUNE 1, 2024

**DATED DATE**

DECEMBER 22, 2015

**REGISTERED OWNER: CARTER BANK & TRUST**

**PRINCIPAL SUM: TWO MILLION THREE HUNDRED FORTY-ONE THOUSAND DOLLARS**

**GENERAL OBLIGATION REFUNDING BOND, SERIES 2015**

*THE TOWN OF HUNTERSVILLE, NORTH CAROLINA* (the "Town") acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner named above, on the Maturity Date specified above, on surrender hereof, the Principal Sum shown above and to pay to the Registered Owner hereof interest thereon from the date of this Bond until it shall mature at the Interest Rate per annum specified above, payable on June 1, 2016 and semiannually thereafter on June 1 and December 1 of each year. Payment of the principal of and interest on this Bond, as applicable, shall be made on each payment date set forth herein in immediately available funds to the person who is the Registered Owner of this Bond as of the close of business on the 15<sup>th</sup> day of the month preceding each such payment date.

This Bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to The Local Government Finance Act, a bond order adopted by the Board of Commissioners of the Town (the "Board") on November 16, 2015 and effective on the date of its adoption. This Bond is issued to provide funds (1) to refund in advance of their maturities \$2,285,000 in aggregate principal amount of the Town's General Obligation Bonds, Series 2004 and (2) to pay certain costs incurred in connection with the issuance of the Bond.

This Bond may be redeemed, at the option of the Town, in whole or in part at any time on 15 days' prior written notice to the Registered Owner at a redemption price equal to 100% of the principal amount to be redeemed, without premium, plus accrued interest thereon to the redemption date. If this Bond is redeemed in part, the Town shall receive a credit against its mandatory payment obligations on this Bond in the inverse order of the due dates set forth below. The Registrar shall direct the Registered Owner to evidence any such partial redemption by appropriate notation on a schedule attached to this Bond for such purpose or on the Registered Owner's electronic books and records.



This Bond is subject to mandatory redemption before maturity in part at the redemption price of 100% of the principal amount to be redeemed, without premium, on June 1 in the years and in the amounts as follows:

| <u>DATE</u> | <u>PRINCIPAL<br/>AMOUNT</u> | <u>DATE</u> | <u>PRINCIPAL<br/>AMOUNT</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 2016        | \$269,000                   | 2021        | \$259,000                   |
| 2017        | 276,000                     | 2022        | 253,000                     |
| 2018        | 272,000                     | 2023        | 243,000                     |
| 2019        | 268,000                     | 2024*       | 237,000                     |
| 2020        | 264,000                     |             |                             |

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\* Maturity

THIS BOND IS NON-TRANSFERABLE, EXCEPT TO A BANK, INSURANCE COMPANY OR SIMILAR FINANCIAL INSTITUTION OR ANY OTHER ENTITY APPROVED BY THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, and that the amount of this Bond, together with all other indebtedness of the Town, is within every debt and other limit prescribed by said Constitution or statutes. The faith and credit of the Town are hereby pledged to the punctual payment of the principal of and interest on this Bond in accordance with its terms.

This Bond is not valid or obligatory for any purpose until the certification hereon has been signed by an authorized representative of the Local Government Commission of North Carolina.

[Signatures Begin on Following Page]

*IN WITNESS WHEREOF*, the Town has caused this Bond to bear the original or facsimile of the signatures of the Mayor and the Clerk to the Board and an original or facsimile of the seal of the Town to be imprinted hereon and this Bond to be dated as of the Dated Date above.

(SEAL)

\_\_\_\_\_  
Clerk to the Board

\_\_\_\_\_  
Mayor

Date of Execution: December 22, 2015

The issue hereof has been approved under the  
provisions of The Local Government Bond Act.

\_\_\_\_\_  
GREG C. GASKINS  
Secretary of the Local Government Commission

**FORM OF ASSIGNMENT**

**ASSIGNMENT**

*FOR VALUE RECEIVED* the undersigned hereby sells, assigns and transfers unto

---

(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification or  
Social Security Number of Assignee)

---

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

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Attorney to register the transfer of the within Bond on the books kept for registration thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by:

---

NOTICE: Signature must be guaranteed by  
a Participant in the Securities Transfer  
Agent Medallion Program ("*Stamp*") or  
similar program.

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NOTICE: The signature to this assignment must  
correspond with the name as it appears on the  
face of the within Bond in every particular,  
without alteration, enlargement or any change  
whatever.

**TRANSFER FEE MAY BE REQUIRED**