

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
MONDAY, AUGUST 15, 2016 – 6:45 PM
117 DICK STREET, 1ST FLOOR, ROOM 118
REGULAR/REZONING MEETING
MINUTES

PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Glenn Adams, Vice Chairman
Commissioner Jeannette Council
Commissioner Kenneth Edge
Commissioner Charles Evans
Commissioner Jimmy Keefe
Commissioner Larry Lancaster
Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Rick Moorefield, County Attorney
Sally Shutt, Governmental Affairs Officer
Vicki Evans, Finance Director
Heather Harris, Budget Analyst
Jeffrey Brown, Engineering and Infrastructure Director
Tom Lloyd, Planning and Inspections Director
Joel Strickland, Fayetteville Area Metropolitan Planning Organization
(FAMPO) Executive Director
Scott Walters, Code Enforcement Manager
Jim Lott, Workforce Development Director
Candice H. White, Clerk to the Board
Kellie Beam, Deputy Clerk to the Board
Press

Chairman Faircloth called the meeting to order.

INVOCATION / PLEDGE OF ALLEGIANCE

Commissioner Keefe provided the invocation followed by the Pledge of Allegiance to the American flag.

NCACC Recognition

Commissioner Keefe recognized Commissioner Evans as the new second vice president of the North Carolina Association of Black County Officials (NABCO). Commissioner Keefe stated Commissioner Evans was sworn in during the organization's luncheon on August 13 during the North Carolina Association of County Commissioners (NCACC) annual conference in Forsyth County. Commissioner Keefe stated NABCO has a history of helping develop future NCACC leaders as well as providing much-needed scholarship funding to deserving students. Commissioner Keefe congratulated Commissioner Evans on his new role.

Commissioner Lancaster stated this weekend during the annual North Carolina Association of County Commissioners (NCACC) conference in Forsyth County, Chairman Marshall Faircloth was elected to a two-year term as the NCACC District 6 Director. Commissioner Lancaster stated Chairman Faircloth will represent the District 6 counties, which are Cumberland, Harnett and Sampson, on the NCACC Board of Directors for the ensuing term. Commissioner Lancaster congratulated Chairman Faircloth and stated he will do a great job as a member the Board of Directors.

Commissioner Adams stated the North Carolina Association of County Commissioners (NCACC) presented Commissioner Jeannette Council with the 2016 M.H. "Jack" Brock Outstanding County Commissioner Award during the association's annual conference on Aug. 13 in Forsyth County. Commissioner Adams stated the award is presented annually to a commissioner who has

demonstrated special achievements and efforts, primarily over the past year, on behalf of county government throughout the state or region, not just within his or her county. Commissioner Adams stated Commissioner Council was honored along with Wilkes County Commissioner Gary Blevins, and the two commissioners served as co-chairs for the association's 2015-2016 Legislative Goals Committee, which is appointed every two years by the NCACC president. Commissioner Adams stated the association conducts a legislative goal-setting process every two years in the months leading up to the long session of the General Assembly. Commissioner Adams stated the official goals are presented to each member of the N.C. General Assembly, the governor and the other executive branch leaders. Commissioner Adams congratulated Commissioner Council on being the recipient of this award.

Chairman Faircloth stated Commissioner Kenneth Edge is one of the newest members in the North Carolina Association of County Commissioners (NCACC) Hall Fame having been inducted as a 2016 honoree during the association's annual conference in Forsyth County on Aug. 13. Chairman Faircloth stated Commissioner Edge has been a Cumberland County Commissioner since 2000 and served as the chairman and vice chairman three times in 16 years. Chairman Faircloth stated the Hall of Fame recognizes individuals who have been active in NCACC, including service on the Board of Directors, and those who have made significant contributions to county government at either the state or national levels, such as leadership roles with the National Association of Counties. Chairman Faircloth stated Commissioner Edge was elected as NCACC president after serving as president-elect in 2010 and second vice-president in 2009, and he also served on the association's Board of Directors in 2004-2005 and 2007-2016 and on the group's Public Education Steering Committee. Chairman Faircloth stated one of Commissioner Edge's key initiatives as NCACC president was promoting healthy living, and he has been active nationally and served on the National Association of Counties' Health and Human Services Steering Committee and is a current member of the NACo Finance Committee. Chairman Faircloth congratulated Commissioner Edge on being the recipient of this award.

PUBLIC COMMENT PERIOD (6:45 PM – 7:00 PM)

Chairman Faircloth recognized the clerk to the board who stated there were no public comment speakers.

1. Approval of Agenda

MOTION: Commissioner Lancaster moved to approve the agenda.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (7-0)

Amy Cannon, County Manager, requested the removal of the following consent agenda items and stated the items would be brought back at a later time.

2.D. Approval of Offer of L&I Investments, LLC, to Purchase Certain Real Property Located at 1114 Morgan Street, Fayetteville, NC

2.E. Approval of Offer of L&I Investments, LLC, to Purchase Certain Real Properties, Being a Lot Containing 0.19 ac. Ashley Street; Lot 204 Savoy Heights, 1112 Turnpike Road; and Lot 206 Savoy Heights, Turnpike Road

2. Consent Agenda

A. Approval of minutes for the August 1, 2016 regular meeting

B. Approval of Declaration of Surplus County Property and Authorization to Accept Insurance Settlements.

1) Sheriff's Office

BACKGROUND:

DATE OF ACCIDENT: JUNE 10, 2016
VEHICLE: 2013 DODGE CHARGER
VIN: 2C3CDXAT8DH642393
FLEET#: FL175
DEPARTMENT: Sheriff's Office
SETTLEMENT OFFER: \$23,885.60
INSURANCE COMPANY: NORTH CAROLINA FARM BUREAU

This is a total loss settlement offer.

RECOMMENDATION/PROPOSED ACTION:

Management recommends that the Board of Commissioners:

1. declare the vehicle described above as surplus
2. authorize the Risk Management Coordinator to accept \$23,885.60 as settlement
3. allow NC FARM BUREAU to take possession of the wrecked (surplus) vehicle

2) Solid Waste Enterprise Fund

BACKGROUND

DATE OF ACCIDENT: JULY 13, 2016
VEHICLE: 2011 MCCLOSKEY 621 TROMMEL SCREEN
VIN: SERIAL #12874
FLEET#: SW0324
DEPARTMENT: SOLID WASTE
SETTLEMENT OFFER: \$186,642.00 (less \$1,000 deductible)
INSURANCE COMPANY: CHUBB GROUP OF INSURANCE COMPANIES

This is a total loss settlement offer.

RECOMMENDATION/PROPOSED ACTION:

Management recommends that the Board of Commissioners:

1. declare the EQUIPMENT described above as surplus
2. authorize the Risk Management Coordinator to accept \$186,642.00 (less \$1,000 deductible) as settlement
3. allow CHUBB to take possession of the wrecked (surplus) equipment

- C. Approval of Offer to Purchase Surplus Property Located at 5950 Abco Lane, Fayetteville, and Being Lot 60 McNeill Sands, Sec 4 (2.77 Acs), Plat Book 100, Page 161

BACKGROUND:

The County acquired the real property with PIN 0462-99-0762 located at 5950 Abco Lane, Fayetteville, being Lot 60, McNeill Sands, Section 4 (2.77 acs.), from a tax foreclosure sale in 2013 for a purchase price of \$9,815.44. The tax value is \$10,000. Based on the County GIS Mapping system, there is not a structure on the property. Ms. Shirleen Sinclair has made an offer to purchase the property for \$9,815.44. If the Board proposes to accept this offer, the proposed sale must be advertised subject to the upset bid process of G. S. § 160A-269. The proposed advertisement is recorded below.

RECOMMENDATION/PROPOSED ACTION:

The County Attorney recommends that the Board consider the offer of Shirleen Sinclair and if the Board proposes to accept the offer, resolve that the described real property is not needed for governmental purposes and direct that it be advertised and sold pursuant to the upset bid process of G. S. § 160A-269.

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
ADVERTISEMENT OF PROPOSAL TO ACCEPT AN OFFER TO PURCHASE
CERTAIN REAL PROPERTY PURSUANT TO N.C.G.S § 160A-269

Take notice that the Board of Commissioners finds the real property described herein is not needed for governmental purposes and proposes to accept an offer to purchase the property with PIN 0462-99-0762, located at 5950 Abco Lane, Fayetteville, being Lot 60, McNeill Sands, Section 4 (2.77 acs.), Plat Book 100 at Page 161, for \$9,815.44. Within 10 days of this notice any person may raise the bid by not less than ten percent (10%) of the first one thousand dollars (\$1,000) and five percent (5%) of the remainder by making a five percent (5%) deposit of the bid with the Clerk. This procedure shall be repeated until no further qualifying upset bids are received. The Board of Commissioners may at any time reject any and all offers. Further details may be obtained from the Office of the County Attorney, Suite 551-Courthouse, Fayetteville, NC 28302.

D. REMOVED FROM CONSENT AGENDA

E. REMOVED FROM CONSENT AGENDA

F. Approval of Sale of Surplus Real Property, Being Lot 8 McNeill Sands, Sec. 2.

BACKGROUND:

On June 6, 2016, the Board adopted a resolution of its intent to accept the offer of Mr. Arthur Thomas to purchase the property with PIN 0472-08-5670, being Lot 8, McNeill Sands, Section 2 (0.44 acs.), Plat Book 99 at Page 52, for \$3,223.15. Based on the GIS Map, it is a vacant lot. It is zoned A1 with a tax value of \$7,500.

Notice of the proposed sale was advertised in the *Fayetteville Observer* on June 14, 2016, subject to the upset bid process required by G. S. § 160A-269. The publisher's affidavit is attached. More than 10 days have elapsed since the notice was published. No upset bid was received.

RECOMMENDATION/PROPOSED ACTION:

County Attorney recommends the Board accept this offer and authorize the Chair to execute a deed for the property upon the County's receipt of the balance of the purchase price.

G. Approval of Cumberland County Facilities Committee Report and Recommendations:

1) Winding Creek Facility Renovation Bid

BACKGROUND:

At the February 1, 2016 Board of Commissioners meeting, the Board approved an agreement with Alliance Behavioral Healthcare regarding the proposed improvements to the portion of property the organization currently leases at the Winding Creek Facility located at 711 Executive Place. As part of that agreement, Alliance Behavioral Healthcare has agreed to pay for improvements estimated to be \$1,300,000.

Formal bids were received on August 1st at 2:00 PM for the proposed renovations at the Winding Creek Facility for Alliance Behavioral Healthcare. The certified bid tabulation from SFL+A has been attached along with a letter of recommendation to award the contract to the lowest responsible and responsive bidder. The lowest bid was submitted by Hayes, Inc. in the amount of \$616,107 which includes two alternates that have been elected to be included in the overall renovation project.

The Board of Commissioners approved a budget revision at the March 21, 2016 meeting that establishes a contingency in the amount of \$106,030 for the project.

This was presented and approved at the Facilities Committee on August 4th.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director, County Management and the Facilities Committee recommend that the Board of Commissioners approve the following recommendations;

1. Award a contract to Hayes, Inc. in the amount of \$616,107 for the renovation of the Winding Creek Facility for Alliance Behavioral Healthcare.
 2. Establish a contingency in the amount of \$106,030 for the project.
-
- 2) Resolution of Intent to Lease Certain Real Property to Hometown Sports America, Inc. and Conduct Statutorily Required Advertising

BACKGROUND:

Hometown Sports America, Inc. wishes to renew an existing lease agreement with Cumberland County for J.P. Riddle Stadium. This agreement will expire December 31, 2016. The lease includes J.P. Riddle Stadium, all associated parking, and related facilities for use as a home field for the Fayetteville Swampdogs Baseball Team. A notice of intent to lease must be published at least thirty (30) days in advance of a regular Board of Commissioners' meeting prior to approving any proposed lease.

RECOMMENDATION/PROPOSED ACTION:

As recommended by the Facilities Committee at its August 4, 2016, meeting, adopt the following resolution:

BE IT RESOLVED that the Cumberland County Board of Commissioners finds that the real property known as J.P. Riddle Stadium and associated facilities located at 2823 Legion Road will not be needed for government purposes for the term proposed for the lease of the property to Hometown Sports America, Inc., and this Board intends to adopt a resolution at its regular meeting to be held on September 19, 2016, approving the lease pursuant to the terms to be advertised as follows:

TAKE NOTICE that the Cumberland County Board of Commissioners has found that the real property described herein will not be needed for government purposes for the term of the lease described herein and that the Board intends to adopt a resolution at its regular meeting to be held on September 19, 2016, approving the lease of J.P. Riddle Stadium and associated facilities located at 2823 Legion Road to Hometown Sports America, Inc. for up to four years, in one year consecutive terms, commencing on January 1, 2017 at an annual rental rate of \$12,000.

- 3) Lease Agreement Renewal for the Williams Solid Waste Container Site

BACKGROUND:

The Solid Waste Department operates the Williams Container site located at 5746 Kennel Road, Eastover, NC. Cumberland County leases the property for this site from Charlie Wayne Williams. This container site has been in operation for over thirty years at the same location and it is critical that this site remain open in order to provide the necessary service to the citizens within the surrounding community. The current lease agreement is set to expire on September 30, 2016.

The property owner has agreed to renew the lease with Cumberland County for an additional five years with the only change being the lease amount. The current lease amount is \$3,500 for the full five-year lease agreement which is to be paid promptly after the execution of the lease agreement. The new lease agreement proposes an increase to the lease amount to \$4,000. The Solid Waste Department will be able to absorb the increased cost of the agreement in its FY 17 budget.

This was presented and approved by the Facilities Committee on August 4th.

RECOMMENDATION/PROPOSED ACTION:

The Interim Solid Waste Director, County Management and the Facilities Committee recommend that the Board of Commissioners approve the attached lease renewal for the Williams Container Site located at 5746 Kennel Road, Eastover, NC.

STATE OF NORTH CAROLINA

LEASE AGREEMENT

COUNTY OF CUMBERLAND

THIS LEASE AGREEMENT, made and entered into this ____ day of _____, 2016 by and between CHARLIE WAYNE WILLIAMS, of Cumberland County, North Carolina, party of the first part, hereinafter called OWNER, and CUMBERLAND COUNTY, party of the second part, hereinafter called COUNTY.

WITNESSETH:

That subject to the terms and conditions herein contained, the OWNER does hereby lease and let unto the COUNTY, and the COUNTY accepts as LESSEE, that certain tract or parcel of land in Eastover Township, Cumberland County, North Carolina, being described as follows:

Containing 0.31 acres, more or less.

BEGINNING at a point, said point being the point of intersection of the southern margin of State Road No. 1821 (60 feet right-of-way) and the eastern margin of A.C. Williams First Tract Property Line as recorded in Deed Book 398, Page 298 Cumberland County Registry; and running thence with the eastern margin of said A.C. Williams Property South 07 degrees 30 minutes West 75.78 feet to a point; thence North 74 degrees 15 minutes West 185.89 feet to a point; thence North 15 degrees 45 minutes East 75.00 feet to a point in the southern margin of said State Road No. 1821 South 74 degrees 15 minutes East 175.00 feet to the point and place of BEGINNING and containing 0.31 acres more or less and being a part of Tract No. 1 described in a Deed recorded in Deed Book 3034, page 709, of the Cumberland County Registry.

To have and to hold said lands for the term and upon the conditions as follows:

I.

The term of this lease shall be for a period of five (5) years beginning on October 1, 2016 unless sooner terminated by mutual agreement of the parties herein or if continued performance by either or both parties will result in a violation of any county, state or federal law. The COUNTY is granted the option to renew this lease for an additional period of five (5) years upon the same terms and conditions as herein contained by its payment of the same rental rate provided for in paragraph III thirty (30) days prior to expiration of the original term.

II.

The COUNTY will use this property for the purpose of maintaining a solid waste container site on said property with the necessary solid waste containers, ramps, pads, driveways, and fences for public use.

III.

The rental to be paid by the COUNTY to OWNER for said property shall be FOUR THOUSAND DOLLARS (\$4,000.00) for the full five (5) year lease term which shall be paid promptly after the execution of this lease agreement.

IV.

The COUNTY agrees to accept the said property in its present condition and make all improvements required to place said solid waste containers on property.

V.

The COUNTY will maintain said property in an orderly manner.

VI.

At the expiration of this lease or any renewal term, the COUNTY shall remove any pads, ramps, fences, fill, or other materials placed on said property by the COUNTY if so required by the OWNER.

VII.

The OWNER warrants that he is the owner of the above described property, and has the authority to enter into this Lease.

VIII.

The County agrees that it shall indemnify and hold harmless the OWNER from any claims for damages, to either persons or property, made by the employees, agents or contractors of the County arising out of or in connection with the County's operation in maintaining the Solid Waste Container Site on said property.

IX.

This Agreement shall be governed by the internal laws of the State of North Carolina without regard to the conflict of interest provisions thereof.

X.

This Agreement may be modified only by an instrument duly executed by the parties or their respective successors in interest.

IN WITNESS WHEREOF, this instrument is duly executed the day and year first above written.

H. Approval of Cumberland County Finance Committee Report and Recommendations:

- 1) Request for Proposals for the Cumberland County Workforce Development Program

BACKGROUND:

Workforce Development staff have prepared the Request for Proposals (RFP) for FY17 programs and services. These important services are focused on the following groups: local employers, the unemployed, underemployed adults, veterans, dislocated workers, In-School Youth (age 14-21) and Out-of-School Youth (age 16-24). This RFP seeks service providers who will work collaboratively with Cumberland County Workforce Development and the North Carolina Department of Commerce's Division of Workforce Solutions as part of an integrated services model. All program funding originates from the federal government via the Workforce Innovation and Opportunity Act (WIOA) and is passed through to the State of North Carolina to local Workforce Development Boards. Estimated allocations for FY17 are anticipated to be as follows for these specific program areas in Cumberland County:

- 1) \$800,000 for adult services programs
- 2) \$700,000 for dislocated worker programs
- 3) \$900,000 for youth services programs

These amounts may be subject to change as it is based upon a prior estimate of available funds. It is anticipated that the exact funding amount will be known at or about the time of the final contract negotiations. All contracts for services will be on a cost-reimbursement basis, based upon performance, and may be extended for two additional years at the discretion of the County.

This item was reviewed and recommended for approval by the Finance Committee at their August 4, 2016 meeting.

RECOMMENDATION/PROPOSED ACTION:

Approval to move forward with the RFP process for youth, adult and dislocated worker workforce services in Cumberland County.

- 2) Business Process Recommendations for the Food and Nutrition Program at the Department of Social Services

BACKGROUND:

As a part of the Board of Commissioners approved Business Intelligence Initiative, the Enterprise Solutions Division within Information Services recently conducted a comprehensive business process review for the Department of Social Services. The business process review concentrated on the Food and Nutrition Services (FNS) within the Economic Services Division. Through this business process review, several opportunities for business process improvements were discovered.

A presentation was provided to the Finance Committee to review the current processes, business process improvement opportunities, and recommended solutions to improve these business processes in the area of FNS applications.

RECOMMENDATION/PROPOSED ACTION:

Request the Board of Commissioners accept and approve the Finance Committee recommendation to move forward with a phased-in implementation plan of the process improvements for FNS and that the Enterprise Solutions Division provide monthly progress reports to the Finance Committee.

I. Approval of Cumberland County Policy Committee Report and Recommendations:

1) Community Transportation Title VI Plan

BACKGROUND:

The Community Transportation Title VI Plan was presented to the Policy Committee on August 4, 2016 for review and approval. In previous years the Community Transportation Program was allowed to submit grant applications for the Section 5311 Administration Grants with the understanding that while using the FAMPO Title VI Plan that the Community Transportation Program was working on adopting its own Title VI Plan. This year along with other changes NCDOT has made the requirement that Community Transportation Program must have its Title VI Plan in place.

It is the policy of the Cumberland County Community Transportation Program (CTP) to ensure that no person shall, on the grounds of race, color, sex, age, national origin, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity as provided by Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987, and any other related non-discrimination Civil Rights laws and authorities.

This plan was developed to guide CTP in its administration and management of Title VI-related activities conducted by both the Cumberland County CTP and its contractors.

RECOMMENDATION/PROPOSED ACTION:

Approve the Community Transportation Program Title VI Plan to meet the requirements from the North Carolina Department of Transportation – Public Transportation Division.

2) Community Transportation System Safety Plan Update

BACKGROUND:

The Community Transportation System Safety Program Plan Update was presented to the Policy Committee on August 4, 2016 for review and approval. This plan has been updated in order to meet requirements from the North Carolina Department of Transportation – Public Transportation Division. The purpose of this plan is to ensure that our transportation through private contractors provide safe and reliable transportation for Cumberland County residents.

The plan includes six core elements: Driver/Employee Selection, Driver/Employee Training, Safety Data Acquisition/Analysis, Drug and Alcohol Abuse Programs, Vehicle Maintenance and Security.

RECOMMENDATION/PROPOSED ACTION:

Approve the Community Transportation System Safety Program Plan to meet the requirements from the North Carolina Department of Transportation – Public Transportation Division.

J. Approval of Demolition of County-Owned Property:

- 1) Case Number: BI-2016-001
Property Owner: Cumberland County
Property Location: 324 E. Jenkins Street, Fayetteville, NC
Parcel Identification Number: 0436-33-7038

AFFIDAVIT OF THE HOUSING INSPECTOR'S REPORT
BEFORE THE BOARD OF CUMBERLAND COUNTY COMMISSIONERS

I, George Hatcher, Inspector for the County of Cumberland Inspection Department, acting in my official capacity, being duly sworn, depose and say:

BACKGROUND: That the following is a report on case number BI-2016-001:

Property Owner: Cumberland County
Property Address: 324 E. Jenkins Street, Fayetteville, NC (wood frame single family dwelling)
Tax Parcel Identification Number: 0436-33-7038

SYNOPSIS: This property was inspected on June 23, 2016. The structures are presently vacant and unsecure. In their present state, these structures constitute a fire, health, and safety hazard. The estimated cost to repair these structures to a minimum standard for human habitation is \$58,016. The Assessor for Cumberland County has these structures presently valued at \$.00 each for salvageable materials.

RECOMMENDATION: IT IS THE RECOMMENDATION OF THE INSPECTION DEPARTMENT THE STRUCTURE BE DEMOLISHED AND THE DEBRIS REMOVED FROM THE LOT.

K. Approval of Ordinance Assessing Property for the Cost of Demolition:

- 1) Case Number: MH 1224-2015
Property Owner: Barbara M. Johnson
Property Location: 6821 Camden Road, Fayetteville, NC
Parcel Identification Number: 0404-04-8665

ORDINANCE ASSESSING PROPERTY FOR THE COSTS
OF DEMOLITION OF A STRUCTURE PURSUANT TO
THE MINIMUM HOUSING CODE OF CUMBERLAND COUNTY
CASE NUMBER: MH 1224-2015
PROPERTY OWNER: Barbara M. Johnson

WHEREAS, the Board of County Commissioners of Cumberland County, North Carolina, on December 21, 2015, enacted an ordinance directing the demolition by the owner of the structure Barbara M. Johnson, located at 6821 Camden Road, Fayetteville, NC, PIN: 0404-04-8665, said ordinance being recorded in Book 9783, page 0675, of the Cumberland County Registry of Deeds;

WHEREAS, the time within which said demolition was to be performed has expired and the owner(s) failed to comply with the ordinance within such period; and

WHEREAS, the said ordinance further directed the Minimum Housing Inspector to effect the demolition of the structure(s) in the event the owner(s) failed to do so;

WHEREAS, the Minimum Housing Inspector has reported to this Board that:

- (1) Said work had been accomplished.
- (2) The cost of such work was \$6,349.00.

- (3) There were no salable materials resulting from said work.

NOW THEREFORE, the above report coming on to be considered and the Board of County Commissioners find it to be a true and accurate accounting, the said Board hereby ORDAINS:

(1) That the real property on which the work was performed be, and it hereby is, assessed in the amount of \$6,349.00, said sum being the unpaid balance of the cost of the work set forth in the Inspector's Report;

(2) That as provided in the Ordinance of Cumberland County dated December 21, 2015, and in Section 153A-372 of the General Statutes of North Carolina, the amount of the foregoing assessment be, and hereby does constitute, a lien against the real property upon which such costs were incurred, such property being more particularly described as follows:

The structure and premises located at 6821 Camden Road Fayetteville, NC, as described in Deed Book 2856, page 539, of the Cumberland County Registry and identified in County tax records as PIN 0404-04-8665.

(3) That as further provided in Section 160A-443(6) of the General Statutes of North Carolina, such lien shall be filed, have the same priority, and be collected as the lien for special assessment provided in Article 10 of Chapter 160A of said General Statutes;

(4) That one copy of this resolution be filed in the minutes of this Board of County Commissioners and another copy certified and delivered by the Clerk as a charge to the Tax Collector, who shall thereupon enter the amount of the assessment set forth above upon the Tax Books of the County as a special assessment against the above described property.

- 2) Case Number: MH 1254-2015
Property Owner: Isaac Rowland Williams
Property Location: 2402 Moody Street, Fayetteville, NC
Parcel Identification Number: 0426-91-8266

ORDINANCE ASSESSING PROPERTY FOR THE COSTS
OF DEMOLITION OF A STRUCTURE PURSUANT TO
THE MINIMUM HOUSING CODE OF CUMBERLAND COUNTY
CASE NUMBER: MH 1254-2015
PROPERTY OWNER: Isaac Rowland Williams

WHEREAS, the Board of County Commissioners of Cumberland County, North Carolina, on March 21, 2016, enacted an ordinance directing the demolition by the owner(s) of the structure(s) Isaac Roland Williams, located at 2402 Moody Street, Fayetteville, NC PIN: 0426-91-8266, said ordinance being recorded in Book 9834, page 139, of the Cumberland County Registry of Deeds;

WHEREAS, the time within which said demolition was to be performed has expired and the owner(s) failed to comply with the ordinance within such period; and

WHEREAS, the said ordinance further directed the Minimum Housing Inspector to effect the demolition of the structure(s) in the event the owner(s) failed to do so;

WHEREAS, the Minimum Housing Inspector has reported to this Board that:

- (1) Said work had been accomplished.
- (2) The cost of such work was \$1,500.00.
- (3) There were no salable materials resulting from said work.

NOW THEREFORE, the above report coming on to be considered and the Board of County Commissioners finding it to be a true and accurate accounting, the said Board hereby ORDAINS:

(1) That the real property on which the work was performed be, and it hereby is, assessed in the amount of \$1,500.00, said sum being the unpaid balance of the cost of the work set forth in the Inspector's Report;

(2) That as provided in the Ordinance of Cumberland County dated March 21, 2016, and in Section 160A-443(6) of the General Statutes of North Carolina, the amount of the foregoing assessment be, and hereby does constitute, a lien against the real property upon which such costs were incurred, such property being more particularly described as follows:

The structure and premises located at 2402 Moody Street, Fayetteville, NC, as described in Deed Book 2634, page 0449, of the Cumberland County Registry and identified in County tax records as PIN 0426-91-8266.

(3) That as further provided in Section 160A-443(6) of the General Statutes of North Carolina, such lien shall be filed, have the same priority, and be collected as the lien for special assessment provided in Article 10 of Chapter 160A of said General Statutes;

(4) That one copy of this resolution be filed in the minutes of this Board of County Commissioners and another copy certified and delivered by the Clerk as a charge to the Tax Collector, who shall thereupon enter the amount of the assessment set forth above upon the Tax Books of the County as a special assessment against the above described property.

L. Approval of a Proclamation Designating August 26, 2016 as "Women's Equality Day"

COUNTY OF CUMBERLAND

NORTH CAROLINA

PROCLAMATION

WHEREAS, American women of every race, class and ethnic background have made historic contributions to the growth and strength of our Nation in countless recorded and unrecorded ways; and

WHEREAS, American women have played and continue to play critical economic, cultural and social roles in every sphere of the life of our Nation by constituting a significant portion of the labor force working inside and outside of the home; and

WHEREAS, American women of every race, class and ethnic background have served as early leaders in the forefront of every major progressive social change movement; and

WHEREAS, American women have been leaders, not only in securing their own rights of suffrage and equal opportunity, but also in the abolitionist movement, the emancipation movement, the industrial labor movement, the civil rights movement, other movements and especially the peace movement, which has created a more fair and just society for all; and

WHEREAS, on August 26, 1920, the 19th Amendment to the Constitution of the United States gave women the right to vote.

NOW THEREFORE, We, the Board of Commissioners of Cumberland County, do hereby proclaim August 26, 2016 to be "Women's Equality Day" and urge all citizens in our community to participate in this observance.

This 15th day of August, 2016.

M. Approval of Budget Revisions:

General Fund 101

- 1) Emergency Services - Budget Ordinance Amendment B170002 to recognize grant amount of \$1,000 for the Tier II Grant

The Board is requested to approve Budget Ordinance Amendment B170002 in the amount of \$1,000 representing grant funds from the state of North Carolina, Department of Public Safety, Emergency Management. These funds are to be used for hazardous materials emergency response planning, training and related exercises.

Please note this amendment requires no additional county funds.

- 2) Sheriff Grants - Budget Ordinance Amendment B170286 to recognize grant amount of \$40,003 for the ICAC Grant

The Board is requested to approve Budget Ordinance Amendment B170286 in the amount of \$40,003 representing grant funds from the state of North Carolina, Department of Public Safety, Governor's Crime Commission. These funds are to be used in conjunction with initiatives relating to Internet Crimes Against Children (ICAC).

Please note this amendment requires no additional county funds.

NOTE REGARDING THE FOLLOWING ITEMS 3) – 4):

Each fiscal year County departments may have projects that are not complete by the fiscal year end (6/30/16) or items ordered that have not been received by fiscal year end. These projects or items were approved in the Fiscal Year 2016 budget however the money was not spent by June 30, 2016. The following amendments seek to bring those funds forward from FY 2016 into the current fiscal year, allowing departments to complete and pay for these items. These revisions are not using 'new' funds, but are recognizing the use of FY16 funds in FY17.

General Fund 101

- 3) Library - Budget Ordinance Amendment B170019 to appropriate FY16 fund balance in the amount of \$8,496

The Board is requested to approve Budget Ordinance Amendment B170019 in the amount \$8,496 to appropriate fund balance. These funds are to be used to purchase self-checkout swipe card replacements, however the project was not completed in FY16 but is scheduled for the current year.

Please note this amendment requires a re-appropriation of FY16 fund balance to the current year.

Crown Fund 600

- 4) Crown - Budget Ordinance Amendment B170486 to appropriate FY16 fund balance in the amount of \$120,273

The Board is requested to approve Budget Ordinance Amendment B170486 in the amount of \$120,273 to appropriate fund balance. The majority of these funds will be used to purchase hand held radio equipment to be used by staff. The remaining balance will be used towards contracted services.

Please note this amendment requires a re-appropriation of FY16 fund balance to the current year.

Contingency Funds Report

- 5) The County Manager approved a decrease in contingency funds of \$6,961. This decrease was due to an increase of Cumberland County's portion of the hazardous materials response unit that is part of our Interlocal Agreement with the City of Fayetteville. At the time the FY17 budget was prepared, the final amount requested by was unknown. The total county portion of the hazardous materials response budget is \$87,961.

MOTION: Commissioner Adams moved to approve consent agenda Items 2.A. – 2.M.5) with the exception of Items 2.D. and 2.E. as removed.

SECOND: Commissioner Evans

VOTE: UNANIMOUS (7-0)

3. Public Hearings

Uncontested Rezoning Cases

Tom Lloyd, Planning and Inspections Director, stated there were no speakers signed up in opposition to Case P16-29, Case P16-30, Case P16-34 or Case P16-37 and the Planning Board recommended approval of Case P16-29, Case P16-30, Case P16-34 and Case P16-37.

- A. Case P16-29: Rezoning of 2.81+/- acres from A1 Agricultural to R40 Residential, or to a more restrictive zoning district, located at 6309 NC Highway 87 South, submitted by Edmon & Eva Horn (owners).

Staff Recommendation:

1st motion for Case P16-29: Move to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

2nd motion for Case P16-29: Move to approve the rezoning for R40 Residential as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

Planning Board Recommendation: Approve the staff recommendation

Chairman Faircloth opened the public hearing for Case P16-29.

The clerk to the board advised there were no speakers for Case P16-29.

Chairman Faircloth closed the public hearing for Case P16-29.

MOTION: Commissioner Council moved in Case P16-29 to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Council moved in Case P16-29 to approve the rezoning for R40 Residential as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's

consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

- B. Case P16-30: Rezoning of 7.87+/- acres from RR Residential & CD Conservancy District to A1 Agricultural, or to a more restrictive zoning district, located at 8175 McCormick Bridge Rd, submitted by Tom Brooks (agent) on behalf of McCormick Farms Limited Partnership (owner).

Staff Recommendation:

1st motion for Case P16-30: Move to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

2nd motion for Case P16-30: Move to approve the rezoning for A1 Agricultural and CD Conservancy (where the SFSH exists) as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

Planning Board Recommendation: Approve the staff recommendation

Chairman Faircloth opened the public hearing for Case P16-30.

The clerk to the board advised there were no speakers for Case P16-30.

Chairman Faircloth closed the public hearing for Case P16-30.

MOTION: Commissioner Evans moved in Case P16-30 to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Council

VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Evans moved in Case P16-30 to approve the rezoning for A1 Agricultural and CD Conservancy (where the SFSH exists) as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Council

VOTE: UNANIMOUS (7-0)

- C. Case P16-34: Rezoning 20.90+/- acres from A1 Agricultural to R20 Residential, or to a more restrictive zoning district; located at the northeast quadrant of US HWY 401 (Ramsey Street) & SR 1704 (Palestine Road); submitted by Glenda Little (owner) & Brian Raynor (agent).

Staff Recommendation:

1st motion for Case P16-34: Move to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

2nd motion for Case P16-34: Move to approve the rezoning for R20 Residential as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

Planning Board Recommendation: Approve the staff recommendation

Chairman Faircloth opened the public hearing for Case P16-34.

The clerk to the board advised there were no speakers for Case P16-34.

Chairman Faircloth closed the public hearing for Case P16-34.

Commissioner Adams posed questions regarding water and school capacity. Mr. Lloyd provided numbers for school enrollment/capacity and stated he will initiate conversation with the Board of Education regarding the development and report back. Mr. Lloyd stated if the development takes place, it will occur in stages and there will likely be more development with the availability of water and sewer.

MOTION: Commissioner Lancaster moved in Case P16-34 to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Lancaster moved in Case P16-34 to approve the rezoning for R20 Residential as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

D. Case P16-37: Rezoning of 3.01+/- acres from A1 Agricultural to A1A Agricultural, or to a more restrictive zoning district; located on the west side of SR 2243 (Roslin Farm Road), south of Running Fox Road; submitted by Ada Faye C. Bramble (owner).

Staff Recommendation:

1st motion for Case P16-37: Move to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

2nd motion for Case P16-37: Move to approve the rezoning for A1 Agricultural as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

Planning Board Recommendation: Approve the staff recommendation

Chairman Faircloth opened the public hearing for Case P16-37.

The clerk to the board advised there were no speakers for Case P16-37.

Chairman Faircloth closed the public hearing for Case P16-37.

MOTION: Commissioner Edge moved in Case P16-37 to the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Council

VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Edge moved in Case P16-37 to approve the rezoning for A1 Agricultural as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

SECOND: Commissioner Lancaster

VOTE: UNANIMOUS (7-0)

Contested Rezoning Case

- E. Case P16-32: Rezoning of 2.01+/- acre from A1 Agricultural to A1A Agricultural, or to a more restrictive zoning district, located at 1430 Port Richey Lane, submitted by Joy Pittman (owner).

Staff Recommendation:

1st motion for Case P16-32: Move to find the request for rezoning consistent with the 2030 Growth Vision Plan, and any other applicable land use plan, reasonable and in the public interest for the reasons stated in the recommendations of the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

2nd motion for Case P16-32: Move to approve the rezoning for A1 Agricultural as recommended by the Planning Staff included in the agenda package and as reflected in the minutes of the Planning Board's consideration of this case, which minutes are to be fully incorporated herein by reference.

Planning Board Recommendation: Deny the rezoning request.

Mr. Lloyd showed vicinity maps and aerial views of the subject property, and provided overviews of the current land uses, current zonings, and surrounding land uses and zonings. Mr. Lloyd stated Planning Staff recommended approval because of the various plans in place and the Planning Board recommended denial because of opposition at the public hearing. Mr. Lloyd stated no one signed up to speak in opposition at this public hearing. Mr. Lloyd stated Port Richey Lane is a Class C private dirt street having 19 lots

with 18 units which current residents consider to be enough. Mr. Lloyd stated the petitioners stated they would take access off Fennell Road but there is no way to guarantee that will happen. Mr. Lloyd stated the petitioner was informed that the way to guarantee access off Fennell Road would be by conditional zoning; however, the petitioner chose not to seek conditional zoning. Mr. Lloyd stated the Planning Board recommended denial because the residents did not want additional traffic on Port Richey Lane.

Chairman Faircloth opened the public hearing for Case P16-32.

The clerk to the board advised there were no speakers for Case P16-32:

Chairman Faircloth closed the public hearing for Case P16-32.

Commissioner Keefe stated the business located on the road would bring more traffic than residential units. Mr. Lloyd stated the business has been at that location for a long time. Mr. Lloyd stated in 2000 residents of Port Richey Lane became coming out in opposition to rezoning requests because they felt 18 units was enough. Mr. Lloyd stated typically a Homeowners Association is set up for Class C streets to handle maintenance but Port Richey Lane is not maintained by a Homeowners Association and it's up to the individuals to maintain the part of the street in front of their lots. Mr. Lloyd stated if the property is rezoned, two structures can be placed on the property whereas at present, only one structure can be placed on the property. At the request of Commissioner Adams, Mr. Lloyd identified other vacant lots.

MOTION: Commissioner Council moved in Case P16-32 to find that the request for rezoning is not consistent with the 2030 Growth Vision Plan, or any other applicable land use plan, reasonable or in the public interest.

SECOND: Commissioner Lancaster

VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Council moved in Case P16-32 to deny the rezoning for A1 Agricultural as recommended by the Planning Board for the reasons stated in the Planning Board's minutes included in the agenda materials and incorporated herein.

SECOND: Commissioner Lancaster

VOTE: UNANIMOUS (7-0)

Minimum Housing Code Enforcement

The clerk to the board administered an oath to Scott Walters, Code Enforcement Manager.

F. Case Number: MH 1389-2016

Property Owner: Peggy Jones & Harry Hales

Property Location: 5025 Cumberland Road, Fayetteville, NC

Parcel Identification Number: 0405-85-2535

AFFIDAVIT OF THE HOUSING INSPECTOR'S REPORT BEFORE THE BOARD OF CUMBERLAND COUNTY COMMISSIONERS

I, Joey Lewis, Inspector for the County of Cumberland Inspection Department, acting in my official capacity, being duly sworn, depose and say:

BACKGROUND: That the following is a report on Minimum Housing case number MH 1389-2016.

Property Owner: Peggy Jones & Harry Hales & Parties of Interest

Property Address: 5025 Cumberland Road, Fayetteville, NC

Tax Parcel Identification Number: 0405-85-2535

SYNOPSIS: This property was inspected on 3/9/2016. The property owner and parties of interest were legally served with Notice of Violations and were afforded a Hearing on 4/28/2016. Peggy Jones & Randy Allen attended the Hearing. It was ordered that the structures be repaired to a minimum standard for human habitation, or be demolished and the debris removed from the premises by a date not later than 6/16/2016. The property owners and parties of interest were notified of the appeal procedures when they were served with the Findings of Fact and Order. No appeal was filed. Upon my visit to the property on 8/2/2016, no corrective action had been made to the structures. The structure is presently vacant and unsecured. In its present state, the structure constitutes a fire, health, and safety hazard.

The estimated cost to repair the two structures to a minimum standard for human habitation is \$49,588.00. The Assessor for Cumberland County has the structure presently valued at \$510.00.

RECOMMENDATION: IT IS THE RECOMMENDATION OF THE PLANNING & INSPECTION DEPARTMENT THAT THE STRUCTURE BE DEMOLISHED, AND THE DEBRIS REMOVED FROM THE LOT.

Mr. Walters stated the structure is heavily dilapidated, unsecured and staff are seeking an order to demolish the structure.

This is the duly advertised/noticed public hearing set for this date and time.

Chairman Faircloth opened the public hearing.

The clerk to the board advised there were no speakers.

Chairman Faircloth closed the public hearing.

MOTION: Commissioner Edge moved to adopt the order and report of the Minimum Housing Inspector as the true facts in this case; to order the property owner to remove or demolish the dwelling within 30 days; to order the Inspector to remove or demolish the dwelling if the owner fails to do so and impose a lien on the real property for the cost of such action; and to direct the clerk to incorporate the foregoing findings and orders in an ordinance certified by the Chairman and record the same in the Register of Deeds.

SECOND: Commissioner Council

VOTE: UNANIMOUS (7-0)

G. Case Number: MH 1414-2016
Property Owner: Donald D. Diamond, Sr.
Property Location: 5505 Gilcrest Sands Drive, Hope Mills, NC
Parcel Identification Number: 0413-35-7819

**AFFIDAVIT OF THE HOUSING INSPECTOR'S REPORT
BEFORE THE BOARD OF CUMBERLAND COUNTY COMMISSIONERS**

I, Joey Lewis, Inspector for the County of Cumberland Inspection Department, acting in my official capacity, being duly sworn, depose and say:

BACKGROUND: That the following is a report on Minimum Housing case number MH 1414-2016.

Property Owner: Donald D. Diamond Sr. & Parties of Interest
Property Address: 5505 Gilcrest Sands Drive, Hope Mills, NC
Tax Parcel Identification Number: 0413-35-7819

SYNOPSIS: This property was inspected on 4/15/2016. The property owner and parties of interest were legally served with Notice of Violations and were afforded a Hearing on 5/19/2016. No one attended the Hearing. It was ordered that the structures be repaired to a minimum standard for human habitation, or be demolished and the debris removed from the premises by a date not later than 6/19/2016. The property owners and parties of interest were notified of the appeal procedures when they were served with the Findings of Fact and Order. No appeal was filed. Upon my visit to the property on 8/2/2016, no corrective action had been made to the structures. The structure is presently vacant and unsecured. In its present state, the structure constitutes a fire, health, and safety hazard.

The estimated cost to repair the two structures to a minimum standard for human habitation is \$46,648.00. The Assessor for Cumberland County has the structure presently valued at \$500.00 (Salvage Value).

RECOMMENDATION: IT IS THE RECOMMENDATION OF THE PLANNING & INSPECTION DEPARTMENT THAT THE STRUCTURE BE DEMOLISHED, AND THE DEBRIS REMOVED FROM THE LOT.

Mr. Walters stated the two structures are dilapidated, unsecured, there is debris on the lot and staff are seeking an order to demolish the structures.

This is the duly advertised/noticed public hearing set for this date and time.

Chairman Faircloth opened the public hearing.

The clerk to the board advised there were no speakers.

Chairman Faircloth closed the public hearing.

MOTION: Commissioner Keefe moved to adopt the order and report of the Minimum Housing Inspector as the true facts in this case; to order the property owner to remove or demolish the dwelling within 30 days; to order the Inspector to remove or demolish the dwelling if the owner fails to do so and impose a lien on the real property for the cost of such action; and to direct the clerk to incorporate the foregoing findings and orders in an ordinance certified by the Chairman and record the same in the Register of Deeds.

SECOND: Commissioner Lancaster

VOTE: UNANIMOUS (7-0)

ITEMS OF BUSINESS

4. Nominations to Boards and Committees

A. Alliance Behavioral Healthcare Board of Directors (3 Vacancies)

Commissioner Adams nominated Christopher Bostock, Lodies Gloston and Kenneth Edge.

B. Cumberland County Workforce Development Board (4 Vacancies)

Commissioner Adams nominated Joy Miller, Jimmy Driscoll, David Servie and Jody Risacher.

5. Appointments to Boards and Committees

A. Cumberland County Workforce Development Board (3 Vacancies)

Nominees:

Representative of Business: Jamerus Payton

Representative of Workforce: Crystal Bennett
Carl Manning

B. Transportation Advisory Board (2 Vacancies)

Nominees:

Sheltered Workshop Director of Designee: Dwayne Beason

County Health Director or Designee: Barbara Carraway

There being an equal number of vacancies and nominees,

MOTION: Commissioner Adams moved to appoint all nominees to their respective positions.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

Chairman Faircloth recessed the Cumberland County Board of Commissioners' meeting and convened the meeting of the Overhills Park Water and Sewer District Governing Board.

Chairman Faircloth called the meeting of the Overhills Park Water and Sewer District Governing Board to order.

1. Items of Business

A. Approval of minutes of August 1, 2016 meeting

MOTION: Commissioner Adams moved to approve the minutes of the August 1, 2016 meeting.

SECOND: Commissioner Council

VOTE: UNANIMOUS (7-0)

B. Consideration of Overhills Park Water & Sewer District Required Bond Actions:

BACKGROUND:

Previously the District Board has taken action to proceed with the Overhills Park sewer project. On August 2, 2016, the Local Government Commission of North Carolina approved the application of the District for the issuance of revenue bonds in an amount not exceeding \$1,379,000 for the purpose of providing funds, together with any other available funds to pay the costs of the project and any related financing expenses.

The LGC solicited proposals for the revenue bond anticipation notes. Three proposals were received, with Carter Bank and Trust coming in with the best rate of one percent. A bond order and a resolution authorizing the issuance and sale of water and sewer system revenue bonds are attached with details within.

RECOMMENDATION/PROPOSED ACTION:

1. Introduce the following bond order as follows and adopt the bond order:

Bond order of the Overhills Park Water and Sewer District authorizing the issuance of water and sewer system revenue bonds to provide funds to construct improvements to its water and sewer system; providing for the issuance of revenue bond anticipation notes in anticipation of the issuance of revenue bonds; providing for the creation of certain special funds; pledging to the payment of the principal of and the interest on the revenue bonds and notes certain revenues of the water and sewer system; setting forth the rights and remedies of holders; and setting forth the details of certain related matters.

2. Adopt the resolution authorizing the issuance and sale of water and sewer system revenue bond anticipation notes of the Overhills Park Water and Sewer District in the aggregate principal amount of \$1,379,000.

Vicki Evans, Finance Director, reviewed the background information and recommended/proposed action recorded above for 1) the bond order and 2) the resolution.

- 1) Bond Order of the Overhills Park Water and Sewer District Authorizing the Issuance of Water and Sewer System Revenue Bonds

BOARD OF COMMISSIONERS
OF CUMBERLAND COUNTY
ACTING AS THE GOVERNING BODY OF
THE OVERHILLS PARK WATER AND SEWER DISTRICT

Extracts from Minutes
of Meeting on
August 15, 2016

Present: Chairman _____ presiding, and Commissioners: _____

Absent: _____

* * * * *

Commissioner _____ introduced the following bond order, the title of which was read:

BOND ORDER OF THE OVERHILLS PARK WATER AND SEWER DISTRICT
AUTHORIZING THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE
BONDS TO PROVIDE FUNDS TO CONSTRUCT IMPROVEMENTS TO ITS WATER
AND SEWER SYSTEM; PROVIDING FOR THE ISSUANCE OF REVENUE BOND
ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE OF REVENUE
BONDS; PROVIDING FOR THE CREATION OF CERTAIN SPECIAL FUNDS;
PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON
THE REVENUE BONDS AND NOTES CERTAIN REVENUES OF THE WATER AND
SEWER SYSTEM; SETTING FORTH THE RIGHTS AND REMEDIES OF HOLDERS;
AND SETTING FORTH THE DETAILS OF CERTAIN RELATED MATTERS

WHEREAS, the Board of Commissioners of Cumberland County, North Carolina (the “County”), acting as the governing body of the Overhills Park Water and Sewer District (the “District”), is authorized by The State and Local Government Revenue Bond Act, as amended, to issue its revenue bonds to provide moneys for the acquisition, construction, reconstruction, extension, improvement or payment of the cost of one or more revenue bond projects, including water systems or facilities; and

WHEREAS, the District desires to finance the cost of improvements to its water and sewer system in the District (the “Project”); and

WHEREAS, the Local Government Commission of North Carolina has approved the application of the District for the issuance of revenue bonds in an amount not exceeding \$1,379,000 for the purpose of providing funds, together with any other available funds, to pay the costs of the Project and any related financing expenses;

NOW, THEREFORE, BE IT ORDERED by the Board of Commissioners of Cumberland County, North Carolina, acting as governing body of the District, as follows:

ARTICLE I
GENERAL PROVISIONS AND DEFINITIONS

Section 1.01 Contract with Holders. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Bond Order shall be deemed to be and shall constitute a contract between the District and the Holders from time to time of the Bonds; and the covenants and agreements herein set forth to be performed by or on behalf of the District shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds so issued or to be issued, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise.

Section 1.02 Definitions. The following capitalized words and terms as used in this Bond Order shall have the following meanings, unless some other meaning is expressly intended:

“Act” means The State and Local Government Revenue Bond Act, constituting Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

“Additional Bonds” means any bonds, notes or other evidences of indebtedness secured by and payable from Net Revenues issued under this Bond Order pursuant to the provisions of Article III, including notes issued prior to issuance of the Initial Bonds.

“Annual Budget” means any budget or amended budget adopted or in effect pursuant to Section 7.07.

“Auditors” means the independent firm of certified public accountants that is employed by the District to audit the District’s books and accounts at the end of each Fiscal Year.

“Board” means the Board of Commissioners of the County, acting as the governing body of the District.

“Bond” or “Bonds” means, collectively, the Initial Bonds and any Additional Bonds, and also includes any bond anticipation note or notes authorized and issued pursuant to Section 2.10.

“Bondholder” or “Holder” or any similar term, when used with reference to a Bond or Bonds means any person who shall be the registered owner of any outstanding Bond or Bonds.

“Bond Order” means this Bond Order, together with all orders amendatory hereof and all orders supplemental hereto as herein permitted.

“Bond Registrar” means the person serving in the capacity of the finance officer of the District, regardless of any particular title, or any successor registrar for the Bonds as appointed by the Governing Body.

“Clerk” means the Clerk to the District or his or her designated assistant.

“Commission” means the Local Government Commission of North Carolina.

“Consulting Engineers” means an independent engineer or engineering firm at the time employed by the District to perform the functions and duties imposed on the Consulting Engineers by this Bond Order.

“Counsel” means an attorney or firm of attorneys selected by the District.

“County” means Cumberland County, North Carolina.

“District” means the Overhills Park Water and Sewer District.

“Debt Service Requirement” means, with respect to Bonds in any Fiscal Year, the sum of (a) the amount required to pay the interest on the Bonds then outstanding which is payable in such Fiscal Year and (b) the amount required to pay the principal of the Bonds then outstanding which is payable in such Fiscal Year; provided, however, that computation of such amount shall exclude any interest which is funded from proceeds of the Bonds; and provided further that the computation of such amount shall be based on the assumption that (i) the Bonds at the time outstanding will be retired according to their stated maturities or mandatory redemption requirements, (ii) any bond anticipation notes issued pursuant to this Bond Order and maturing during such Fiscal Year will be refunded with Additional Bonds such that the principal amount of such bond anticipation notes is not due and payable by the District in such Fiscal Year and (iii) if the Bonds bear interest at a variable rate, the rate is the maximum rate.

“Debt Service Reserve Fund” means the fund created and so designated by Section 5.03.

“Debt Service Reserve Fund Requirement” means an amount equal to the maximum Debt Service Requirement for any Fiscal Year during which Bonds will be outstanding.

“Depository” means any bank or trust company duly authorized under the laws of the United States of America or the State of North Carolina to engage in the banking business within such State and designated by the Governing Body as a depository of moneys under the provisions of this Bond Order.

“District Representative” means the County Manager, the Finance Director and any other person or persons designated to act on behalf of the District in such capacity by resolution of the Governing Body.

“Existing Facilities” means the existing water and sewer system facilities and improvements owned and operated by the District as of the date of adoption of this Bond Order.

“Finance Director” means the person serving in the capacity of the finance officer of the County, regardless of any particular title, or the officer succeeding to or exercising his or her principal functions and duties.

“Fiscal Year” means the period of twelve months commencing on July 1 of any year and ending on June 30 of the following year.

“Governing Body” means the Board of County Commissioner of the County in which the general legislative powers of the District shall now or hereafter be vested.

“Initial Bonds” means the Bonds authorized under Section 2.01.

“Initial Notes” means notes issued in anticipation of the Initial Bonds.

“Issuer Representative” means the District Manager, the Finance Director and any other person or persons designated to act on behalf of the District in such capacity by resolution of the Governing Body.

“Net Revenues” means the Revenues received by the District during any period less the Operating Expenses paid by the District during such Fiscal Year.

“Operating Expenses” means the District’s reasonable and necessary current expenses of maintaining, repairing and operating the System, including, without limiting the generality of the foregoing, all administrative, general and commercial expenses, insurance and surety bond premiums, payments for the billing and collection of Service Charges, architectural and engineering expenses, fees and expenses of the Bond Registrar and any trustee appointed hereunder, legal expenses, any taxes which may be lawfully imposed on the District or its income or operations or the property under its control, ordinary and current rentals of equipment or other property, usual expenses of maintenance and repair, and any other current expenses required to be paid by the District under the provisions of this Bond Order or by law, all to the extent properly and directly attributable to the System, but not including any reserves for operation, maintenance or repair or any allowance for depreciation, amortization, interest or similar charges.

“Project” means Project as defined in the preamble to this Bond Order.

“Project Costs” means all costs of the design, planning, constructing, acquiring, installing and equipping of the Project as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the bonds or notes payable by the District, including (a) sums required to reimburse the District or its agents for advances made for any such costs, (b) interest during the construction process and for up to six months thereafter, and (c) all costs related to the financing of the Project and all related transactions.

“Qualified Investments” means any investments of political subdivisions of the State permitted under Section 159-30 of the General Statutes of North Carolina, as amended and as may be amended from time to time, or any successor statute.

“Revenue Fund” means the fund created and so designated by Section 5.03.

“Revenues” means all income received by the District from, in connection with, or as a result of, its ownership or operation of the System, including all moneys received in payment of rates, fees and other charges for the use of and for the services furnished by the System and investment income, but excluding the proceeds of any borrowing for payment of the costs of, or grants or donations intended for, specific System Improvements and also excluding any income received in payment of fees or charges that are intended to be set aside specifically for a particular capital project and that are not available for payment of Operating Expenses or debt service on the Bonds.

“Secretary” means the Secretary of The North Carolina Local Government Commission or any deputy secretary.

“Series Resolution” means the resolution of the Governing Body providing for the issuance of any Bonds and fixing the details thereof.

“Service Charges” means rates, fees and charges, including service, connection and other charges, for the use of, and for the services and facilities furnished or to be furnished by the System, as prescribed or fixed by the Governing Body.

“State” means the State of North Carolina.

“State Treasurer” means the Treasurer of the State of North Carolina or his designated assistant.

“Subordinated Indebtedness” means indebtedness the terms of which shall provide that it shall be subordinate and junior in right of payment to the prior payment in full of the Bonds. For purposes of this Bond Order, obligations or debt instruments issued to the State as part of the State Revolving Loan Program or State Clean Water Bond Program are deemed to be Subordinated Indebtedness. Such Subordinated Indebtedness shall comply with the requirements of Section 11.10 hereof.

“Subordinated Indebtedness Debt Service Requirement” means, with respect to Subordinated Indebtedness in any Fiscal Year, the sum of (a) the amount required to pay the interest on the Subordinate Indebtedness then outstanding which is payable in such Fiscal Year and (b) the amount required to pay the principal of the Subordinated Indebtedness then outstanding which is payable in such Fiscal Year, the computation of such

amount to be based on the assumption that (i) the Subordinated Indebtedness at the time outstanding will be retired according to its stated maturity or mandatory redemption requirements and (ii) if the Subordinated Indebtedness bears interest at a variable rate, the rate is the ceiling rate.

“System” means the Existing Facilities, the Project and any System Improvements.

“System Improvements” means any construction, reconstruction, improvement, enlargement, betterment or extension of the System, including all plants, works, instrumentalities and properties relating thereto.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “bond”, “owner”, “Holder” and “person” shall include corporations and associations, including public bodies, as well as natural persons. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Bond Order unless some other reference is indicated.

ARTICLE II

AUTHORIZATION OF PROJECT AND INITIAL BONDS; TERMS, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF BONDS

Section 2.01 Authorization of Project and Initial Bonds. The District shall issue, in accordance with and pursuant to the Act and this Bond Order, its water and sewer system revenue bonds in an aggregate principal amount not to exceed \$1,379,000 (the “Initial Bonds”) for the purpose of providing funds, together with any other available funds, to pay the costs of the Project and certain fees and expenses related to the authorization, issuance and sale of the Initial Bonds. The Initial Bonds shall be issued pursuant to the Act, this Bond Order and a Series Resolution authorizing and setting forth the details of the Initial Bonds. The Initial Bonds are expected to be issued after the issuance of notes for the Project and, at least in part, the proceeds of the Initial Bonds will be used to refund such notes.

Section 2.02 Character of Bonds. The Bonds shall be special revenue obligations of the District payable solely from Net Revenues.

Section 2.03 Terms of Bonds. The Bonds are issuable as fully registered bonds without coupons. The Bonds shall be dated, shall bear interest until their payment, such interest to the maturity thereof being payable at such rate or rates and at such time or times, and shall be stated to mature (subject to the right of prior redemption) at such times as set forth in the Series Resolution providing for the issuance of each series of Bonds. Both principal of and interest on the Bonds shall be paid by wire transfer of immediately available funds or by check mailed to the Holder thereof unless otherwise specified in the applicable Series Resolution for such Bonds. Interest shall be sent to the person shown as the Holder of the Bonds on the registration books on the 15th day of the month preceding each interest payment date (whether or not such 15th day is a business day). Each Bond shall be payable with respect to principal, redemption premium if any, and interest, in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The Bonds shall be redeemable prior to their respective maturities as provided in Article IV and in the Series Resolution providing for the issuance of such Bonds.

Section 2.04 Execution of Bonds. Each Bond shall be executed in the name of the District by manual or facsimile signatures of the County Manager and the Clerk and the Finance Director (or such other officers of the County as shall be designated by the Governing Body for such purpose) and shall have impressed or printed thereon the official seal of the District or a facsimile thereof; provided, however, that at least one manual signature must appear on each Bond (which may be the signature of the Secretary to the Commission’s certificate). Any Bond may be signed, sealed or attested on behalf of the District by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond or the date of delivery thereof such person shall not have held such office. In case any officer who shall have signed or sealed any of the Bonds shall cease to be such officer of the District before the Bonds so signed or sealed shall have been delivered, such Bonds may nevertheless be delivered as herein provided as if the person who so signed or sealed such Bonds had not ceased to be such officer.

Section 2.05 Registration and Transfer of Bonds. The District shall cause books for the registration of and for the registration of transfers of the Bonds as provided in this Bond Order to be kept by the Bond Registrar. The transfer of any Bond shall be registered upon the books kept for the registration of and registration of transfers of Bonds upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the Holder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the District shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond of the same series registered in the name of the transferee in an aggregate principal amount equal to the unpaid principal amount of such Bond, having maturities corresponding to the principal installments of such Bond and bearing interest at the same rate.

In all cases in which the Bonds shall be transferred hereunder, the District shall execute, the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Bond Order. The District and the Bond Registrar may make a charge for every such transfer of Bonds sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such transfer. Neither the District nor the Bond Registrar shall be required to make any such registration of transfer of Bonds during the fifteen (15) days immediately preceding an interest payment date on the Bonds or in the case of any proposed redemption of Bonds, immediately preceding the date of mailing of notice of such redemption, or after such Bond or any portion thereof has been selected for redemption.

Notwithstanding any other provisions of this Bond Order or any Series Resolution to the contrary, the Bond Registrar shall not register the transfer of any Bond to any person other than a bank, insurance company or similar financial institution or to the United States of America, acting by and through Rural Development, an agency of the United States Department of Agriculture (formerly Farmers Home Administration) ("USDA") unless such transfer has been previously approved by the Commission. The provisions of this paragraph may not be amended without the prior written consent of the Commission.

Section 2.06 Ownership of Bonds. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and the interest on any such Bond shall be made only to the Holder thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid.

Section 2.07 Mutilated, Destroyed, Stolen or Lost Bonds. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the District may prepare and cause to be executed, authenticated and delivered a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond and upon surrender of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon the owner furnishing to the satisfaction of the Bond Registrar, the Commission and the District evidence that such Bond has been destroyed, stolen or lost, proof of the ownership thereof, a surety Bond or other indemnification instrument in twice the face amount of the Bond or in such other amount required by applicable law, payment of the cost of preparing and issuing any new Bonds, including the reasonable expenses and charges of the District and the Bond Registrar in connection therewith and evidence of compliance with such other reasonable regulations as the Bond Registrar and Governing Body may prescribe. All Bonds surrendered hereunder shall be surrendered to the Bond Registrar and shall be cancelled. All Bonds issued in accordance with this Section shall be signed by the Mayor and the Clerk (or such other officers of the District as shall be designated by the Governing Body for such purpose) who are in office at the time and shall contain a recital to the effect that they are issued in exchange for or in place of certain Bonds and are to be deemed a part of the same series as such Bonds.

Section 2.08 Authentication of Initial Bonds. The Initial Bonds shall be executed substantially in the manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication, but prior to or simultaneously with the authentication by the Bond Registrar and delivery of the Initial Bonds by the State Treasurer there shall be filed with the Bond Registrar and delivered to the initial purchaser of the Initial Bonds the following:

- a. copies, certified by the Clerk to be true and correct copies, of this Bond Order and the Series Resolution authorizing and prescribing the details of the Initial Bonds, including form, maturities and redemption provisions;
- b. a certificate of the Commission showing the award of the Initial Bonds and specifying the interest rate or rates thereof;
- c. a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Governing Body directing the authentication of the Initial Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth and
- d. an opinion of Counsel to the effect that the issuance of the Initial Bonds has been duly authorized, executed and delivered by the District and such other matters as may be requested by the initial purchaser of the Initial Bonds.

When the documents mentioned in clauses (a) to (d), inclusive, of this Section shall have been filed with the Bond Registrar and when the Initial Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall authenticate and deliver the Initial Bonds to or upon the order of the purchasers thereof, but only upon payment to, or upon the order of, the State Treasurer of the purchase price of the Initial Bonds. The Bond Registrar shall be entitled to rely upon the foregoing certificates with respect to the matters contained therein.

The Initial Bonds shall not be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

Section 2.09 Approval of Issuance and Sale of Initial Bonds. None of the Initial Bonds shall be issued unless they are approved and sold by the Commission and until the Secretary shall have endorsed thereon a certificate evidencing approval in accordance with the provisions of the Act.

Section 2.10 Issuance of Revenue Bond Anticipation Notes. The District is authorized to issue, in anticipation of the receipt of the net proceeds of any Bonds, water and sewer system revenue bond anticipation notes, including the Initial Notes, for the purpose of providing funds to pay the cost of the Project or any System Improvements. The payment of the principal of, redemption premium, if any, and interest on such notes shall be secured by a pledge, charge and lien upon the proceeds of any Bonds, including the Initial Bonds, if and when issued, and by the pledge of the Net Revenues pursuant to Section 5.01. The Revenues, as received by the District, shall immediately be subject to the lien of the pledge of the Net Revenues without any physical delivery thereof or further act. All covenants, obligations and agreements of the District contained in this Bond Order shall be deemed to be covenants, obligations and agreements of the District with the Holders of any notes hereafter issued.

ARTICLE III ADDITIONAL BONDS

Section 3.01 Refunding of Outstanding Bonds. The District may, to the extent permitted by the Act and the provisions of this Section, issue, from time to time, bonds, notes and other evidences of indebtedness secured by and payable from Net Revenues (herein referred to as “Additional Bonds”) for the purpose of refunding all or any portion of the Initial Bonds or any Additional Bonds for the purpose of achieving aggregate debt savings; provided, however, that bond anticipation notes issued pursuant to Section 2.10 may be refunded without evidence of aggregate debt savings. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such refunding obligations shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as other Bonds. The Bond Registrar shall not authenticate and deliver any Additional Bonds for this purpose unless theretofore or simultaneously therewith there shall have been filed with the Bond Registrar the following:

- a. a copy, certified by the Clerk to be a true and correct copy, of the Series Resolution authorizing the issuance of the Additional Bonds and prescribing the details thereof;
- b. a certificate of the Commission showing the award of the Additional Bonds and specifying the interest rate or rates thereof;
- c. a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Governing Body directing the authentication of the Additional Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;
- d. an opinion of Counsel to the effect that the issuance of the Additional Bonds has been duly authorized, executed and delivered, that all conditions precedent to the delivery of the Additional Bonds have been fulfilled and such other matters as may be requested by the initial purchaser of the Additional Bonds; and
- e. such documents as shall be required by the Bond Registrar to evidence that provision has been satisfactorily made for the redemption of the Bonds to be refunded.
- f. When the documents mentioned in clauses (a) to (e), inclusive, of this Section shall have been filed with the Bond Registrar and when the Additional Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall deliver the Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the State Treasurer of the purchase price of the Additional Bonds.

No Additional Bonds shall be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

Section 3.02 Financing of System Improvements. The District may, to the extent permitted by the Act and the provisions of this Section, issue Additional Bonds which shall be secured by and payable from the same funds as previously issued Bonds for the purpose of financing System Improvements. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such obligations shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as all other Bonds. The Bond Registrar shall not authenticate and deliver any Additional Bonds for this purpose unless theretofore or simultaneously therewith there shall have been filed with the Bond Registrar, the following:

- (a) a copy, certified by the Clerk to be a true and correct copy, of the Series Resolution authorizing the issuance of the Additional Bonds and prescribing the details thereof and providing that the System Improvements to be financed with the proceeds thereof are thereby made a part of the System and that the Revenues of such System Improvements are thereby pledged to the Additional Bonds and as additional security for the outstanding Bonds;
- (b) a certificate of the Commission showing the award of the Additional Bonds and specifying the interest rate or rates thereof;
- (c) a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Governing Body directing the authentication of the Additional

Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) an opinion of Counsel to the effect that the issuance of the Additional Bonds has been duly authorized, executed and delivered, that all conditions precedent to the delivery of the Additional Bonds have been fulfilled and such other matters as may be requested by the initial purchaser of the Additional Bonds;

(e) a certificate, signed by a District Representative stating that (i) all payments required by Section 5.04 to pay debt service and all deposits into the Debt Service Reserve Fund prior to the beginning of the month during which the Additional Bonds are issued have been made and (ii) to his or her knowledge, no event of default shall have occurred and be continuing under this Bond Order;

(f) except for notes issued prior to the issuance of the Initial Bonds, a certificate, signed by a District Representative, stating that the Net Revenues for each of the two complete Fiscal Years next preceding the issuance of the proposed Additional Bonds were equal to at least 110% of the Debt Service Requirement on all Bonds then outstanding during each such Fiscal Year, 100% of the amount necessary to pay annual debt service obligations on Subordinated Indebtedness, if any, and 100% of the amount necessary to pay annual debt service obligations coming due in that Fiscal Year with respect to the District's general obligation bonds and installment financing obligations, if any, used to finance System Improvements; and

(g) except for notes issued prior to the issuance of the Initial Bonds, including the Initial Notes, a statement, signed by a District Representative, to the effect that the estimated Net Revenues for each of the first two complete Fiscal Years following the date of issuance of the Additional Bonds will be at least 110% of the Debt Service Requirements on all outstanding Bonds and the proposed Additional Bonds for each such Fiscal Year, 100% of the amount necessary to pay annual debt service obligations on Subordinated Indebtedness, if any, and 100% of the amount necessary to pay annual debt service obligations coming due in that Fiscal Year with respect to the District's general obligation bonds and installment financing obligations, if any, used to finance System Improvements.

When the applicable documents mentioned in clauses (a) to (g), inclusive, of this Section shall have been filed with the Bond Registrar and when the Additional Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall deliver the Additional Bonds to or upon the order of the purchasers thereof, but only upon payment of the purchase price of the Additional Bonds.

No Additional Bonds shall be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

Section 3.03 Approval by Local Government Commission. Additional Bonds shall not be issued unless they are approved and sold by the Commission and until the Secretary shall have endorsed thereon a certificate evidencing approval in accordance with the Act.

Section 3.04 Waiver of Additional Bonds Limitations. The limitations hereinabove set forth with respect to the issuance of Additional Bonds may be waived or modified by the written consent of Holders owning sixty percent (60%) or more of the aggregate principal amount of the outstanding Bonds. No such waiver or modification will be effective without a statement, signed by a District Representative, to the effect that the estimated Net Revenues for the first two complete Fiscal Years following the date of issuance of the Additional Bonds will be at least 100% of the Debt Service Requirements on all outstanding Bonds and the proposed Additional Bonds for each such Fiscal Year.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01 Terms and Conditions. The Bonds, and the respective installments of principal corresponding thereto, shall be subject to redemption, both in whole and in part, at such times and prices, as may be provided by the Series Resolution authorizing the issuance of such Bonds.

Section 4.02 Notice of Redemption. Whenever the District shall elect to redeem Bonds notice thereof shall be given in the manner provided in the Series Resolution authorizing the issuance of such Bonds.

Section 4.03 Payment of Redeemed Bonds. Notice having been given in the manner provided in this Bond Order and the applicable Series Resolution, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the redemption price set forth in such notice. Upon presentation and surrender of the Bonds so called for redemption at the place of payment specified in such notice, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder or his duly authorized attorney, such Bonds shall be paid at the aforementioned redemption price. In case part but not all of an outstanding bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the applicable redemption price and the District shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Holder or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a registered Bond of the same series and maturity, bearing interest at the same rate and of any authorized denomination.

If, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed shall be available therefor at the place of payment specified in the notice of redemption, then from

and after the redemption date, the Bonds or the installments of principal thereof so called for redemption shall cease to bear interest. All moneys held for the redemption of particular Bond or for the prepayment of particular installments thereof shall be held in trust for the account of the Holders of the Bonds so to be redeemed or prepaid.

If such moneys shall not be so available on the redemption date, the Bonds called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.04 Cancellation of Redeemed Bonds. All Bonds redeemed prior to maturity shall be cancelled forthwith in the manner provided by applicable law.

ARTICLE V REVENUES AND FUNDS

Section 5.01 Pledge of Net Revenues. The District hereby pledges the Net Revenues to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds and the Initial Notes. The Net Revenues, as received by the District, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge shall have priority over any or all other obligations and liabilities of the District, including any general obligation bonds, or notes issued in anticipation thereof, heretofore or hereafter issued by the District for the purpose of providing water and sewer systems or facilities and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice thereof.

Section 5.02 Rate Covenant. (a) The District covenants to fix, charge and collect rates, fees, rentals and charges for the use of and for services furnished or to be furnished by the System, and that from time to time and as often as it shall appear necessary, it shall revise such rates, fees, rentals and charges as may be necessary or appropriate, in order that for each Fiscal Year the Net Revenues (calculated in accordance with generally accepted accounting principles) will be not less than one hundred and ten percent (110%) of the Debt Service Requirement for such Fiscal Year and one hundred percent (100%) of the Subordinated Indebtedness Debt Service Requirement for such Fiscal Year and one hundred percent (100%) the amount necessary to meet annual debt service obligations coming due in that Fiscal Year with respect to the District's general obligation bonds and installment financing obligations, if any, used to finance System Improvements.

(b) In addition to the covenant set forth in subsection (a) above, the District also covenants to fix, charge and collect rates, fees, rentals and charges for the use of and for the services furnished or to be furnished by the System, and that from time to time and as often as it shall appear necessary, it shall revise such rates, fees, rentals and charges as may be necessary or appropriate, in order that the Revenues will be sufficient in each Fiscal Year (i) to pay Operating Expenses, (ii) to pay the Debt Service Requirements and (iii) to make such other deposits or payments as may be required under the provisions of this Bond Order or any Series Resolution.

(c) The District covenants that all users will pay for services at the rates, fees and charges established by the District from time to time in accordance with the District's customary billing practices and policies.

(d) If the District fails to comply with the covenants set forth in subsections (a) and (b) above, it shall, within thirty (30) days of the receipt by the District of the audit report required by Section 7.08, request a Consulting Engineer to make its recommendations, if any, as to a revision of the District's rates, fees, rentals and charges for the System, its Operating Expenses or the method of operation of the System in order to satisfy the foregoing requirements of this Section. Copies of such request and of the recommendations of the Consulting Engineer, if any, shall be filed by the District with the Commission. Promptly upon its receipt of the recommendations of the Consulting Engineer, the District shall, after giving due consideration to the recommendations, revise its rates, fees, rentals and charges for the System or its Operating Expenses or alter its methods of operation, which revisions or alterations need not comply with the Consulting Engineer's recommendations but which are projected by the District to result in compliance with the covenants set forth in subsections (a) and (b) of this Section. If the District shall comply with all of the recommendations of the Consulting Engineer, failure to comply with the provisions of subsections (a) and (b) above shall not constitute an event of default under the provisions of clause (f) of Section 8.01. Compliance with all of the recommendations of the Consulting Engineer shall have no effect on any event of default other than an event of default under the provisions of clause (f) of Section 8.01. In the event of any failure to comply with the provisions of subsections (a) and (b) above and the failure of the District to comply with all of the recommendations of the Consulting Engineer, and in addition to the remedies elsewhere provided in this Bond Order, the Holders of not less than 50% in aggregate principal amount of the Bonds then outstanding may institute and prosecute in a court of competent jurisdiction an appropriate action to compel the District to comply with all of the recommendations of the Consulting Engineer in order to satisfy the foregoing requirements of this Section. The District covenants that it will adopt and charge rates, fees, rentals and charges for the System and revise its Operating Expenses or the method of operation of the System in compliance with any final order, decree or judgment entered in any such proceeding or modification thereof.

(e) Notwithstanding any of the foregoing provisions of this Section, contracts and agreements for the use of the System, or any component thereof, in effect on the date of issuance of the Initial Bonds shall not be subject to revision for purposes of compliance with the covenants set forth in subsections (a) and (b) of this Section except in accordance with their terms. The District may enter into new contracts or agreements

or amend or rescind existing contracts or agreements for the use of the System on such terms and for such periods of time as the District shall determine to be proper.

(f) The District also covenants to fix and charge rates, fees, rentals and charges for the System which rates, fees, rentals and charges shall be reasonable and non-discriminatory. Nothing contained in this Section shall obligate the District to take any action in violation of any applicable requirements imposed by law.

Section 5.03 Creation of Funds. There is hereby created the following designated special funds: (a) "Overhills Park Water and Sewer District, North Carolina Water and Sewer Fund" (which is the existing enterprise fund of the District relating to the System and which shall hereinafter be called the "Revenue Fund"); and the (b) Overhills Park Water and Sewer District, North Carolina Water and Sewer System Debt Service Reserve Fund" (hereinafter called the "Debt Service Reserve Fund"). The moneys in each Fund shall be held by the District in trust with a Depositary and applied as hereinafter provided in this Article. The funds in each Fund are hereby pledged to the payment of principal of, premium, if any, and interest on the Bonds. Each Fund shall be maintained as long as any of the Bonds are outstanding.

Section 5.04 Application of Revenues Received by the District. (a) All Revenues collected by or on behalf of the District shall be deposited by the District with one or more Depositaries as soon as practicable following the receipt thereof and held in the Revenue Fund. The District shall withdraw and transfer or expend moneys held in the Revenue Fund only for the purposes and in the manner set forth in this Section.

(b) Operating Expenses shall be paid by the District from, and shall be a first charge and lien against, the Revenue Fund. The Operating Expenses shall be paid from amounts held in the Revenue Fund as the same become due and payable in conformity with the applicable budgetary and payment procedures of the District.

(c) At such time or times as are specifically provided for herein or in any Series Resolution, the District shall, after payment of such Operating Expenses then due and payable, withdraw from the Revenue Fund the amount necessary to make the following payments or deposits in the following manner and order:

(i) At such time or times as provided in any Series Resolution, the Issuer shall pay to such persons an amount sufficient for the payment of the principal of, premium, if any, and interest on the Bonds then due and payable; provided, however, that if there shall not be sufficient Net Revenues to satisfy all such deposits and payments, such deposits and payments shall be made to each Holder ratably according to the amount so required to be deposited or paid;

(ii) At such time or times as provided in any Series Resolution, the Issuer shall transfer to the Debt Service Reserve Fund an amount equal to the debt service reserve fund requirement therefor; provided, however, that if there shall not be sufficient Net Revenues to satisfy all such deposits, such deposits shall be made to each such debt service reserve ratably according to the amount so required to be deposited.

(iii) Provided no event of default exists under this Bond Order, if any general obligation debt incurred to finance or refinance all or any part of the System is outstanding, the Issuer may, in its sole discretion, pay interest on and principal of such general obligation debt as the same becomes due and payable.

(iv) Provided no event of default exists under this Bond Order, if any installment purchase, lease purchase, conditional sale or other similar types of debt or obligations incurred to finance or refinance all or any part of the System are outstanding, the Issuer, in its sole discretion, may pay interest on and principal of such debt, or corresponding installment, lease or other similar type payments, as the same become due and payable.

Notwithstanding anything in this subsection (c) to the contrary, failure by the Issuer to make any deposits required by clauses (iii) and (iv) of this subsection (c) shall not in and of itself be an event of default under this Bond Order.

Provided, however, that if the amount so deposited in any month to the credit of any Fund mentioned in Section 5.04 hereof shall be less than the required amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Fund in each month thereafter until such time as such deficiency shall be made up.

(d) At the end of each month, after making all deposits or payments required by this Section (including setting aside sufficient funds to pay principal and interest due on the Bonds on the next interest payment date), the Issuer may transfer any balance remaining in the Revenue Fund to any other fund or account designated by the Issuer to be used for any lawful purpose, including, without limitation, to any capital project fund or capital revenue fund established for the System, but only if the following conditions are met: (i) no event of default shall exist and be continuing; (ii) in the opinion of the Finance Director of the Issuer, such transfer will not have a material adverse effect on the Issuer's ability over the next twelve calendar months to pay the Operating Expenses, to make all deposits and payments required by this Section

and to meet all other financial obligations imposed by this Bond Order or any Series Resolution; and (iii) the cumulative amount so transferred in any Fiscal Year shall not exceed the total amount budgeted to be transferred from the Revenue Fund in such Fiscal Year as shown in the Annual Budget for such Fiscal Year, as amended. Any funds transferred from the Revenue Fund in accordance with this subsection (d), other than transfers made to any fund or account for the payment of the principal of, premium, if any, or interest on the Bonds (including the Debt Service Reserve Fund), shall no longer be subject to the pledge, charge and lien upon the Net Revenues created by this Bond Order.

Section 5.05 Application of Moneys in Debt Service Reserve Fund. Moneys held for the credit of the Debt Service Reserve Fund shall be used for the purpose of paying interest on the Bonds and maturing principal of Bonds whenever and to the extent that the moneys held in the Revenue Fund to pay debt service on the Bonds shall be insufficient for such purpose, and the District shall transfer funds from the Debt Service Reserve Fund to the Revenue Fund as necessary to make such payments. Any moneys so withdrawn from such Fund shall be restored from available moneys in the Revenue Fund, subject to the same conditions as are prescribed for deposits to the credit of such Fund under the provisions of Section 5.04 hereof. If at any time the moneys held for the credit of the Debt Service Reserve Fund shall exceed the requirement for such Fund under the provisions of clause (b) of Section 5.04 hereof, such excess may be transferred by the credit of the Revenue Fund.

Section 5.06 Unclaimed Moneys. All moneys which the District shall have withdrawn from the Revenue Fund or shall have received from any other source and set aside for the purpose of paying the principal of, premium, if any, or interest on the Bonds hereby secured, either at the maturity thereof or upon call for redemption shall be held in trust for the respective Holders of such Bonds. Any moneys which shall be set aside and which shall remain unclaimed by the Holders of such Bonds for the period of five years after the date on which such Bonds shall have become payable shall be treated as abandoned property pursuant to the provisions of G.S. 116B-18, and the District shall report and remit this property to the Escheat Fund according to the requirements of Article 3 of Chapter 116B of the North Carolina General Statutes. Thereafter the Holders of such Bonds shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received without any interest thereon, and the District shall have no responsibility with respect to such moneys.

Section 5.07 Cancellation. All Bonds paid, redeemed or purchased either at or before maturity, shall, at the direction of the District, be delivered to the Bond Registrar or to the District when such payment, redemption or purchase is made and such Bonds shall thereupon be cancelled in the manner provided by applicable law. All Bonds cancelled under any of the provisions of this Bond Order shall be destroyed by the Bond Registrar which shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the District and the second executed certificate shall be retained by the Bond Registrar.

ARTICLE VI SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 6.01 Security for Deposits. All moneys deposited with the District or any other Depositary designated by the Governing Body hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency shall be continuously secured, for the benefit of the District and the Holders of the Bonds, in such manner as may then be required by applicable state or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, including applicable regulations of the Commission.

Section 6.02 Investment of Funds. Moneys held for the credit of any fund or account established under this Bond Order or any Series Resolution, including the Revenue Fund, shall, as nearly as may be practicable, be continuously invested and reinvested in Qualified Investments which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of such fund or account will be required for the purposes intended. Obligations and certificates of deposit purchased as investments of moneys in any such fund or account shall be deemed at all times to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting therefrom shall be charged to such fund or account. The District shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from such fund or account. Neither the District nor any District Representative shall be liable or responsible for any loss resulting from any such investment in a Qualified Investment. For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations in which moneys in such fund or account have been invested shall be valued at the fair market value of such investment.

ARTICLE VII PARTICULAR COVENANTS

Section 7.01 Payment of Bonds and Observance of Covenants. The District covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Bond Order at the places, on the dates and in the manner provided herein and in the Bonds and any premium required for the retirement of the Bonds by purchase or redemption, according to the true intent and meaning thereof. Except as in this Bond Order otherwise provided, the principal, interest and premiums shall be secured solely by the Net Revenues, which are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified. Nothing in the Bonds or in this Bond Order shall be construed as pledging the faith and credit of the District to payment of the Bonds or as obligating the District, directly or indirectly or contingently, to levy or to pledge any form of ad valorem tax whatever therefor. The District covenants that it shall faithfully do and perform and at all times fully observe any and all covenants, undertakings, stipulations and provisions contained herein or in the Bonds.

Section 7.02 Construction of Project and System Improvements. The District covenants that it will forthwith diligently proceed to complete the Project and any System Improvements in accordance with plans and specifications therefor in conformity with law and all requirements of all governmental authorities having jurisdiction thereover, and that it will complete such construction with all expedition practicable.

The District further covenants and agrees that it will require each person, firm or corporation with whom it may contract for labor or materials in connection with the construction of the Project or any System Improvements to furnish a performance bond as required by law to insure completion and performance of such contract, or, in lieu thereof, to deposit with a Depositary marketable securities having a market value equal to the amount of such contract and eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States, and to carry such workmen's compensation or employers' liability insurance as may be required by law and such builders' risk insurance, if any, as may be required by law. The District further covenants and agrees that in the event of any default under any such contract and the failure of the surety to complete the contract, the proceeds of any such performance bond or securities shall forthwith, upon receipt of such proceeds, be applied toward the completion of the contract in connection with which such performance bond or securities shall have been furnished.

Section 7.03 Operation and Maintenance of System. The District covenants that it shall at all times operate the System properly and in a sound and economical manner, and shall maintain, preserve and keep the System or cause the System to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

Section 7.04 Rules, Regulations and Other Details. The District covenants that it shall establish and shall enforce reasonable rules and regulations governing the operation, use and services of the System and all other property and assets owned and operated by the District and that all compensations, salaries, fees and wages paid by the District in connection with the maintenance, repair and operation of the System shall be reasonable. The District shall observe and perform or shall cause to be observed and performed all of the terms and conditions contained in the Act, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System and all other property and assets owned and operated by the District.

Section 7.05 Payment of Lawful Charges. The District covenants that, from Revenues, it will pay all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon or in respect of the System or upon any part and that, from such Revenues, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon such Revenues; provided, however, that nothing in this Section contained shall require the District to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 7.06 Insurance and Reconstruction. The District covenants that it will obtain and maintain insurance, with reasonable terms, conditions, provisions and costs, which the District determines will afford adequate protection against such risks as are customarily insured against in connection with the operation of sewer systems of the type and size comparable to the System. All such insurance policies shall be carried in an insurance company or companies authorized and qualified under the laws of the State of North Carolina to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of the System shall be deposited with the District and shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner determined by the District. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any other available funds of the District in its sole discretion. The proceeds of all insurance covering loss of Revenues shall be deposited to the credit of the Revenue Fund.

Section 7.07 Annual Budget. The District covenants that it shall develop an Annual Budget for each Fiscal Year consistent with the budget preparation schedule set forth in the State's applicable fiscal control statutes. If for any reason the Governing Body shall not have adopted the Annual Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force.

The Governing Body may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, but no such amended or supplemental budget shall be effective until it shall be approved in the manner hereinbefore prescribed for the Annual Budget.

The District covenants that the Operating Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount or incur any obligations for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget.

Section 7.08 Records, Books and Audits. The District covenants that it will keep each of the funds of the System separate from all other funds of the District and that it will keep accurate records and accounts of all items of cost and of all expenditures relating to the System and of the Revenues collected and the application of such Revenues. Such records and accounts shall at all times during normal business hours be open to the inspection of the Commission and the Holders of the Bonds.

The District shall cause its independent certified public accountant to prepare and deliver to the District within 180 days after the close of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2017, an audit of the District's books and accounts. Reports of each such audit shall be filed with the Commission and, upon written request to the Finance Director, to each Bondholder and shall be made available for inspection at the office of the Finance Director. Included in each such audit report shall be a calculation of the rate covenant described in Section 5.02 for such Fiscal Year. Each such audit report shall be accompanied by an opinion of the independent certified public accountant stating that the examination of the financial statements was conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly the financial position of the System and the results of its operations and a statement of cash flows for the period covered by such audit report in conformity with generally accepted accounting principles applied on a consistent basis. If for any reason beyond its control, the District is unable to obtain the foregoing opinion as to compliance with generally accepted accounting principles, the District shall be deemed to be in compliance with this Section if it is taking all reasonable and feasible action to obtain such opinion in subsequent Fiscal Years, and if, in lieu of a statement as to compliance and conformity, such opinion states the reasons for such noncompliance or non-conformity.

Section 7.09 Sale or Encumbrance. (a) The District covenants that it will not sell, lease or otherwise dispose of or encumber the System or any part thereof except as expressly permitted by this Section or as agreed to by one hundred percent (100%) of the Holders.

(b) The District may, from time to time, sell or otherwise dispose of such property forming part of the System, including machinery, fixtures, apparatus, tools, instruments or other property, as the Governing Body may determine is obsolete or no longer needed for the proper maintenance and operation of such System. The proceeds from any sale, lease or disposition of the System, in whole or in part, shall be applied to the replacement of the properties so sold or otherwise disposed of or shall be deposited in the Revenue Fund or otherwise used to pay or redeem Bonds.

(c) The District may incur obligations secured by a lien on (a) rolling stock comprising a part of the System without limitation and (b) other property, plant and equipment comprising a part of the System; provided, however, that the principal amount of such obligations outstanding at any one time shall not exceed 20% of the net book value of the property, plant and equipment of the System (not taking into account any outstanding obligations with respect to rolling stock that is a part of the System) as shown on the audited financial statements of the District for the most recent Fiscal Year for which audited financial statements are available.

Section 7.10 Limitation on Liens. The District covenants that it will not create or permit to be created any charge or lien on the System or the Net Revenues ranking equally with or prior to the charge or lien on the Net Revenues of the Bonds issued and secured hereunder unless otherwise expressly permitted by this Bond Order or required by applicable law. The District shall discharge or cause to be discharged, or shall make adequate provision to satisfy and discharge, within sixty (60) days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the System and the operation of the System and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the System or the Net Revenues if unpaid. Nothing contained in this Section shall require the District to pay or cause to be discharged, or make provision for the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings. The District may issue Subordinated Indebtedness secured by a charge or lien on the System or Net Revenues that is expressly subordinate to any Bonds issued hereunder.

Section 7.11 Instruments of Further Assurance. The District covenants that at any and all times it shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further orders, resolutions, acts, conveyances, transfers and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting and confirming all and singular the rights, Net Revenues and other funds hereby pledged or intended so to be, or which the District may hereafter become bound to pledge or as may be reasonable and required to carry out the purposes of the Bond Order and comply with the Act. The District further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues and all the rights of the Holders against all claims and demands of all persons whomsoever.

ARTICLE VIII DEFAULTS AND REMEDIES

Section 8.01 Events of Default. Each of the following events is hereby declared an “event of default” hereunder:

- (a) payment of the principal of or, premium, if any, on the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) payment of any installment of interest on the Bonds shall not be made when the same shall become due and payable; or
- (c) final judgment for the payment of money in excess of \$500,000 is rendered against the District as a result of its ownership, control or operation of the System, and any such judgment is not discharged within one hundred twenty (120) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof;
- (d) the District (i) becomes insolvent or the subject of insolvency proceedings; or (ii) is unable, or admits in writing its inability, to pay its debts as they mature; or (iii) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) files a petition or other pleading seeking reorganization, composition, readjustment, or liquidation of assets, or requesting similar relief; or (v) applies to a court for the appointment of a receiver for it or for the whole or any part of the System; or (vi) has a receiver or liquidator appointed for it or for the whole or any part of the System (with or without the consent of the District) and such receiver is not discharged within ninety (90) consecutive days after his appointment; or (vii) becomes the subject of an “order for relief” within the meaning of the United States Bankruptcy Code; or (viii) files an answer to a creditor’s petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within sixty (60) consecutive days after the same is filed against the District;
- (e) a court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property under the provisions of any other law for the relief or aid of debtors, and such custody or control is not terminated within ninety (90) days from the date of assumption of such custody or control; and
- (f) the District defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, this Bond Order or any Series Resolution, and such default continues for thirty (30) days after receipt by the District of a written notice from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of the Bonds then outstanding specifying such default and requesting that it be corrected; provided, however, that if prior to the expiration of such 30-day period the District institutes action reasonably designed to cure such default, no “event of default” shall be deemed to have occurred upon the expiration of such 30-day period for so long as the District pursues such curative action with reasonable diligence.

Section 8.02 Bonds Declared Due and Payable. Upon the happening and continuance of any event of default specified in Section 8.01, then and in every such case, the Holders of a majority in principal amount of the Bonds then outstanding may, by a notice in writing to the District, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Bond Order to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Order, moneys shall become available to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such Bonds since the last interest payment date), and all other amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with a Depositary, and every other default in the observance or performance of any covenant, condition or agreement contained in

the Bonds or in this Bond Order (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section), shall have been remedied to the satisfaction of the Holders, then and in every such case the Holders may, and upon the written request of the Holders of a majority in principal amount of the Bonds not then due by their terms and then outstanding shall, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time moneys are insufficient to pay the interest on or the principal of the Bonds as the same become due and payable, all moneys held in the Revenue Fund, together with any moneys then available or thereafter becoming available for such purpose, after payment of all Operating Expenses then due and payable, shall be applied as provided in Section 11.02.

Section 8.03 Additional Remedies. Upon the happening and continuance of any event of default specified in Section 8.01, then and in every case the Holders may proceed to protect and enforce their rights hereunder and under the laws of the State of North Carolina, including the Act, by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Holders, shall deem most effectual to protect and enforce such rights.

Section 8.04 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 8.05 Waiver of Default. No delay or omission of the Holders of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Holders of a majority of the Bonds may waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Order or before the completion of the enforcement of any other remedy under this Bond Order, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 8.06 Notice of Default. The District shall mail to the Commission and to the Holder of each Bond then outstanding written notice of the occurrence of any event of default set forth in Section 8.01 as soon as practical, but in no event later than thirty (30) days, after the District shall have notice that any such event of default has occurred.

ARTICLE IX THE TRUSTEE

Section 9.01 Designation of Trustee. The District may at any time, with the approval of the Commission, appoint a Trustee to administer the provisions of this Bond Order and may adopt such supplements to this Bond Order in accordance with Section 9.01 as shall be necessary or desirable to effectuate such appointment.

Any Trustee appointed shall be capable of exercising trust powers in the State, which must be a bank or trust company with a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority, so long as any Bonds are outstanding hereunder. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

ARTICLE X SUPPLEMENTAL ORDERS

Section 10.01 Without Consent of Holders. The Governing Body may amend this Bond Order in any respect without the consent of any Holders of the Bonds prior to the delivery of the Initial Bonds.

The Governing Body may also, from time to time and at any time following delivery of the Initial Bonds, without the consent of any Holders of the Bonds, adopt such orders supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental orders shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Bond Order and shall not materially and adversely affect the interest of the Holders:

- (a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Bond Order or in any supplemental order, or
- (b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, or
- (c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Bond Order other conditions, limitations and restrictions thereafter to be observed, or to add to the covenants and agreements of the District in this Bond Order other covenants and agreements thereafter to be observed by the District or to surrender any right or power herein reserved to or conferred upon the District.

At least thirty (30) days prior to the adoption of any supplemental order for any of the purposes set forth in the clauses (a) through (d) in this Section, the Bond Registrar, at the expense of the District, shall cause a notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to the Holder of each Bond at the address appearing on the registration books and to the Commission. Such notice shall briefly set forth the nature of the proposed supplemental order and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by all Holders. A failure on the part of the Bond Registrar to mail the notice required by this Section shall not affect the validity of such supplemental order.

Section 10.02 With Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time following delivery of any Bonds, anything contained in this Bond Order to the contrary notwithstanding, to consent to and approve the adoption, of such order or orders supplemental hereto as shall be deemed necessary or desirable by the Governing Body for the purpose of modifying, altering, amending, adding to or rescinding, in particular, any of the terms or provisions contained in this Bond Order or in any supplemental order; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder without the consent of the Holder of such Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon without the consent of the Holder of such Bond, or (c) the creation of a lien upon or a pledge of Revenues or Net Revenues other than the lien and pledge created by this Bond Order without the consent of the Holders of all Bonds outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds outstanding or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental order without the consent of the Holders of all Bonds outstanding.

Section 10.03 Obtaining Consent of Holders. If at any time the Governing Body shall determine that it is necessary or desirable to adopt any supplemental order for any of the purposes of Section 10.02, the Bond Registrar, at the expense of the District, shall cause notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to each Holder of Bonds at the addresses appearing on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental order and shall state that copies thereof are on file at the principal corporate trust office of the Bond Registrar for inspection by all Holders. The Bond Registrar shall not, however, be subject to any liability to any Holder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental order when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of the first mailing of such notice, the District shall deliver to the Bond Registrar an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental order described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body may adopt such supplemental order in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the adoption of such supplemental order shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such supplemental order, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Governing Body from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental order pursuant to the provisions of this Section, this Bond Order shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Order of the District, the Bond Registrar and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Bond Order as so modified and amended.

Bonds owned or held by or for the account of the District shall not be deemed outstanding and shall be excluded for the purpose of any consent or any calculation provided for in this Article.

Bonds delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the District and Bond Registrar as to such action. If the District and Bond Registrar shall so determine, new Bonds modified to conform to any such action shall be prepared, authenticated and delivered to the Holder of any Bond then outstanding without cost to such Holder in exchange for and upon surrender of such outstanding Bonds.

Section 10.04 Unanimous Consent of Holders. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Bond Order or any order supplemental hereto and the rights and obligations of the District and of the Holders of the Bonds may be modified or amended in any respect upon the adoption by the Governing Body of an order to that effect, approved by the Bond Registrar, and the filing with the Governing Body of the written consent of the Commission and the Holders of all the Bonds. No notice to Holders shall be required.

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01 Discharge of Bond Order. If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption and the whole amount of the principal and the interest and premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid, then and in that case the right, title and interest of the Holders of the Bonds secured hereby in the Net Revenues and funds mentioned in this Bond Order shall thereupon cease, terminate and become void, and the District, in such case, may apply any and all balances remaining in any funds or accounts to any lawful purpose of the District as the Governing Body shall determine; otherwise this Bond Order shall be, continue and remain in full force and effect.

Section 11.02 Payments When Funds are Insufficient. Anything in this Bond Order to the contrary notwithstanding, if at any time moneys are insufficient to pay the interest on or the principal of the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), all moneys in the Revenue Fund, together with any moneys then available or thereafter becoming available for such purpose, after payment of all Operating Expenses then due and payable, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Order), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article IV.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then the moneys then remaining in

and thereafter accruing to the Revenue Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Section 11.03 Effect of District's Undertakings. All of the covenants, stipulations, obligations and agreements contained in this Bond Order shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, Council, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

The District shall have the right to enter into a contract with any public or private agency for the maintenance, operation and improvement of the System for such periods of time and under such terms and conditions which are not inconsistent with the provisions of this Bond Order as the Governing Body shall determine to be in the best interests of the District and of the Holders of Bonds issued pursuant to the provisions of this Bond Order.

Section 11.04 Notices. Any notice, demand, direction, request or other instrument authorized or required by this Bond Order to be given to or filed with the District or the Bond Registrar shall be deemed to have been sufficiently given or filed for all purposes of this Bond Order if and when sent by registered or certified mail, return receipt requested, to the District or the Bond Registrar if addressed to Board of Commissioners, Cumberland County, North Carolina, 117 Dick Street, Fayetteville, NC 28301, Attention: Finance Director; and to the Commission, if addressed to the Secretary, Local Government Commission, Albemarle Building, 325 N. Salisbury Street, Raleigh, North Carolina 27603-1385.

Section 11.05 Execution of Instruments by Holders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Bond Order to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Bond Order, and shall be conclusive in favor of the Bond Registrar with regard to any action taken by it under such instrument, if in accordance with the registration books maintained for the bonds.

Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Bond Registrar in pursuance of such request or consent.

Section 11.06 Parties Interested Herein. Except as herein otherwise expressly provided, nothing in this Bond Order expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the District, the Bond Registrar and the Holders of the Bonds issued under and secured by this Bond Order any right, remedy or claim, legal or equitable, under or by reason of this Bond Order or any provision hereof, this Bond Order and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders from time to time of the Bonds issued hereunder.

Section 11.07 Limited Obligations on Bonds. Nothing in the Bonds or in this Bond Order shall be construed as pledging either the faith and credit or the taxing power of the District for their payment, or to create any debt against the District except as payable from Net Revenues, or as conveying or mortgaging the System or any part thereof. No Holder of Bonds has the right to compel the exercise of the taxing power of the District or the forfeiture of any of its property, other than Net Revenues, in connection with any default hereunder.

Section 11.08 No Recourse Against Members, Officers or Employees of the District or the Commission. No recourse under, or upon, any statement, obligation, covenant or agreement contained in this Bond Order, or in any Bond or bond anticipation note hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the District or the Commission, or by the enforcement of any assessment, or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee of the District or the Commission, either directly or through the District for the payment for or to, the District or the Commission or any receiver of either of them, or for, or to, any owner or holder of Bonds or bond anticipation notes or otherwise, of any sum that may be due and unpaid upon any such Bond or bond anticipation note. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the District or the Commission or any receiver of either of them, or for, or to, any owner or holder of Bonds, bond anticipation notes or otherwise, of any sum that may remain due and unpaid upon the Bonds or bond anticipation notes hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of this Bond Order and the issuance of the Bonds.

Section 11.09 Severability of Invalid Provisions. In case any one or more of the provisions of this Bond Order or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Bond Order or of the Bonds, but this Bond Order and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Bond Order shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the District to the full extent permitted by law.

Section 11.10 Issuance of Subordinate Obligations and Expenditures for System Improvements. Nothing in this Bond Order express or implied shall be construed as preventing the District from financing System Improvements (or acquisition or improvement of assets of the District other than the System) by the issuance of obligations which are not secured under the provisions of this Bond Order or from making expenditures for System Improvements from moneys received by the District solely for such purpose. Any Subordinate Indebtedness shall include a provision prohibiting acceleration thereof while any Bonds are Outstanding hereunder.

Section 11.11 Applicable Law. This Bond Order is adopted with the intent that the laws of the State of North Carolina shall govern its construction.

Section 11.12 Headings, Etc. Any headings preceding the texts hereof and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Order, nor shall they affect its meaning, construction or effect.

Section 11.13 Officers' Authority. The officers and agents of the District are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Bond Order for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Bond Order.

Section 11.14 Inconsistent Matters. All orders and resolutions and parts thereof, which are in conflict or inconsistent with any provisions of this Bond Order are hereby repealed and declared to be inapplicable to the provisions of this Bond Order.

Section 11.15 Effective Date. This Bond Order shall be effective immediately upon its adoption.

Chairman Faircloth introduced the bond order as recorded above.

MOTION: Commissioner Lancaster moved to adopt the Bond order of the Overhills Park Water and Sewer District authorizing the issuance of water and sewer system revenue bonds to provide funds to construct improvements to its water and sewer system; providing for the issuance of revenue bond anticipation notes in anticipation of the issuance of revenue bonds; providing for the creation of certain special funds; pledging to the payment of the principal of and the interest on the revenue bonds and notes certain revenues of the water and sewer system; setting forth the rights and remedies of holders; and setting forth the details of certain related matters.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (7-0)

- 2) Resolution Authorizing the Issuance and Sale of Water and Sewer System Revenue Bond Anticipation Notes in the Aggregate Principal Amount of \$1,379,000

BOARD OF COMMISSIONERS
OF CUMBERLAND COUNTY
ACTING AS THE GOVERNING BODY OF
THE OVERHILLS PARK WATER AND SEWER DISTRICT

Extracts from Minutes
of Meeting on
August 15, 2016

Present: Chairman _____ presiding, and Commissioners: _____

Absent: Commissioners _____

* * * * *

Commissioner _____ introduced the following resolution, the title of which was read:

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION
NOTES OF THE OVERHILLS PARK WATER AND SEWER
DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF
\$1,379,000

WHEREAS, the Board of Commissioners of Cumberland County, North Carolina (the “County”), acting as the governing body of the Overhills Park Water and Sewer District (the “District”), is authorized by The State and Local Government Revenue Bond Act, as amended, to issue its revenue bonds to provide moneys for the acquisition, construction, reconstruction, extension, improvement or payment of the cost of one or more revenue bond projects, including water systems or facilities and has determined to finance the cost of improvements to its water and sewer system (the “Project”); and

WHEREAS, on August 15, 2016, the Board of Commissioners of the County, acting as governing body of the District, adopted a bond order (the “Bond Order”) entitled:

“BOND ORDER OF THE OVERHILLS PARK WATER AND SEWER DISTRICT AUTHORIZING THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS TO PROVIDE FUNDS TO CONSTRUCT IMPROVEMENTS TO ITS WATER AND SEWER SYSTEM; PROVIDING FOR THE ISSUANCE OF REVENUE BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE OF REVENUE BONDS; PROVIDING FOR THE CREATION OF CERTAIN SPECIAL FUNDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE REVENUE BONDS AND NOTES CERTAIN REVENUES OF THE WATER AND SEWER SYSTEM; SETTING FORTH THE RIGHTS AND REMEDIES OF HOLDERS; AND SETTING FORTH THE DETAILS OF CERTAIN RELATED MATTERS”; and

WHEREAS, on August 2, 2016, the North Carolina Local Government Commission (the “Commission”) approved the issuance of bonds up to an aggregate principal amount of \$1,379,000 under the Bond Order when adopted; and

WHEREAS, the Bond Order authorizes the issuance of Additional Bonds (as defined in the Bond Order) and bond anticipation notes in accordance with Section 3.02 thereof in order to finance System Improvements (as defined in the Bond Order), including notes issued prior to issuance of the Initial Bonds under the Bond Order; and

WHEREAS, the Board proposes issuing bond anticipation notes in order to finance the Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County, acting as the governing body of the District:

ARTICLE I
DEFINITIONS

Section 1.01 Meaning of Words and Terms. Unless otherwise required by the context, capitalized words and terms used herein which are defined in the Bond Order shall have the meanings assigned to them therein, and the following capitalized words and terms shall have the following meanings:

“Bond Order” means the Bond Order adopted by the District on August 15, 2016, authorizing and securing the issuance of Bonds, including the Notes, together with all orders amendatory thereof and all orders supplemental thereto as herein permitted.

“Bond Registrar” means the Finance Director of County, as designated by Section 2.01.

“Business Day” means a day that is not a Saturday or a Sunday and is a day that the Bond Registrar is open for the conducting of business.

“Closing” means the delivery of and payment for the Notes.

“Closing Date” means the date of the Closing.

“Interest Payment Date” means the date of final maturity of the Notes, which is August 17, 2017.

“Notes” means the \$1,379,000 Overhills Park Water and Sewer District, North Carolina Water and Sewer System Revenue Bond Anticipation Notes, Series 2016 issued pursuant to the Bond Order and this Series Resolution.

“Project Fund” means the fund created and held by Depositary for the County as set forth in Section 4.01.

“Purchaser” means Carter Bank & Trust, as the original purchaser of the Notes.

“Regular Record Date” means the Business Day next preceding any Interest Payment Date.

Section 1.02 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Series Resolution unless some other reference is indicated.

ARTICLE II AUTHORIZATION, FORM, ISSUANCE AND DELIVERY OF THE NOTES

Section 2.01 Authorization and Issuance of the Notes. The District hereby authorizes the issuance of the Notes designated “Overhills Park Water and Sewer District Water and Sewer System Revenue Bond Anticipation Notes, Series 2016” in the aggregate principal amount of \$1,379,000 for the purpose of providing funds, together with any other available funds, to (a) pay the costs of the Project and (b) pay the other costs and expenses incurred in connection with the issuance of the Notes. The Notes shall be issued under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and this Series Resolution, subject to the conditions set forth herein and therein. The Notes constitute Additional Bonds under the Bond Order.

The Finance Director of the County is hereby appointed as Bond Registrar for the Notes pursuant to the provisions of the Bond Order and this Series Resolution.

Section 2.02 Form of Notes. The definitive Notes shall be initially issued as one fully registered note without coupons numbered R-1 in the aggregate principal amount of \$1,379,000, and shall be initially registered in the name of the Purchaser. The definitive Notes shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Bond Order or this Series Resolution. Notwithstanding anything in the Bond Order to the contrary, the Notes may be transferred in the manner specified in the Bond Order, but may not be exchanged for any denomination other than the outstanding principal amount thereof.

Notwithstanding any other provisions of the Bond Order or this Series Resolution to the contrary, the Bond Registrar shall not register the transfer of the Notes to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission. The provisions of this paragraph may not be amended without the prior written consent of the Commission.

Section 2.03 Details of Notes. The Notes shall be dated the Closing Date, shall bear interest at a rate of 1.00% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), except as provided below, such principal and interest being payable on the final maturity date of August 17, 2017, all as set forth in the form of the Notes included in Exhibit A attached hereto and made a part hereof.

Principal of and interest on the Notes are payable, to such account in the United States as the Holder may designate, by wire transfer or other immediately available funds delivered on the payable date.

Section 2.04 Terms and Condition for Issuance of Notes. The Notes shall be executed substantially in the form and in the manner herein and in the Bond Order set forth and shall be deposited with the Bond Registrar for authentication, but before the Notes shall be authenticated and delivered to the State Treasurer for redelivery to the Purchaser, there shall be filed with the Bond Registrar and the Purchaser, the following:

copies, certified by the Clerk to be true and correct copies, of the Bond Order and this Series Resolution;

a certificate of authorizing the award of the Notes;

an opinion of bond counsel to the District to the effect that the Notes have been validly issued in accordance with the provisions of the Bond Order and this Series Resolution in form and substance satisfactory to the Purchaser;

an opinion of the counsel to the District in form and substance satisfactory to the Purchaser and bond counsel to the District; and

such other documentation or opinions as may reasonably be requested by the Bond Registrar, the Purchaser or bond counsel.

When the documents mentioned in Section 3.02 of the Bond Order and subsections (a) to (d), inclusive, of this Section shall have been filed with the Bond Registrar and the Purchaser, and when the Notes shall have been executed and authenticated as required by the Bond Order and this Series Resolution, the Notes shall be delivered to or upon the order of the State Treasurer for redelivery to or upon the order of the Purchaser, but only upon the deposit with the Bond Registrar of the purchase price of the Notes.

ARTICLE III REDEMPTION OF NOTES

Section 3.01 Redemption of Notes. The Notes shall not be subject to redemption prior to maturity without the consent of the Purchaser.

ARTICLE IV ACCOUNTS, REVENUES AND FUNDS; OTHER COVENANTS

Section 4.01 Payment of Notes. The District shall, subject to the provisions of Section 5.04 of the Bond Order, cause the Net Revenues deposited in the Revenue Fund to be used to pay the principal of, premium, if any, and interest on the Notes on each Interest Payment Date or any redemption date for the Notes.

Section 4.02 Establishment of Project Fund; Deposit of Note Proceeds to the Project Fund; Disbursement of Money in Project Fund. Simultaneously with the Closing the Purchaser will deposit the purchase price for the Notes in the Project Fund held by a Depositary selected by the County. Such funds will be disbursed to pay costs of the Project in accordance with requisitions therefor as follows:

[Form of Requisition]

_____ direct dial: _____ fax: _____

_____, North Carolina _____

RE: Request for disbursement of funds from the Project Fund related to the Overhills Park Water and Sewer District's Water and Sewer System Revenue Bond Anticipation Note (the "Note") issued pursuant to a Series Resolution adopted by the County Commissioners of Cumberland County, North Carolina acting as the governing body of the District on August 15, 2016 (the "Series Resolution")

Dear _____,

Pursuant to the terms and conditions of the Series Resolution, the District hereby requests the disbursement of funds from the Project Fund for the following Project Costs:

This is requisition number ____ from the Project Fund.

Disbursements will be to the Overhills Park Water and Sewer District

Amount: \$

Applicable Vendor Invoices:

Project Description:

Location of Equipment/Facilities:

To receive funds via wire transfer please include:

ABA Routing Number:

Account Number:

The Overhills Park Water and Sewer District makes this requisition pursuant to the following representations:

1. The purpose of this disbursement is for partial payment of the costs of the Project as described in the Series Resolution.

2. The requested disbursement has not been subject to any previous requisition.
3. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable herein to any of the persons, firms or corporations named herein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition.
4. This requisition contains no items representing payment on account of any percentage entitled to be retained on the date of this requisition.
5. No event of default is continuing under the Bond Order or the Series Resolution, and no event or condition exists which, with notice or lapse of time or both, would become an event of default under the Bond Order.
6. The District has in place insurance on this portion of the Project that complies with the insurance provisions of the Bond Order or the Series Resolution.

Each amount requested for payment in this requisition either (a) represents reimbursement to the District for a Project Cost expenditure previously made, or (b) will be used by the District promptly upon the receipt of funds to make the payments to third parties described in this requisition.

Attached is evidence of approval of the requisition by the United States Department of Agriculture.

Overhills Park Water and Sewer District

By: _____

Title: _____

If the moneys held in the Project Fund and any other moneys provided by the District are insufficient to pay all of the costs of the Project and costs and expenses incurred in connection with the issuance of the Notes, the District shall provide any balance of the funds needed to complete the acquisition, construction and equipping of the Project. Any moneys remaining in the Project Fund after completion of the acquisition, construction and equipping of the Project, as evidenced by a written certificate of completion executed by a District Representative and delivered to the Purchaser stating that the Project has been completed and there are no mechanic's or other liens against the Project for labor or materials furnished in connection with the Project, may be applied to the repayment of interest on the maturity date of the Notes.

Section 4.03 Investment of Money. Money held for the credit of the Project Fund shall be continuously invested and reinvested by the District in Qualified Investments to the extent practicable. Any such Qualified Investments shall mature not later than the dates when the money held for the credit of the Project Fund will be required for the purposes intended. The District shall sell or reduce to cash in a commercially reasonable manner a sufficient amount of such Qualified Investments whenever it is necessary to do so in order to provide money to make any payment from the Project Fund.

Section 4.04 Payment of Principal and Interest and Premium and Pledge of Net Revenues. The District covenants that it will promptly pay the principal of and the interest on the Notes issued under the provisions of this Series Resolution at the place, on the dates and in the manner provided herein and in the Notes and any premium required for the retirement of the Notes in whole or in part by purchase or redemption of the Notes, according to the true intent and meaning thereof. The District further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Series Resolution and the Bond Order, or in any Notes executed, authenticated and delivered hereunder or in any proceedings of the District pertaining thereto. Pursuant to NCGS Section 159-163, the District hereby pledges as security for the Notes, and grants a charge and lien on, the proceeds of Bonds issued for the Project, and agrees to take such action as may be required to issue the Bonds in order to provide funds to pay the principal of the Notes upon maturity. The District represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Notes authorized hereby and to pledge the proceeds of Bonds and Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the Notes has been duly and effectively taken; and that such Notes in the hands of the Holders thereof are and will be valid and binding special revenue obligations of the District payable according to their terms. The Notes shall also be secured pari passu as to the pledge of Net Revenues and shall be entitled to the same benefit and security under the Bond Order as all other Bonds issued or incurred thereunder and then outstanding.

The District covenants, for the benefit of the owners of the Notes, to act with due diligence and commercial reasonableness in undertaking the Project, and will take such actions as may be reasonably required so that the Bonds are issued in a timely manner.

Section 4.05 Tax Covenants. The District covenants to do and perform all acts and things permitted by law in order to assure that interest paid on the Notes which is excludable from the gross income of its Holders for federal income taxes on the date of its issuance shall continue to be so excludable.

The District hereby represents that it reasonably expects that the District, all entities issuing obligations on behalf of the District and all subordinate entities of the District will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds as defined by the Code) during the calendar year that the Notes are being issued. The District hereby designates the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

ARTICLE V THE TRUSTEE

Section 5.01 Designation of Trustee. The District may at any time, with the approval of the Commission and the Holder, appoint a Trustee to administer the provisions of the Bond Order and this Series Resolution and may adopt such supplements to the Bond Order and this Series Resolution as shall be necessary or desirable to effectuate such appointment. Such Trustee shall meet the requirements set forth in Section IX of the Bond Order.

ARTICLE VI SUPPLEMENTAL RESOLUTIONS

Section 6.01 Modification Without Consent of Holders. The District may, from time to time and at any time, without the consent of any Holders of the Notes, execute and deliver such resolutions supplemental hereto (which supplemental resolutions shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Series Resolution and shall not materially and adversely affect the interest of the Holders:

to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Series Resolution or to modify, alter, amend, add to or rescind, in any particular manner, any of the terms or provisions contained in this Series Resolution, as is substantially consistent with the terms and provisions of this Series Resolution and does not materially and adversely affect the interest of the Holders;

to grant or to confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders;

to add to the covenants and agreements of the District in this Series Resolution other covenants and agreements thereafter to be observed by the District or to surrender any right or power herein reserved to or conferred upon the District; or

to permit the qualification of this Series Resolution under any federal statute now or hereafter in effect or under any state blue sky laws, and, in connection therewith, if the District so determines, to add to this Series Resolution or any supplemental series resolution such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky laws.

At least thirty (30) days prior to the execution and delivery of any supplemental series resolution for any of the purposes of this Section, the Bond Registrar shall cause a notice of the proposed supplemental series resolution to be mailed first-class, postage prepaid, to the Commission and to the Holders of the Notes. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by the Holders of the Notes. A failure on the part of the Bond Registrar to mail the notice required by this Section shall not affect the validity of such supplemental series resolution.

Notwithstanding the foregoing or anything contained in the Bond Order, so long as Carter Bank & Trust is the sole owner of the Note, the District shall not amend or supplement this Series Resolution without the consent of Carter Bank & Trust.

Section 6.02 Modification of Series Resolution With Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of the Notes shall have the right, from time to time, anything contained in this Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the District of such supplemental series resolutions as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Series Resolution or in any supplemental series resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Holders of the Notes of the execution and delivery of any supplemental series resolution as authorized in Section 601.

The Bond Registrar shall, at the expense of the District, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed supplemental series resolution to be mailed, postage prepaid, to the Commission and the Holders of the Notes as of the date such notice is mailed. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by such Holders.

Whenever, at any time after the date of the mailing of such notice, the District receives an instrument in writing purporting to be executed by the Holders of the Notes, which instrument shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the District may adopt such supplemental series resolution in substantially such form, without liability or responsibility to such Holders.

If the Holders of the Notes have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, the Holders shall have no right to object to the adoption of such supplemental series resolutions, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the adoption thereof, or enjoin or restrain the District from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental series resolution pursuant to the provisions of this Section or Section 601, this Series Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Series Resolution of the District, the Bond Registrar and the Holders of the Notes shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Series Resolution, as so modified and amended.

Section 6.03 Responsibilities of District Under this Article. The District shall be entitled to exercise its discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the District and the rights and interests of the Holders of the Notes.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.01 Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the District, the Commission or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given if sent by United States registered or certified mail, return receipt requested, or by national overnight delivery service addressed as follows:

As to the District or Bond Registrar --

County of Cumberland, North Carolina
117 Dick Street
Fayetteville, North Carolina 28301
Attention: Finance Director

As to the Local Government Commission --

North Carolina Local Government Commission
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary

As to the Purchaser --

Carter Bank & Trust
1300 Kings Mountain Road
Martinsville, Virginia 24112

Any such notice, demand or request shall be deemed to be properly given on the date such notice, demand or request is received, as evidenced by the receipt or other tracking information provided by the U.S. Postal Service or the overnight delivery service.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

Section 7.02 District, Bond Registrar and Holder Alone Have Rights Under Series Resolution. Except as herein otherwise expressly provided, including, without limitation, nothing in this Series

Resolution, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the District, the Bond Registrar and the Holder of the Notes, any right, remedy or claim, legal or equitable, under or by reason of this Series Resolution or any provision being intended to be and being for the sole and exclusive benefit of the District, the Bond Registrar and the Holder of the Notes.

Section 7.03 Application to the Commission. The Local Government Commission of North Carolina was requested to sell the Notes at private sale and without advertisement pursuant to G.S. 159-123 to the Purchaser.

Section 7.04 Effect of Partial Invalidity. In case any one or more of the provisions of this Series Resolution or the Notes shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Series Resolution or the Notes, but this Series Resolution and the Notes shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Series Resolution or the Notes shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the District to the full extent permitted by law.

Section 7.05 Effect of Covenants; Governing Law. All covenants, stipulations, obligations and agreements of the District contained in this Series Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent permitted by the Constitution and laws of the State. This Series Resolution is executed and delivered with the intent that the laws of the State shall govern this construction.

Section 7.06 Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series Resolution, nor shall they affect its meaning, construction or effect.

Section 7.07 Further Authority. The officers, attorneys, employees and other agents of the District are hereby authorized to do all acts and things required of them by this Series Resolution for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Notes and this Series Resolution.

The Mayor, the District Manager, the Finance Director and the Clerk, or any of them or their deputies, are further authorized and directed (without limitation except as expressly provided herein) to take such action and to execute and deliver such documents, certificates, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Bond Order and this Series Resolution.

Section 7.08 Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Series Resolution is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Series Resolution.

Section 7.09 Series Resolution Effective. This Series Resolution shall take effect upon its adoption.

		EXHIBIT A
	<u>FORM OF NOTES</u>	
R-1		\$1,379,000
	United States of America	
	State of North Carolina	

OVERHILLS PARK WATER AND SEWER DISTRICT, NORTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE
SERIES 2016

The Overhills Park Water and Sewer District, North Carolina (the “District”), a municipal corporation validly organized and existing under the laws of the State of North Carolina, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to Carter Bank & Trust or registered assigns or legal representative, the principal sum of ONE MILLION THREE HUNDRED SEVENTY-NINE THOUSAND DOLLARS (\$1,379,000) in a single payment of principal due on the date of maturity which is August 17, 2017 (the “Maturity Date”), and to pay, but solely from said sources, interest from the date hereof on the unpaid portion of said principal sum until payment thereof (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rate of 1.00% per annum, such interest being payable on the Maturity Date.

The interest so payable and punctually paid or duly provided for on the Maturity Date will be paid to the person in whose name this note is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding such date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this note is registered at the close of business on a special record date for the payment of such

defaulted interest to be fixed by the Finance Director of the District (the "Bond Registrar"), notice thereof being given to the registered owners not less than ten (10) days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the notes (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Bond Order (hereinafter defined). All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Principal of and interest on this are payable, to such account in the United States as the Holder may designate, by wire transfer or other immediately available funds delivered on the payable date. Upon payment in full of principal and interest on this note, the Holder shall mark this note paid in full and shall deliver the note so marked to the Bond Registrar.

This note is a duly authorized revenue bond anticipation note of the District designated "Overhills Park Water and Sewer District, North Carolina Water and Sewer System Revenue Bond Anticipation Notes, Series 2016" (the "Notes") issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act, an order of the District adopted on August 15, 2016 (the "Bond Order"), and a Series Resolution adopted on August 15, 2016 (the "Series Resolution"), authorizing the issuance of the Notes. The Notes are being issued in anticipation of the issuance of Bonds issued for the purpose of providing funds, together with any other available funds, to (a) pay the costs of acquiring, constructing and equipping the Project (as defined in the Series Resolution) and (b) pay the costs and expenses incurred in connection with the issuance of the Bonds. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Bond Order and the Series Resolution.

The Bond Order provides for the issuance or incurrence from time to time under the conditions, limitations and restrictions set forth therein of bonds, notes or other evidences of indebtedness secured by a pledge of Net Revenues. The Notes are a special revenue obligation of the District secured by a pledge, charge and lien on the proceeds of Bonds to be issued for the Project and by a pledge of Net Revenues on a pari passu basis with any other Outstanding Bonds hereafter issued or incurred pursuant to the Bond Order. Pursuant to NCGS Section 159-163, the District hereby pledges as security for the Notes, and grants a charge and lien on, the proceeds of Bonds issued for the Project. The District is not obligated to pay the principal of or the interest on the Notes except as provided in the Bond Order from the proceeds of Bonds, Net Revenues or certain other monies made available therefor under the Bond Order, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the District is pledged to the payment of the principal of and the interest on the Notes.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the District and the registered owner of the Notes. Copies of the Bond Order and the Series Resolution are available for inspection by the registered owner of the Notes at all reasonable times at the principal office of the Bond Registrar. By the purchase and acceptance of the Notes, the registered owner hereof signifies assent to all of the provisions of the Bond Order and the Series Resolution.

The Bond Registrar shall keep at its principal office books for the registration of transfer of the Notes. The transfer of the Notes may be registered only upon such books and as otherwise provided in the Bond Order upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for the Notes a new bond registered in the name of the transferee in an aggregate principal amount equal to the principal amount of the Notes, containing the same principal installments and bearing interest at the same rate. The Notes may not be exchanged for any denomination other than the outstanding principal amount thereof.

Notwithstanding any other provisions of the Bond Order or the Series Resolution to the contrary, the Bond Registrar shall not register the transfer of the Notes to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission.

The principal of the Notes is not subject to redemption prior to the stated maturity.

The registered owner of the Notes shall have no right to enforce the provisions of the Bond Order or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Order, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Order.

Modifications or alterations of the Bond Order and the Series Resolution or in any supplement series resolution thereto may be made only to the extent and in the circumstances permitted by the Bond Order and the Series Resolution, as the case may be.

The Notes, notwithstanding the provisions for registration of transfer stated herein and contained in the Bond Order and the Series Resolution, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. The Notes are issued with the intent that the laws of the State of North Carolina shall govern their construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of the Notes and the execution and delivery of the Bond Order and the Series Resolution have happened, exist and have been performed as so required.

The Notes shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order or the Series Resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Overhills Park Water and Sewer District, North Carolina, by order duly passed by its Governing Body, has caused this Note to be manually signed by the Chairman and its official seal to be impressed hereon, all as of the ____ day of August, 2016.

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Note has been approved under the provisions of The State and Local Government Revenue Bond Act.

Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

The Note is a bond anticipation note of the series designated therein and issued under the provisions of the within mentioned Bond Order and Series Resolution.

By: _____
Bond Registrar

Date of authentication: August __, 2016
L.G.C. No. _____

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within note and all right thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney, to transfer the within note on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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

- MOTION: Commissioner Adams moved to adopt the resolution authorizing the issuance and sale of water and sewer system revenue bond anticipation notes of the Overhills Park Water and Sewer District in the aggregate principal amount of \$1,379,000.
- SECOND: Commissioner Council
- VOTE: UNANIMOUS (7-0)

There being no further matters of business,

Chairman Faircloth adjourned the meeting of the Overhills Park Water and Sewer District Governing Board and reconvened the meeting of the Cumberland County Board of Commissioners.

Chairman Faircloth called the meeting of the Board of Commissioners to order.

6. Closed Session: A. Economic Development Matter(s)
Pursuant to NCGS 143-318.11(a)(4)

MOTION: Commissioner Evans moved to go into closed session for Economic Development Matters pursuant to NCGS 143-318.11(a)(4).
SECOND: Commissioner Lancaster
VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Council moved to reconvene in open session.
SECOND: Commissioner Adams
VOTE: UNANIMOUS (7-0)

MOTION: Commissioner Council moved to adjourn.
SECOND: Commissioner Evans
VOTE: UNANIMOUS (7-0)

There being no further business, the meeting adjourned at 9:13 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board