

The Sampson County Board of Commissioners convened for their regular meeting at 7:00 p.m. on Monday, March 2, 2015 in the County Auditorium, 435 Rowan Road in Clinton, North Carolina. Members present: Chairman Billy C. Lockamy, Vice Chairperson Sue Lee, and Commissioners Albert D. Kirby Jr., Harry Parker, and Clark H. Wooten.

The Chairman convened the meeting and called upon Commissioner Parker for the invocation. Commissioner Clark Wooten then led the Pledge Allegiance.

### **Approval of Agenda**

Upon a motion made by Commissioner Wooten and seconded by Commissioner Kirby, the Board voted unanimously to approve the agenda as published.

### **Roads**

Monthly Report Keith Eason, NCDOT Assistant District Engineer, was present to receive questions and comments from the Board and citizens in attendance. Mr. Eason encouraged citizens to report potholes which have resulted from the recent winter weather, noting they are safety concern and would be a focus for DOT work. Mr. Larry Sutton asked what efforts were being done to encourage involvement in the roadside trash removal, and Mr. Eason noted the Big Sweep efforts each fall and spring and the availability of the Adopt-A-Highway program.

### **Item 1: Planning and Zoning Issues**

It was noted that there were two items advertised for consideration; while both were included in the minutes/materials provided as attachments by the Planning Department, only one item was noted on the cover/abstract page.

ZA-2-15-1 Chairman Lockamy opened the public hearing, and Planning Director Mary Rose presented recommended changes to Zoning Ordinance Section 10.2, Proceedings of the Board of Adjustment, noting these were offered to address recent changes by the Legislature. Commissioner Kirby asked if any of the changes were mandatory or discretionary, and Ms. Rose explained that in some instances counties may go above and beyond what is required by the state. Commissioner Kirby discussed concerns in the proposed language for Section D which seemed to confer greater authority with the Chairman of the Planning Board/Board of Adjustment rather than the full Planning Board, questioning what would occur if the Chairman and members

were in disagreement. After consultation with the County Attorney, the recommended language in 10.2, D was amended as follows:

*The Chairman, or in his absence, the acting Chairman or Clerk, may administer oaths and compel the attendance of witnesses. The Chair, or acting Chair, may subpoena witnesses and compel the production of evidence. The Chair also rules on requests for and objections to subpoenas, with appeals of the Chair's ruling to the full Board ....*

There were no comments from the floor, and the hearing was closed. Upon a motion by Commissioner Kirby and a second by Commissioner Wooten, zoning ordinance amendment ZA-2-15-1 was approved as proposed, with the changes in Section D as noted above. (Copies of proposed language filed in Inc. Minute Book \_\_\_\_\_, Page \_\_\_\_\_.)

ZA-2-15-2 Chairman Lockamy opened the public hearing, and Planning Director Mary Rose presented recommended changes to Zoning Ordinance Section 10.3, Powers and Duties of the Board of Adjustment, noting these were also offered to address recent changes by the Legislature. There were no comments from the floor, and the hearing was closed. Upon a motion by Commissioner Wooten and a second by Commissioner Kirby, zoning ordinance amendment ZA-2-15-2 was approved as proposed. (Copies of proposed language filed in Inc. Minute Book \_\_\_\_\_, Page \_\_\_\_\_.)

**Item 2:        Action Items**

Public Hearing – Consideration of Performance Based Incentives for Economic Development Projects: Rheinfelden Americas, LLC Economic Developer John Swope reported that when the company's letter of commitment was received, the amounts differed slightly than those advertised, so it was requested that the hearing be closed and re-advertised for April 6, 2015 with the corrected figures.

Public Hearing – Consideration of Performance Based Incentives for Economic Development Projects: Kansas City Sausage Company, LLC The Chairman opened the hearing and called upon Economic Development Director John Swope who reported that the prospect had requested continuation of the hearing as their attorneys had not had sufficient time to review the proposed incentive agreement. Upon a motion made by Commission Wooten and seconded by Commissioner Parker, the hearing was continued until April 6, 2015. Commissioner Kirby requested that Mr. Swope have the Kansas City Sausage attorneys address previous violations and their resolution of them.

Application to NCDOC Rural Development Division for NC Building Restoration and Reuse Grant Funding for Kansas City Sausage Company, LLC Economic Development Director John Swope explained that the North Carolina Department of Commerce's Rural Development Division has grant funding available

for local governments to assist with the renovation or expansion of a building occupied by an existing NC company wishing to expand. As part of the County's efforts to assist Kansas City Sausage Company's planned renovations of the facility at 1600 Martin Road, the Board was asked to authorize the submission of an application for \$500,000 in grant assistance from the Building Restoration and Reuse Grants Program. He explained that the grant requires a 5% cash match, which the company had agreed to pay. Upon a motion made by Commissioner Wooten and seconded by Commissioner Lee, the Board voted unanimously to adopt the resolution authorizing the submission of the application, if discussions with the state and prospect determined this funding should be sought. (Copy filed in Inc. Minute Book \_\_\_\_\_, Page \_\_\_\_\_.)

Application for North Carolina's Industrial Fund Utility Grant Funding for Carolina Cellulosic Biofuels, LLC Economic Development Director John Swope explained that as part of the County efforts to assist Carolina Cellulosic Biofuels, LLC (Chemtex) with the location of their facility in Sampson County, it was requested that the Board authorize the submission of an application for \$750,000 in utility grant funding from the State's Industrial Fund. He explained that the grant funding would assist the industry in the construction of an approximately 2,400 lf rail spur, with additional funding from CDBG funding, a NC DOT Rail Access grant and company funding. Upon a motion made by Commissioner Kirby and seconded by Commissioner Parker, the Board voted unanimously to adopt the resolution authorizing the submission of the application as requested. (Copy filed in Inc. Minute Book \_\_\_\_\_, Page \_\_\_\_\_.)

Travel Policy and Credit Card Policy Commissioner Kirby expressed a desire to have more time to review the Travel Policy and Credit Card Policy. Upon a motion made by Commissioner Kirby and seconded by Commissioner Parker, the Board voted unanimously to table the consideration of the policies to the April 6, 2015 regular scheduled meeting.

Approval of Documents Related to Funding of 2006 Certificates of Participation Finance Officer David Clack introduced the following resolution, a summary of which had been provided to each Commissioner, a copy of which was available with the Clerk to the Board and which was read by title:

**RESOLUTION OF THE COUNTY OF SAMPSON, NORTH CAROLINA,  
APPROVING AN AMENDMENT TO AN INSTALLMENT PURCHASE  
CONTRACT WITH SAMPSON AREA DEVELOPMENT CORPORATION AND  
RELATED MATTERS**

*WHEREAS*, the County of Sampson, North Carolina (the "*County*") is a political subdivision validly existing under the Constitution, statutes and laws of the State (the "*State*"); and

*WHEREAS*, the County has the power, pursuant to North Carolina General Statutes, to (1) purchase real and personal property, (2) enter into installment purchase contracts in order to finance and refinance

the purchase of real and personal property used, or to be used, for public purposes, and (3) grant a security interest in some or all of the property purchased to secure repayment of the purchase price; and

*WHEREAS*, the County has previously entered into an Installment Purchase Contract dated as of November 1, 2006 (the “*2006 Contract*”) with the Sampson Area Development Corporation (the “*Corporation*”) in order to pay the capital costs of (1) acquiring, constructing and equipping Union High School and (2) acquiring, constructing and equipping Midway High School (collectively, the “*2006 Project*”); and

*WHEREAS*, to secure its obligations under the 2006 Contract, the County provided a security interest in the real property on which Union High School and Midway High School are located and all improvements thereon (collectively, the “*Mortgaged Property*”); and

*WHEREAS*, the Corporation previously executed and delivered its Certificates of Participation, Series 2006 (the “*2006 Certificates*”), evidencing proportionate undivided interests in rights to receive certain revenues (the “*Revenues*”) pursuant to the 2006 Contract under an Indenture of Trust dated as of November 1, 2006 (the “*General Indenture*”), as supplemented by Supplemental Indenture, Number 1 dated as of November 1, 2006, each between the Corporation and Regions Bank, as trustee; and

*WHEREAS*, the Board of Commissioners of the County (the “*Board*”) hereby determines that it is in the best interests of the County to enter into Amendment Number One to the Installment Purchase Contract dated as of June 1, 2015 (the “*Contract Amendment*,” and together with the 2006 Contract, the “*Contract*”) with the Corporation in order to refinance the County’s Installment Payments (as defined in the Contract) corresponding to the 2006 Certificates maturing on and after June 1, 2018 (collectively, the “*Refunded Certificates*”); and

*WHEREAS*, in order to accomplish the refinancing, the Corporation will execute and deliver Additional Certificates under the General Indenture to be designated as Refunding Limited Obligation Bonds, Series 2015 (the “*2015 Bonds*”), evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract; and

*WHEREAS*, the Board has previously determined that (1) the acquisition of the 2006 Project is essential to the County’s proper, efficient, and economic operation and to the general health and welfare of its inhabitants and (2) the 2006 Project will provide an essential use and will permit the County to carry out public functions that it is authorized by law to perform; and the Board hereby determines that entering into the Contract Amendment is necessary and expedient for the County by virtue of the findings presented herein; and

*WHEREAS*, the County hereby determines that the Contract Amendment allows the County to refinance the Refunded Certificates at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the County; and

*WHEREAS*, the County hereby determines that the estimated cost of refinancing the Refunded Certificates exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the County in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State; and

*WHEREAS*, although the cost of refinancing the Refunded Certificates pursuant to the Contract Amendment is expected to exceed the cost of refinancing the Refunded Certificates pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of refinancing the Refunded Certificates pursuant to the Contract Amendment and the obligations of the County thereunder are

preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of refinancing the Refunded Certificates; and (3) insufficient revenues are produced by the 2006 Project so as to permit a revenue bond financing; and

*WHEREAS*, the County has determined and hereby determines that the estimated cost of refinancing the Refunded Certificates pursuant to the Contract Amendment reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles; and

*WHEREAS*, the County does not anticipate a future property tax increase to pay Installment Payments falling due under the Contract; and

*WHEREAS*, the sums to fall due under the Contract will be adequate but not excessive for its proposed purpose; and

*WHEREAS*, Parker Poe Adams & Bernstein LLP, as special counsel, will render an opinion to the effect that entering into the Contract and the transactions contemplated thereby are authorized by law; and

*WHEREAS*, no deficiency judgment may be rendered against the County in any action for its breach of the Contract, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any moneys due under the Contract; and

*WHEREAS*, the County is not in default under any of its debt service obligations; and

*WHEREAS*, the County's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the County has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget ordinance; and

*WHEREAS*, past audit reports of the County indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the County has not been censured by the North Carolina Local Government Commission (the "*LGC*"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies; and

*WHEREAS*, in connection with the sale of the 2015 Bonds by the Corporation to Stephens, Inc. and, if necessary, another financial institution to be selected by the County Manager and the Finance Officer (collectively, the "*Underwriters*"), the County desires to make certain representations and warranties to the Underwriters in the form of the County's Letter of Representations to the Underwriters (the "*Letter of Representations*"); and

*WHEREAS*, there has been described to the Board the following documents (collectively, the "*Instruments*"), copies of which have been made available to the Board, which the Board proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment purchase financing:

- (1) the Contract Amendment;
- (2) the Letter of Representations;

(3) an Escrow Agreement dated as of June 1, 2015 (the “*Escrow Agreement*”) between the County and a financial institution to be selected by the Finance Officer, as escrow agent; and

(4) a Purchase Contract to be dated on or about April 22, 2015 (the “*Purchase Contract*”) between the Corporation and the Underwriters; and

*WHEREAS*, to make an offering and sale of the 2015 Bonds, there will be prepared a Preliminary Official Statement (the “*Preliminary Official Statement*”), a draft thereof having been presented to the Board, and a final Official Statement (collectively with the Preliminary Official Statement, the “*Official Statement*”) with respect to the 2015 Bonds, which Official Statement will contain certain information regarding the County; and

*WHEREAS*, it appears that each of the Instruments and the Preliminary Official Statement is in an appropriate form and is an appropriate instrument for the purposes intended; and

*WHEREAS*, the Board hereby reaffirms each of the findings it made with respect to the 2006 Contract and the 2006 Project in the resolution adopted by the Board on November 6, 2006; and

*WHEREAS*, the County must obtain the LGC’s approval to enter into the Contract Amendment;

***NOW, THEREFORE, BE IT RESOLVED*** by the Board as follows:

Section 1. ***Ratification of Instruments; Application to the LGC.*** All actions of the County, the County Manager, the Finance Officer, the Clerk to the Board, the County Attorney and their respective designees, whether previously or hereinafter taken, in effectuating the proposed refinancing are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments. The Finance Officer or his designee is hereby directed to file with the LGC an application for its approval of the Contract Amendment and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the County and its financial condition as may be required by the LGC.

Section 2. ***Financing Team.*** The financing team of Parker Poe Adams & Bernstein LLP, as special counsel; DEC Associates, Inc., as financial advisor; Stephens, Inc., as the representative of the Underwriters; Regions Bank, as trustee under the General Indenture and as the escrow agent under the Escrow Agreement; and Moore & Van Allen PLLC, as Underwriters’ counsel, is approved. The County Manager and the Finance Officer are hereby authorized and directed, individually and collectively, to select, if necessary, one or more financial institutions to serve with Stephens, Inc. as an Underwriter.

Section 3. ***Authorization of the Official Statement.*** The form, terms and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the Underwriters’ use of the Preliminary Official Statement and the final Official Statement to be dated on or about April 22, 2015 in connection with the sale of the 2015 Bonds is hereby in all respects authorized, approved and confirmed. The County Manager and the Finance Officer are hereby authorized, individually and collectively, to deliver the final Official Statement in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate.

Section 4. ***Authorization to Execute the Contract Amendment.*** The County approves the refinancing of the Refunded Certificates in accordance with the terms of the Contract Amendment, which will be a valid, legal and binding obligation of the County in accordance with its terms. The form and

content of the Contract Amendment are hereby authorized, approved and confirmed, and the Chairman of the Board, County Manager, the Finance Officer and the Clerk to the Board and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Contract Amendment, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the County's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Contract Amendment presented to the Board. From and after the execution and delivery of the Contract Amendment, the Chairman of the Board, the County Manager, the Finance Officer and the Clerk to the Board and their respective designees are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Contract Amendment as executed.

Section 5. ***Escrow Agreement.*** The form and content of the Escrow Agreement are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the County Manager, the Finance Officer and the Clerk to the Board and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Escrow Agreement, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the County's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Escrow Agreement presented to the Board. From and after the execution and delivery of the Escrow Agreement, the Chairman of the Board, the County Manager, the Finance Officer and the Clerk to the Board are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement as executed.

Section 6. ***Letter of Representations; Purchase Contract.*** The form and content of the Purchase Contract are hereby approved in all respects, and the Chairman of the Board, County Manager and the Finance Officer are authorized, individually and collectively, to execute the Letter of Representations for the purposes stated therein.

Section 7. ***County Representative.*** The Chairman of the Board, the County Manager and the Finance Officer are hereby designated as the County's Representatives to act on behalf of the County in connection with the transaction contemplated by the Instruments and the Preliminary Official Statement, and each is authorized to proceed with the refinancing of the Refunded Certificates in accordance with the Instruments and to seek opinions as a matter of law from the County Attorney, which the County Attorney is authorized to furnish on behalf of the County, and opinions of law from such other attorneys for all documents contemplated hereby. The County's Representative and his or her designee or designees are in all respects authorized, individually and collectively, on behalf of the County to supply all information pertaining to the County as purchaser under the Contract for use in the Preliminary Official Statement and the transactions contemplated by the Instruments or the Preliminary Official Statement. The Chairman of the Board, the County Manager, the Finance Officer and the Clerk to the Board or their respective designees are hereby authorized, empowered and directed, individually and collectively, to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by the Instruments or the Preliminary Official Statement or as they deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 8. *Severability.* If any section, phrase or provision of this Resolution is for any reason declared invalid, such declaration will not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

Section 9. *Repealer.* All motions, orders, resolutions and parts thereof, in conflict herewith are hereby repealed.

Section 10. *Effective Date.* This Resolution will take effect immediately on its adoption.

On a motion by Chairman Lockamy and seconded by Commissioner Kirby, the foregoing resolution entitled "Resolution of the County of Sampson, North Carolina, Approving an Amendment to an Installment Purchase Contract with Sampson Area Development Corporation and Related Matters" was duly adopted by unanimous vote.

Appointments - Workforce Development Commission Upon a motion made by Vice Chairperson Lee and a second by Commissioner Kirby, the Board voted unanimously to appoint Gary Mac Herring (filling the vacant private sector seat) and Amanda Bradshaw (filling the remainder of the term of educational representative Alonzo Royal) to the Workforce Development Commission.

Appointments - Adult Care Community Action Committee Upon a motion by Vice Chairperson Lee and a second by Commissioner Kirby, the Board voted unanimously to appoint Joni Faye Fetterman to the Adult Care Community Action Committee.

Appointments - Parks and Recreation Board Upon a motion by Vice Chairperson Lee and a second by Commissioner Parker, the Board voted unanimously to make the following appointments/reappointments to the Parks and Recreation Board:

Appointed Yolanda (JoJo) Smith to replace Doug Burley as a Southern District representative  
Appointed Monica Tanner to replace Steve Honrine as a Western District representative  
Reappointed Neil Baggett for a 3-yr term as a Northern District representative

### **Item 3: Consent Agenda**

Upon a motion made by Commissioner Wooten and seconded by Commissioner Kirby, the Board unanimously to approve the Consent Agenda items as follows:

- a. Approved the minutes of the February 2, 2015 meeting as submitted
- b. Approved the surplus of a Trane HVAC unit from the Old County Home building and donation to the Sampson County Arts Council for installation at the Small House



c. Approved the request from the Sampson County Public Library to surplus all withdrawn titles from March 26, 2014 – March 2, 2015 and authorized disposal pursuant to the library’s Materials Selection Policy

d. Approved the following tax refunds:

#6719	Timothy Ronald Sumner	\$102.99
#6723	James Earl Vann	\$165.31
#6727	Dana Bullard Hall	\$127.94
#6731	Jorge Alberto Paniagua Rivas	\$301.29
#6739	William Windley/Peggy Pope	\$155.49
#6742	C. Phillips/J. Barefoot/C. Jackson/J. Phillips	\$409.48
#6747	Myrtle Satira Sampson	\$100.55
#6746	James Ervin Watkins	\$165.10
#6737	Ducks Unlimited	\$248.03
#6732	Carrolls Foods, Inc.	\$6,038.42
#6733	Carrolls Foods, Inc.	\$10,661.91
#6734	Carrolls Foods, Inc.	\$10,139.86

e. Approved the following budget amendments:

<u>EXPENDITURE</u>		<u>Aging</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
02558660	544000	PC II Contracted Services	100.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
02035866	408400	PC II Project Incomes	100.00	

<u>EXPENDITURE</u>		<u>CES Lagoon Management</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
04449560	526201	Non-depreciable Assets	1,729.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
04034956	404010	Lagoon Mgmt & Ag Programs	1,729.00	

<u>EXPENDITURE</u>		<u>Master Gardner</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
04449540	581000	Transfer to Master Gardner Group	11,860.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
04434954	409900	Fund Balance Appropriated	11,860.00	

<u>EXPENDITURE</u>		<u>Sheriff's Office</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
11243100	555000	Capital Outlay - Other Equipment	7,800.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
11034310	403631	State Substance Abuse Tax/NARC	7,800.00	

<u>EXPENDITURE</u>		<u>Aging</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
02558670	525000	Home Repairs - United Way Ramp Constr	5,000.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
02035867	403602	Home Repairs - United Way	5,000.00	

<u>EXPENDITURE</u>		<u>Well Construction</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
67981570	558013	Well Construction	52,300.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
67038157	403102	Sales Tax Refund	52,300.00	

<u>EXPENDITURE</u>		<u>Health/WIC</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
12551670	526201	Department Supplies Equipment	1,150.00	
12551670	526200	Department Supplies	759.00	
12551670	529700	Lab Supplies	758.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
12535167	404000	WIC State Revenues	2,667.00	

<u>EXPENDITURE</u>		<u>Health/OBCM &amp; CC4C</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
12551650	526200	Department Supplies	2,443.00	
12551650	526201	Department Supplies Equipment	3,000.00	
12551680	526201	Department Supplies Equipment	1,532.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
12535165	404083	Medicaid	5,443.00	
12535168	404083	Medicaid	1,532.00	

<u>EXPENDITURE</u>		<u>Social Services</u>		
<u>Code Number</u>		<u>Description (Object of Expenditure)</u>	<u>Increase</u>	<u>Decrease</u>
13554510	54402	Contracted Services - Transportation	385,000.00	

<u>REVENUE</u>				
<u>Code Number</u>		<u>Source of Revenue</u>	<u>Increase</u>	<u>Decrease</u>
13535450	403304	Title XIX Transportation	385,000.00	

- Approved Clinton City Schools budget amendments No. 1 (State Public School Fund), No. 1 (Current Expense Fund), No. 1 (Federal Programs), No. 1 (Capital Outlay), and No. 1 (Special Revenue Fund) as submitted.

**Item 4: Board Information**

The following items were provided to the Board for information only:

- a. 2014 Community Child Protection Team Report

**Item 5: Water and Sewer District Board Actions**

Upon a motion made by Chairman Lockamy and seconded by Commissioner Wooten, the Sampson County Board of Commissioners recessed and reconvened as the Board of Directors of Water and Sewer District II for the consideration of the following item:

Approval of Documents Related to Refunding of Water District II General Obligation Bonds Finance Officer David Clack introduced the following resolutions, a summary of which had been provided to each member, a copy of which was available with the Clerk to the Board and which were read by title:

**BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING WATER BONDS OF THE WATER AND SEWER DISTRICT II OF THE COUNTY OF SAMPSON, NORTH CAROLINA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000**

**WHEREAS**, the Water and Sewer District II of the County of Sampson, North Carolina (the “*District*”) has previously issued its (1) \$4,982,000 General Obligation Water Bonds, Series 2000A, \$3,890,000 of which remains outstanding (the “*2000A Bonds*”); (2) \$421,000 General Obligation Water Bonds, Series 2000B, \$325,000 of which remains outstanding (the “*2000B Bonds*”); (3) \$2,486,000 General Obligation Water Bonds, Series 2004A, \$2,120,000 of which remains outstanding (the “*2004A Bonds*”); (4) \$815,000 General Obligation Water Bonds, Series 2004B, \$3,890,000 of which remains outstanding (the “*2004B Bonds*”); and (5) \$3,783,000 General Obligation Water Bonds, Series 2005, \$3,300,000 of which remains outstanding (the “*2005 Bonds*,” and together with the 2000A Bonds, the 2000B Bonds, the 2004A Bonds and the 2004B Bonds, the “*Refunded Bonds*”);

**WHEREAS**, the Board of Commissioners (the “*Board*”) of the County of Sampson, North Carolina (the “*County*”), sitting as the governing body of the District, deems it advisable to refund in advance of their maturities all of the outstanding Refunded Bonds;

**WHEREAS**, an application has been filed with the Secretary (the “*Secretary*”) of the Local Government Commission of North Carolina (the “*Commission*”) requesting the Commission’s approval of the bonds described below as required by the Local Government Bond Act of North Carolina, and the Secretary has notified the Board that the application has been accepted for submission to the Commission.

**NOW, THEREFORE, BE IT ORDERED** by the Board of Commissioners of the County of Sampson, North Carolina, sitting as the governing body of the Water and Sewer District II of the County of Sampson, North Carolina, as follows:

The Board deems it advisable to refund in advance of their maturities the Refunded Bonds.

To raise the money required to pay the costs of refunding the Refunded Bonds, General Obligation Refunding Water Bonds of the District (the “*Bonds*”) are hereby authorized and shall be issued pursuant to

the Local Government Bond Act of North Carolina. The maximum aggregate principal amount of the Bonds authorized by this bond order shall be and not exceed \$12,000,000.

An ad valorem tax sufficient to pay the principal of and interest on the Bonds when due shall be annually levied and collected.

A sworn statement of the District's debt has been filed with the Clerk to the Board and is open to public inspection.

This bond order shall take effect on its adoption.

As prescribed by The Local Government Bond Act, the Clerk to the Board is directed to publish a notice of adoption, the bond order titled, "**BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING WATER BONDS OF THE WATER AND SEWER DISTRICT II OF THE COUNTY OF SAMPSON, NORTH CAROLINA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000,**" which was introduced at the meeting of the Board held on March 2, 2015.

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**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF SAMPSON, NORTH CAROLINA, SITTING AS THE GOVERNING BODY OF THE WATER AND SEWER DISTRICT II OF THE COUNTY OF SAMPSON, NORTH CAROLINA, PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING WATER BONDS, SERIES 2015 OF THE WATER AND SEWER DISTRICT II OF THE COUNTY OF SAMPSON, NORTH CAROLINA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000**

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

**WHEREAS**, the Water and Sewer District II of the County of Sampson, North Carolina (the "*District*"), desires to issue its General Obligation Refunding Water Bonds, Series 2015 (the "*Bonds*") and requests that the Local Government Commission (the "*Commission*") sell the Bonds through a negotiated sale to Stephens, Inc. (the "*Underwriter*") in accordance with the terms and conditions set forth in a Purchase Contract to be dated on or about April 29, 2015 (the "*Purchase Contract*") among the District, the Commission and the Underwriter;

**WHEREAS**, copies of the forms of the following documents relating to the transactions described above have been filed with the District and have been made available to the Board of Commissioners of the County (the "*Board*"), sitting as the governing body of the District:

1. the Purchase Contract; and
2. a Preliminary Official Statement with respect to the Bonds to be dated on or about April 8, 2015, together with an Official Statement with respect to the Bonds to be dated on or about April 29, 2015 (collectively, the "*Official Statement*").

**NOW, THEREFORE, BE IT RESOLVED** by the Board as follows:

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

"*Arbitrage and Tax Regulatory Agreement*" means the Arbitrage and Tax Regulatory Agreement executed by the District related to the Bonds.

“*Bonds*” means the District’s General Obligation Refunding Water Bonds, Series 2015, authorized under the Bond Order.

“*Bond Order*” the Bond Order authorizing the General Obligation Refunding Water Bonds adopted by the Board, sitting as the governing body of the District, on March 2, 2015, effective on its adoption.

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

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

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

“*Pricing Certificate*” means the certificate of the Finance Director delivered in connection with the issuance of the Bonds to establish the final maturity amounts, the interest payment dates, and the provisions for redemption with respect to the Bonds, all as agreed in the Purchase Contract.

“*Refunded Bonds*” means, collectively, the 2000A Bonds, the 2000B Bonds, the 2004A Bonds, the 2004B Bonds and the 2005 Bonds.

“*2000A Bonds*” means the District’s \$4,982,000 General Obligation Water Bonds, Series 2000B, \$3,890,000 of which remains outstanding.

“*2000B Bonds*” means the District’s \$421,000 General Obligation Water Bonds, Series 2000B, \$325,000 of which remains outstanding.

“*2004A Bonds*” means the District’s \$2,486,000 General Obligation Water Bonds, Series 2004A, \$2,120,000 of which remains outstanding.

“2004B Bonds” means the District’s \$948,000 General Obligation Water Bonds, Series 2004B, \$815,000 of which remains outstanding.

“2005 Bonds” means the District’s \$3,783,000 General Obligation Water Bonds, Series 2005, \$3,300,000 of which remains outstanding.

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

**Section 2.** The County Manager, the Finance Director and the Clerk to the Board shall act as set forth herein as officers of the District.

**Section 3.** The District shall issue its Bonds in an aggregate principal amount not to exceed \$12,000,000.

**Section 4.** The Bonds shall be dated as of their date of issuance. The Bonds shall pay interest semiannually on June 1 and December 1, beginning December 1, 2015, unless the Finance Director establishes different dates in his Pricing Certificate. The Bonds are being issued to refund the Refunded Bonds pursuant to and in accordance with the Bond Order.

**Section 5.** The Bonds are payable in annual installments on June 1 in each year, unless the Finance Director establishes a different date in his Pricing Certificate. The maturities of the Bonds will be as set forth in the Pricing Certificate.

**Section 6.** The Bonds are to be numbered from “R-1” consecutively and upward and shall bear interest from their date at a rate or rates which will be hereafter determined on the sale thereof computed on the basis of a 360-day year of twelve 30-day months.

**Section 7.** The Bonds are to be registered as to principal and interest, and the Finance Director is directed to maintain the registration records with respect thereto. The Bonds shall bear the original or facsimile signatures of the Chairman of the Board or the County Manager and the Clerk to the Board, each acting on behalf of the District. An original or facsimile of the seal of the District is to be imprinted on the Bonds.

**Section 8.** The Bonds will initially be issued by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds in immediately available funds. The principal of and interest on the Bonds will be payable to owners of Bonds shown on the records of DTC at the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date or a bond payment date. The District will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Finance Director, acting on behalf of the District, determines that the continuation of the book entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the District will discontinue the book entry system with DTC. If the District fails to identify another qualified securities depository to replace DTC, the District will authenticate and deliver replacement Bonds in accordance with DTC’s rules and procedures.

**Section 9.** If the Pricing Certificate designates a date for the Bonds on and after which the Bonds are subject to redemption, then such Bonds are subject to redemption before maturity, at the option of the District, from any money that may be made available for such purpose, either in whole or in part on any date on or after the date set forth in the Pricing Certificate, at the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, with such redemption premium, if any, designated for the Bonds in the Pricing Certificate.

If the Bonds are subject to optional redemption and if less than all the Bonds are called for redemption, the District shall select the maturity or maturities of the Bonds to be redeemed in such manner as the District in its discretion may determine, and DTC and its participants shall determine which Bonds within a maturity are to be redeemed by lot; *provided, however*, that the portion of any Bond to be redeemed must be in principal amount of \$5,000 or integral multiples thereof and that, in selecting Bonds for redemption, each Bond is to be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. When the District elects to redeem any Bonds, notice of such redemption of such Bonds, stating the redemption date, redemption price and identifying the Bonds or portions thereof to be redeemed by reference to their numbers and further stating that on such redemption date there are due and payable on each Bond or portion thereof so to be redeemed, the principal thereof and interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue, is to be given not less than 30 days nor more than 60 days before the redemption date in writing to DTC or its nominee as the registered owner of such Bonds, by prepaid certified or registered United States mail, at the address provided to the District by DTC, but any failure or defect in respect of such mailing will not affect the validity of the redemption. If DTC is not the registered owner of such Bonds, the District will give notice at the time set forth above by prepaid first class United States mail, to the then-registered owners of such Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the District. The District will also mail or transmit by facsimile a copy of the notice of redemption within the time set forth above (1) to the Commission and (2) to the Municipal Securities Rule Making Board (the “MSRB”) in an electronic format as prescribed by the MSRB.

**Section 10.** The Bonds and the provisions for the registration of the Bonds and for the approval of the Bonds by the Secretary of the Local Government Commission are to be in substantially the form set forth in the Appendix A hereto.

**Section 11.** The District covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of the interest on the Bonds, and, if it should take or permit, or omit to take or cause to be taken, any such action, the District will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The District acknowledges that the continued exclusion of interest on the Bonds from the owner’s gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The District covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the Bonds or other funds under its control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bonds to be “arbitrage bonds” for purposes of Section 148 of the Code. The Finance Director, acting on behalf of the District, is hereby authorized to execute an Arbitrage and Tax Regulatory Agreement with respect to the Bonds.

**Section 12.** The District shall cause the portion of the proceeds of the Bonds necessary to redeem the Refunded Bonds to be delivered to the United States Department of Agriculture in accordance with the terms of each series of Refunded Bonds, as more particularly described in the Pricing Certificate. Any remaining portion of the proceeds of the Bonds shall be deposited in a segregated account held by the District and used to pay the costs of issuance of the Bonds. Such funds shall be invested and reinvested by the Finance Director, acting on behalf of the District, as permitted by the laws of the State of North Carolina. The Finance Director shall keep and maintain adequate records pertaining to such account and all disbursements from such account so as to satisfy the requirements of the laws of the State of North Carolina

and to assure that the District maintains its covenants with respect to the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation. To the extent any funds remain in such account on November 15, 2015, the Finance Director, acting on behalf of the District, shall apply the remaining proceeds of the Bonds to pay interest on the Bonds on December 1, 2015.

**Section 13.** Actions taken by officials of the District to select paying and transfer agents, and a bond registrar, or alternate or successor agents and registrars pursuant to Section 159E-8 of the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, are hereby authorized and approved.

**Section 14.** The Commission is hereby requested to sell the Bonds through a negotiated sale to the Underwriter pursuant to the terms of the Purchase Contract at a true interest cost not to exceed 4.00%. The form and content of the Purchase Contract is in all respects approved and confirmed. The Chairman of the Board, the County Manager or the Finance Director, each acting on behalf of the District, is hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Purchase Contract for and on behalf of the District, including necessary counterparts, in substantially the form and content presented to the District, but with such changes, modifications, additions or deletions therein as he or she may deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Purchase Contract, the Chairman of the Board, the County Manager and the Finance Director, each acting on behalf of the District, are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Contract as executed.

**Section 15** The Chairman of the Board, the County Manager, the Finance Director and the Clerk to the Board, each acting on behalf of the District, are hereby authorized and directed, individually and collectively, to cause the Bonds to be prepared and, when the Bonds have been duly sold by the Commission, to execute the Bonds and to turn the Bonds over to the registrar and transfer agent of the District for delivery to the Underwriter through the facilities of DTC.

**Section 16.** The form and content of the Official Statement are in all respects authorized, approved and confirmed, and the County Manager and the Finance Director, each acting on behalf of the District, are authorized, empowered and directed, individually and collectively, to execute and deliver the Official Statement in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as either of them may deem necessary, desirable or appropriate.

**Section 17.** The Chairman of the Board, the County Manager, the Finance Director and the Clerk to the Board, each acting on behalf of the District, are authorized and directed, individually and collectively, to execute and deliver for and on behalf of the District any and all additional certificates, documents, opinions or other papers and perform all other acts as may be required by the documents contemplated hereinabove or as may be deemed necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

**Section 18.** The District agrees, in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") and for the benefit of the Registered Owners and beneficial owners of the Bonds, to provide to the MSRB:

- (a) by not later than seven months after the end of each Fiscal Year beginning with the Fiscal Year ending June 30, 2015, the audited financial statements of the District for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the District for such Fiscal Year to be replaced subsequently by audited financial statements of the District to be delivered within 15 days after such audited financial statements become available for distribution;



(b) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2015, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions “--DEBT INFORMATION” and “--TAX INFORMATION” under the heading “**THE DISTRICT**” (excluding information on overlapping units) in the Official Statement referred to in Section 16, to the extent such items are not included in the audited financial statements referred to in clause (a) above;

(c) in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (7) modification of the rights of the beneficial owners of the Bonds, if material;
- (8) call of any of the Bonds, if material, and tender offers;
- (9) defeasance of any of the Bonds;
- (10) release, substitution or sale of any property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the District;
- (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (14) the appointment of a successor or additional trustee, or the change in the name of a trustee, if material;

(d) in a timely manner, notice of a failure of the District to provide required annual financial information described in (a) or (b) above on or before the date specified.

The District agrees to provide all documents described in this Section in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The District may discharge its undertaking described above by providing such information in a manner the SEC subsequently authorizes in lieu of the manner described above.

The District agrees that its undertaking under this Section is intended to be for the benefit of the registered owners and the beneficial owners of the Bonds and is enforceable by any of the registered owners and the beneficial owners of the Bonds, including an action for specific performance of the District's obligations under this Section, but a failure to comply will not be an event of default and will not result in acceleration of the payment of the Bonds. An action must be instituted, had and maintained in the manner provided in this Section for the benefit of all of the registered owners and beneficial owners of the Bonds.

The District may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District, but:

(1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District;

(2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances; and

(3) any such modification does not materially impair the interest of the registered owners or the beneficial owners, as determined by nationally recognized bond counsel or by the approving vote of the registered owners of a majority in principal amount of the Bonds.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the Bonds.

**Section 19.** Portions of this Resolution may be amended or supplemented from time to time without the consent of the registered owner of the Bonds if, in the opinion of nationally recognized bond counsel, such amendment or supplement would not adversely affect the interests of the owner of the Bonds]and would not cause the interest on the Bonds to be included in the gross income of a recipient thereof for federal income tax purposes. This Resolution may be amended or supplemented with the consent of the owners of a majority in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the District; *provided, however*, without the express consent of the owner of any Bond, no modification or amendment to such Bond may reduce the principal amount of such Bond, reduce the interest rate payable on such Bond, extend its maturity or the times for paying interest, change the monetary medium in which principal and interest is payable or reduce the percentage of consent required for amendment or modification.

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

If the District proposes an amendment or supplemental resolution to this Resolution requiring the consent of the owner of the Bonds, the Registrar shall, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed amendment to be sent to such owner by first-class mail, postage prepaid, to the address of such owner as it appears on the registration books; but the failure to receive such notice by mailing by any owner, or any defect in the mailing thereof, will not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal office of the Registrar for inspection by the owner of the Bonds. If, within 60 days or such longer period as shall be prescribed by the District following the giving of such notice, the owner of the Bonds has consented to the proposed amendment, the amendment will be effective as of the date stated in the notice.

**Section 20.** Nothing in this Resolution precludes (a) the payment of the Bonds from the proceeds of refunding bonds or (b) the payment of the Bonds from any legally available funds.

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

If such a defeasance occurs and after the District receives an opinion of a nationally recognized accounting firm that the segregated money or Federal Securities together with interest earnings thereon are sufficient to effect a defeasance, the District shall execute and deliver all such instruments as may be necessary to effect such a defeasance and desirable to evidence such release, discharge and satisfaction. Provisions shall be made by the District, for the mailing of a notice to the owners of the Bonds that such funds are so available for such payment.

**Section 21.** All acts and doings of the Chairman of the Board, the County Manager, the Finance Director and the Clerk to the Board, each acting on behalf of the District, that are in conformity with the purposes and intent of this Resolution and in the furtherance of the issuance of the Bonds and the execution, delivery and performance of the Purchase Contract are in all respects approved and confirmed.

**Section 22.** If any one or more of the agreements or provisions herein contained is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions hereof or of the Bonds authorized hereunder.

**Section 23.** All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**Section 24.** This Bond Resolution is effective on its adoption.

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**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF SAMPSON, NORTH CAROLINA, SITTING AS THE GOVERNING BODY OF THE WATER AND SEWER DISTRICT II OF THE COUNTY OF SAMPSON, NORTH CAROLINA, MAKING CERTAIN STATEMENTS OF FACT CONCERNING PROPOSED BOND ISSUE**

**WHEREAS**, the Board of Commissioners (the “*Board*”) of the County of Sampson, North Carolina (the “*County*”), sitting as the governing body of the Water and Sewer District II of the County of Sampson, North Carolina (the “*District*”), is considering the issuance of bonds of the District which shall be for the following purposes and in the following maximum amount:

Not to exceed \$12,000,000 of General Obligation Refunding Water Bonds to pay the costs of refunding in advance of their maturities (1) \$3,890,000 aggregate principal amount of the District’s General Obligation Water Bonds, Series 2000A maturing on and after June 1, 2015, (2) \$325,000 aggregate principal amount of the District’s General Obligation Water Bonds, Series 2000B maturing on and after June 1, 2015, (3) \$2,120,000 aggregate principal amount of the District’s General Obligation Water Bonds, Series 2004A maturing on and after June 1, 2015, (4) \$815,000 aggregate principal amount of the District’s General Obligation Water Bonds, Series 2004B maturing on and after June 1, 2015 and (5) \$3,300,000 aggregate principal amount of the District’s General Obligation Water Bonds, Series 2005 maturing on and after June 1, 2015.

**WHEREAS**, certain findings of fact by the Board must be presented to enable the Local Government Commission of the State of North Carolina (the “*Commission*”) to make certain determinations as set forth in Article 4 of Chapter 159 of the General Statutes, Section 52.

**NOW, THEREFORE, BE IT RESOLVED** that the Board meeting in open session on the 2<sup>nd</sup> day of March, 2015, has made the following factual findings in regard to this matter:

***Facts Regarding Necessity of Proposed Financing.*** The proposed bonds are necessary and expedient to lower debt service costs to the District.

***Facts Supporting the Amount of Bonds Proposed.*** The sums estimated for these bonds are adequate and not excessive for the proposed purpose.

***Past Debt Management Policies.*** The District’s debt management policies and procedures are in compliance with the law.

***No Default.*** The District is not in default on any of its debt obligations.

***Issuance of Debt.*** The schedule for issuing the bonds does not require a property tax increase. The schedule for issuance calls for issuing all of the bonds in fiscal year ending June 30, 2015, but issuance may be delayed until such time as the County receives sufficient net present value savings therefrom.

***Financing Team, Application to Local Government Commission, Other Actions.*** The County Manager and the Finance Officer, on behalf of the District, are hereby authorized and directed, individually and collectively, (1) to retain Parker Poe Adams & Bernstein LLP, as bond counsel, DEC Associates, Inc., as financial advisor, and Stephens, Inc. as the underwriter for the proposed bonds, (2) to apply for approval of the proposed bonds with the Commission and (3) to take all other actions necessary to accomplish the refunding transactions as set forth herein. The Finance Officer is hereby authorized and directed to complete and file with the Clerk to the Board a sworn statement of the District’s debt. All actions of the County Manager and the Finance Officer, each acting on behalf of the District, that are in conformity with the purposes and intent of this Resolution are in all respects ratified, approved and confirmed.

On a motion by Chairman Kirby and seconded by Commissioner Lee, the foregoing documents were duly adopted by unanimous vote.

Upon a motion made by Chairman Lockamy and seconded by Commissioner Parker, the Board then adjourned as the Board of Directors of Water District II and reconvened as the Board of Commissioners.

### **County Manager Reports**

County Manager Ed Causey noted that the NCACC was holding a Strategic Planning Session on Friday at the Mad Boar Restaurant. With regard to business personal property education campaign, he reported that two half page advertisements were prepared to run and the brochures were ready to mail to 2,600 businesses. He reported that public education sessions were scheduled for March 19 and March 26, and that staff would meet with CTSI to review their presentation at 1:00 p.m. on the following Tuesday and invited up to two commissioners to attend.

With regard to the format for the recessed meeting to be held at 5:30 pm on March 4, 2015, employees had been offered the opportunity to offer their comments on the implementation of the Pay Plan, which would then be followed by any actions or consideration of items from the Planning Session. Commissioner Wooten suggested the Board go ahead and establish a date to meet to make a decision with regard to the Pay Plan implementation as well as hold a meeting with the school systems, and the Board determined that a recessed meeting on March 18, 2015 at 1:00 p.m. could be held.

Commissioner Kirby asked for clarification on the RFP for Medicaid Transportation, and it noted that the RFP was for three years. Commissioner Kirby stated that the bid previously was for a two-year proposal. The RFP will be amended accordingly.

### **Public Comments**

The floor was opened for public comments, and the following were offered:

Delbridge Peterson: (provided photographs of litter problems) Trash from residents' homes, diapers thrown in yards, wild animals and dogs tearing them up and blowing everywhere, buzzards circling around houses some days. That should be a health problem. Causing rats in the neighborhood. All types of trash blowing on state property and other neighbors' property. A cotton ginner told me years ago that there had been liability lawsuits up to \$250,000 from plastic bags showing up in the cloth at the mills; they had to destroy. This has been a problem for 20 years because nothing has been done. The public has lost hope in the system. I have been told that when they have this problem in the city, they are told to clean up or pay up. When I question people they say there is no money in the budget. There has been two tax appraisals in the county for 20 past years, and the former commissioners have not done anything about this problem. Turf grass drivers have to have a netting on their load of grass or get fined if

they're stopped. I understand the county needs more revenues. Fine the people. It probably is not going to bring in two million, but I have always been told every little bit helps. Please help me understand why nothing can be done.

### **Recess to Reconvene**

Upon a motion made by Commissioner Lockamy and seconded by Commissioner Kirby, the Board voted unanimously to recess to reconvene at 1:00 p.m. on March 18, 2015 in the County Auditorium.