PRELIMINARY OFFICIAL STATEMENT DATED JANUARY ___, 2020

NEW ISSUE BOOK-ENTRY ONLY **Ratings: Moody's:**
S&P:

*In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, assuming compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the portion of the Base Rentals designated and paid as interest with respect to the 2020A Bonds (1) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest component of Installment Payments received with respect to the 2020B Bonds is taxable as ordinary income for federal income tax purposes and (3) the interest component of Installment Payments received with respect to the 2020 Bonds is exempt from State of North Carolina income taxes. See the caption "**LEGAL MATTERS-TAX TREATMENT**" herein.*

Durham Capital Financing Corporation
[Amount]* Limited Obligation Bonds, Series 2020A
[Amount]* Taxable Refunding Limited Obligations Bonds, Series 2020B
(COUNTY OF DURHAM, NORTH CAROLINA)

Dated: Date of Delivery Due: June 1, as shown on the inside cover

This Official Statement has been prepared by the County of Durham, North Carolina (the "*County*") to provide information on the above-referenced bonds (the "*2020A Bonds,*" the "*2020B Bonds,*" and together, the "*2020 Bonds*").

The 2020 Bonds, together with other Bonds (as defined herein) outstanding under the Trust Agreement (as defined herein), evidence proportionate undivided interests in Installment Payments (as defined herein) to be made with respect to an Installment Financing Agreement dated as of March 1, 2013 (as amended, the "*Agreement*"), as amended by Amendment Number One to the Installment Financing Agreement dated as of January 1, 2020, between the Durham Capital Financing Corporation (the "*Corporation*") and the County. As security for its obligations under the Agreement, the County executed and delivered to a deed of trust trustee for the benefit of the Corporation a Deed of Trust and Security Agreement dated as of March 1, 2013 (the "*Deed of Trust*"), granting, among other things, a lien of record on the Mortgaged Property (as defined herein) subject to Permitted Encumbrances (as defined in the Agreement). The Corporation assigned all of its rights in the Deed of Trust and the Agreement (except certain rights with respect to indemnification, the payment of certain expenses and receipt of certain notices) to the Trustee (as defined herein).

The 2020A Bonds are being executed and delivered to obtain funds to pay the costs of financing improvements to the County's historic administration building, now known as Admin Building I and the 2017 Project, as described herein. The 2020B Bonds are being executed and delivered in order to refinance the County's obligations with respect to the 2012 Project and the 2013 Project, each as described herein.

THE PRINCIPAL AND INTEREST COMPONENTS OF THE INSTALLMENT PAYMENTS WITH RESPECT TO THE 2020 BONDS ARE PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COUNTY UNDER THE AGREEMENT, AND, TO THE EXTENT PROVIDED IN THE TRUST AGREEMENT, CERTAIN INVESTMENT EARNINGS, CERTAIN NET PROCEEDS (AS DEFINED IN THE TRUST AGREEMENT), IF ANY, AND CERTAIN AMOUNTS REALIZED FROM ANY SALE OR LEASE OF THE MORTGAGED PROPERTY. NEITHER THE AGREEMENT NOR THE 2020 BONDS NOR THE INTEREST COMPONENT OF THE INSTALLMENT PAYMENTS WITH RESPECT THERETO CREATES A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE AGREEMENT AND DUE THE OWNERS OF THE 2020 BONDS. SEE THE CAPTION "**SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS**" HEREIN.

The 2020A Bonds are subject to optional and mandatory prepayment before maturity as described herein. The 2020B Bonds are subject to optional maturity as described herein.

Interest on the 2020 Bonds is due June 1 and December 1 of each year, commencing June 1, 2020.

The 2020 Bonds are offered, subject to prior sale, when, as and if delivered, subject to the approval of their validity and certain other matters by, Parker Poe Adams & Bernstein LLP Raleigh, North Carolina, Bond Counsel to the County. DEC Associates, Inc., Charlotte, North Carolina, is serving as Financial Advisor to the County. Certain legal matters will be passed on for the County by its counsel, Lowell Siler., Esq., Durham, North Carolina; for the Corporation by its counsel ____; and for the Underwriters by their counsel, Moore & Van Allen PLLC, Charlotte, North Carolina. It is expected that delivery of the 2020 Bonds will be made through the facilities of DTC, on or about January 27, 2020.

PNC Capital Markets LLC[1] **BoA Securities[2]**

January , 2020.

*Preliminary, subject to change.
[1] Senior Manager for the 2020A Bonds; Co-Manager for the 2020B Bonds.
[2] Senior Manager for the 2020B Bonds.

MATURITY SCHEDULE*

2020A BONDS

DUE JUNE 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+	DUE JUNE 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+

2020B BONDS

DUE JUNE 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+	DUE JUNE 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+

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* Preliminary, subject to change.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2020 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources that are deemed to be reliable.

NEITHER THE 2020 BONDS NOR THE TRUST AGREEMENT HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2020 BONDS AND THE TRUST AGREEMENT IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2020 BONDS OR THE TRUST AGREEMENT HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2020 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

COUNTY OF DURHAM, NORTH CAROLINA

BOARD OF COMMISSIONERS

Wendy Jacobs. .... Chair

James Hill .... Vice-Chair

Heidi Carter

Brenda A. Howerton

Ellen W. Reckhow

SELECT COUNTY STAFF

Wendell Davis.......... County Manager

Susan F. Tezai..........Chief Financial Officer

Lowell Siler, Esq.......... County Attorney

Monica W. Toomer..........Clerk to the Board

BOND COUNSEL

Parker Poe Adams & Bernstein LLP
Raleigh, North Carolina

FINANCIAL ADVISOR

DEC Associates, Inc.
Charlotte, North Carolina

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Limited Obligation Bonds	**Taxable Refunding Limited Obligation Bonds**
(County of Durham, North Carolina)	**(County of Durham, North Carolina)**
Series 2020A	**Series 2020B**

INTRODUCTION

The purpose of this Official Statement, which includes the Appendices hereto, is to provide certain information in connection with the execution, sale and delivery of the Limited Obligation Bonds (County of Durham, North Carolina), Series 2020A in the aggregate principal amount of $[Amount]* (the "*2020A Bonds*") and the Taxable Refunding Limited Obligation Bonds (County of Durham, North Carolina), Series 2020B (the "*2020B Bonds*" and, together with the 2020A Bonds, the "*2020 Bonds*"), which evidence proportionate undivided interests in installment payments (the "*Installment Payments*") to be made with respect to an Installment Financing Agreement dated as of March 1, 2013 (as amended, the "*Agreement*"), between Durham Capital Financing Corporation (the "*Corporation*") and the County of Durham, North Carolina (the "*County*"), as amended by Amendment Number One to the Installment Financing Agreement dated as of January 1, 2020 (the "*First Amendment to Agreement*"), between the Corporation and the County. The 2020 Bonds will be executed and delivered pursuant to a Trust Agreement dated as of March 1, 2013 (as supplemented, the "*Trust Agreement*"), between the Corporation and U.S. Bank National Association (the "*Trustee*"), as supplemented by Supplemental Trust Agreement, Number 1, dated as of January 1, 2020, between the Corporation and the Trustee. Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in **Appendix C** hereto under the caption "**DEFINITIONS**."

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by the Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

THE COUNTY

The County is a political subdivision of the State of North Carolina (the "*State*"). See **Appendix A**, **"THE COUNTY"** hereto for certain information regarding the County. Certain information from the County's most recent audited financial statements is contained in **Appendix B** hereto.

PURPOSE

The 2020A Bonds are being executed and delivered to obtain funds to pay the costs of financing improvements to the County's historic administration building, now known as Administration Building I and to refinance the County's obligations with respect to the 2017 Project, as described herein. See the captions "**THE PLAN OF FINANCE FOR THE 2020A BONDS**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

The 2020B Bonds are being executed and delivered in order to refinance the County's obligations with respect to the 2012 Project and the 2013 Project, each as described herein. See the caption "**THE**

* Preliminary, subject to change.

PROJECT" herein. Once the 2020B Bonds are executed and delivered, the 2020 Bonds will be the only Bonds Outstanding under the Trust Agreement. See the captions "**THE PLAN OF REFUNDING FOR THE 2020B BONDS**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

SECURITY

The Corporation previously executed and delivered $63,780,000 Limited Obligation Bonds (County of Durham, North Carolina), Series 2012 (the "*2012 Bonds*"), of which $_________ is currently outstanding, pursuant to a Trust Agreement dated as of April 1, 2009 (the "*2009 Trust Agreement*"), as supplemented by a First Supplemental Trust Agreement dated as of March 1, 2012, each between the Corporation and U.S. Bank National Association. A portion of the proceeds will be used to prepay in advance of their stated maturities a portion of the 2012 Bonds (the "*Refunded 2012 Bonds*"). Some maturities of the 2012 Bonds [are expected to/will] remain outstanding after delivery of the 2020 Bonds (the "*Remaining 2012 Bonds*"). The Remaining 2012 Bonds will not share the same security as the 2020 Bonds.

In addition, the Corporation executed and delivered $112,470,000 Limited Obligation Bonds (County of Durham, North Carolina), Series 2013 (the "*2013 Bonds*"), of which $_______ is currently outstanding, pursuant to a Trust Agreement dated as of March 1, 2013 (the "*2013 Trust Agreement*"). as supplemented by a First Supplemental Trust Agreement dated as of March 1, 2013, each between the Corporation and U.S. Bank National Association. A portion of the proceeds will be used to prepay in advance of their stated maturities a portion of the 2013 Bonds (the "*Refunded 2013 Bonds*"). Some maturities of the 2013 Bonds [are expected to/will] remain outstanding after delivery of the 2020 Bonds (the "*Remaining 2013 Bonds*") and will share the same security as the 2020 Bonds.

As security for its obligations under the Agreement, the County executed and delivered to a deed of trust trustee, for the benefit of the Corporation, a Deed of Trust and Security Agreement dated as of March 1, 2013 (the "*Deed of Trust*"), granting a lien of record on a full city block located in downtown Durham and bounded by Pettigrew, Dillard, Roxboro, and Magnum Streets and the real estate improvements thereon and appurtenances thereto (the "*Mortgaged Property*"), which specifically include the Durham County Courthouse and the Durham County Detention Facility (collectively, the "*Justice Plaza*"), as more particularly described in the Deed of Trust, subject only to Permitted Encumbrances (as defined in the Agreement). The Deed of Trust authorizes future obligations evidenced by additional limited obligation bonds executed and delivered under the Trust Agreement ("*Additional Bonds*"), as described below, to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the Deed of Trust at any one time does not exceed $250,000,000 and such future obligations are incurred not later than 30 years from the date of the Deed of Trust.

Pursuant to the Trust Agreement, the Corporation has assigned to the Trustee, for the benefit of the Owners of the 2020 Bonds, the Remaining 2013 Bonds and any Additional Bonds executed and delivered under the Trust Agreement (collectively, the "*Bonds*"), substantially all of its rights, title and interest in and to (1) the Agreement, including its rights to receive Installment Payments, and (2) the Deed of Trust. In addition, the Corporation will grant to the Trustee a lien on and security interest in all moneys and securities held by the Trustee in the Installment Payment Fund, the Prepayment Fund, the Project Fund, and the Net Proceeds Fund created under the Trust Agreement. Pursuant to the Agreement, Installment Payments payable by the County are paid directly to the Trustee.

The 2020 Bonds will be payable and secured by the Deed of Trust along with the Remaining 2013 Bonds and any Additional Bonds hereafter executed and delivered pursuant to the Trust Agreement. See the caption "**SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS**" herein.

If a default occurs under the Agreement, the Trustee for the Owners of the 2020 Bonds can direct the Deed of Trust Trustee to foreclose on the Mortgaged Property and apply the proceeds received as a result of any such foreclosure to the payment of the amounts due to the Owners of the 2020 Bonds subject to the rights of the Owners of the Remaining 2013 Bonds and any Additional Bonds. NO ASSURANCE CAN BE GIVEN THAT ANY SUCH PROCEEDS WILL BE SUFFICIENT TO PAY THE PRINCIPAL AND THE INTEREST WITH RESPECT TO THE 2020 BONDS. IN ADDITION, NO DEFICIENCY JUDGMENT CAN BE RENDERED AGAINST THE COUNTY IF THE PROCEEDS FROM ANY SUCH FORECLOSURE SALE (TOGETHER WITH OTHER FUNDS THAT MAY BE HELD BY THE TRUSTEE UNDER THE TRUST AGREEMENT) ARE INSUFFICIENT TO PAY THE 2020 BONDS IN FULL. NEITHER THE 2020 BONDS NOR THE COUNTY'S OBLIGATION TO MAKE PAYMENTS UNDER THE AGREEMENT CONSTITUTE A PLEDGE OF THE COUNTY'S FAITH AND CREDIT WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION. See the caption "**SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS**" herein.

THE 2020 BONDS

The 2020 Bonds will be dated as of their date of delivery. Interest is payable on June 1 and December 1 of each year, beginning June 1, 2020, at the rates set forth on the inside cover page of this Official Statement. Principal is payable, subject to prepayment as described herein, on June 1 in the years and in the amounts set forth on the inside cover page of this Official Statement.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then-outstanding 2020 Bonds and without notice to such Owners, Additional Bonds may be delivered and secured on parity with the 2020 Bonds and the Remaining 2013 Bonds to provide funds, with any other available funds, for (1) paying the cost of any additions, modifications or improvements to the facilities and improvements comprising the Project (as described under the caption "**THE PROJECT**" herein) or other real or personal property or any acquisition or construction of other real or personal property and applicable Delivery Costs, or (2) refunding all or any portion of the 2020 Bonds, the Remaining 2013 Bonds or any Additional Bonds or any other financing under N.C.G.S. Section 160A-20 and paying applicable Delivery Costs.

BOOK-ENTRY FORM ONLY

The 2020 Bonds will be delivered in book-entry form only without physical delivery of certificates to beneficial owners of the 2020 Bonds. Payments to beneficial owners of the 2020 Bonds will be made through The Depository Trust Company ("*DTC*"), New York, New York, and its participants. See **Appendix E**, "**BOOK-ENTRY-ONLY SYSTEM**" hereto. So long as Cede & Co. is the registered owner of the 2020 Bonds, references herein to registered owner or Owners means Cede & Co. and not the beneficial owners of the 2020 Bonds.

TAX STATUS

In the opinion of Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, the interest component of Installment Payments received with respect to the 2020A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The interest component of Installment Payments received with respect to the 2020B Bonds is taxable as ordinary income for federal income tax purposes. In the opinion of Bond Counsel, under existing law, the interest component of Installment Payments received with respect to the 2020 Bonds is exempt from State of North Carolina income taxes. See the caption "**LEGAL MATTERS-TAX TREATMENT**" herein.

PROFESSIONALS

PNC Capital Markets LLC, Charlotte, North Carolina is underwriting the 2020A Bonds (the "*2020A Underwriter*"). BofA Securities, Inc., Charlotte, North Carolina, and PNC Capital Markets LLC, Charlotte, North Carolina, are underwriting the 2020B Bonds (the, "*2020B Underwriters*," and collectively with the 2020A Underwriter, the "*Underwriters*"). U.S. Bank National Association, Raleigh, North Carolina, is serving as Trustee with respect to the 2020 Bonds. DEC Associates, Inc., Charlotte, North Carolina, is serving as Financial Advisor to the County. Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, is serving as Bond Counsel. Lowell Siler, Esq., Durham, North Carolina, is County Attorney. _____________________, is serving as counsel to the Corporation. Moore & Van Allen PLLC, Charlotte, North Carolina, is serving as counsel to the Underwriters.

THE 2020 BONDS

AUTHORIZATION

The 2020 Bonds will be executed and delivered pursuant to the Trust Agreement. All Bonds, including the 2020 Bonds, evidence proportionate undivided interests in Installment Payments made by the County under the Agreement.

The County entered into the Agreement under the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The Board of Commissioners for the County (the "*Board of Commissioners*") authorized the County's execution and delivery of the Agreement in a resolution adopted on February 11, 2013. The Board of Commissioners for the County (the "Board of Commissioners") authorized the County's execution and delivery of the First Amendment to the Agreement in a resolution adopted on December 9, 2019.

In addition, on January 7, 2020, the North Carolina Local Government Commission (the "*LGC*") gave the required approval for the County to enter into the First Amendment to Agreement. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in the State. Its approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing, the LGC must determine, among other things, that (1) the proposed financing is necessary and expedient, (2) the financing, under the circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are not excessive for the local government.

GENERAL

Payment Terms. The 2020 Bonds will be dated their date of delivery. Interest with respect to the 2020 Bonds is payable on each June 1 and December 1 (the "*Bond Payment Dates*"), beginning June 1, 2020, at the rates set forth on the inside cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). Principal with respect to the 2020 Bonds is payable, subject to prepayment as described herein, on June 1 in the years and amounts set forth on the inside cover page of this Official Statement. Payments will be made through DTC. See **Appendix E**, "**BOOK-ENTRY-ONLY SYSTEM**" hereto.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2020 Bonds, transfers and exchanges of beneficial ownership interests in the 2020 Bonds will be available only through DTC Participants and DTC Indirect Participants. See **Appendix E**, "**BOOK-ENTRY-ONLY SYSTEM**" hereto. The Trust Agreement describes provisions for transfer and exchange applicable if a book entry system is no longer in effect. These provisions generally provide that the transfer of any 2020 Bond is registrable by the Owner thereof, and any 2020 Bond may be exchanged for an equal aggregate, unprepaid principal amount of 2020 Bonds in any authorized denominations and of the same maturity and interest rate, only upon presentation and surrender of such 2020 Bond to the Trustee at the designated corporate trust office of the Trustee together with an executed instrument of transfer in a form approved by the Trustee in connection with any transfer. The Trustee may require the person requesting any transfer or exchange to reimburse it for any shipping and tax or other governmental charge payable in connection therewith.

PREPAYMENT PROVISIONS

Optional Prepayment of the 2020A Bonds. The 2020A Bonds maturing on or after June 1, 20__ are subject to prepayment from any available moneys in whole or in part on any date on or after June 1, 20__ at the option of the County, if the County exercises its option under the Agreement to prepay in whole or in part the principal components of the Installment Payments, at a prepayment price equal to the principal with respect to such 2020 Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

Optional Prepayment of the 2020B Bonds. The 2020B Bonds are subject to optional prepayment prior to their respective maturities, at the option of the County, from any moneys that may be available for such purpose, either in whole or in part on any date on or after June 1, 20_, at a prepayment price of 100% of the principal amount of 2020B Bonds to be prepaid, together with accrued interest, if any, to the date fixed for prepayment.

Prior to June 1, 20__, the 2020B Bonds are subject to optional prepayment prior to their respective maturities, at the option of the County, from any moneys that may be available for such purpose, either in whole or in part on any date, at a prepayment price equal to the greater of:

(i) 100% of the principal amount of the 2020B Bonds to be prepaid; or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2020B Bonds to be prepaid to their respective maturity dates, not including any portion of those payments of interest accrued and unpaid as of the date fixed for the prepayment (the "*Scheduled Prepayment Date*") of such 2020B Bonds, discounted to the Scheduled Prepayment Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, as hereinafter defined, plus 20 basis points; plus, in each case, accrued interest to the prepayment date.

For purpose of the foregoing, the following definitions apply:

"*Treasury Rate*" means, with respect to any prepayment date for any particular 2020B Bond, the greater of: (1) the yield to maturity as of such prepayment date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the prepayment date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the prepayment date to maturity; provided, however, that if the period from the prepayment date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used; all as will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County at the County's expense and such determination shall be conclusive and binding on the owners of the 2020B Bonds, or (2) the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the

Comparable Treasury Issue is purchased on the prepayment date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

"*Comparable Treasury Issue*" means, with respect to any prepayment date for a particular 2020B Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has or have an actual or interpolated maturity comparable to the remaining average life of the 2020B Bond to be prepaid.

"*Comparable Treasury Price*" means, with respect to any prepayment date for a particular 2020B Bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (defined below), the average of such quotations for such prepayment date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"*Designated Investment Banker*" means one of the Reference Treasury Dealers (as defined below) appointed by the County.

"*Reference Treasury Dealer*" means each of the four firms, specified by the County from time to time, that are primary United States government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County will substitute another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any prepayment date for a particular 2020B Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third business day preceding such prepayment date.

The prepayment price of any 2020B Bonds to be prepaid by optional prepayment pursuant to this sub-section will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County to calculate such prepayment price. The County and the Trustee may conclusively rely on the determination of such prepayment price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Mandatory Prepayment of 2020A Bonds. The 2020A Bonds maturing on June 1, 20__ (the "*Term Bonds*") are subject to mandatory prepayment in part on June 1 in each year on and after June 1, 20__, in the years and amounts set forth below by lot from the principal component of the Installment Payment required to be paid by the County pursuant to the Agreement with respect to each such Bond Prepayment Date, at a prepayment price equal to the principal with respect to such 2020 Bonds to be prepaid, together with accrued interest thereon to the date fixed for prepayment, as follows:

YEAR	MATURITY
	*

* Maturity

At its option to be exercised by written instrument delivered to the Trustee on or before the 45th day next preceding any such mandatory prepayment date, the County or the Corporation on behalf of the County, may deliver to the Trustee for cancellation Term Bonds in any aggregate principal amount desired, each Term Bond so delivered to be credited by the Trustee at 100% of the principal amount thereof against the obligation of the County on such mandatory prepayment date. Any excess over such obligation shall be credited against future mandatory prepayment obligations in such order as the County shall elect by written notice to the Trustee, and the principal amount of such Term Bonds to be prepaid pursuant to the Trust Agreement shall be accordingly reduced. If the Trustee does not receive such written notice from the County, such excess shall be credited against future mandatory prepayment obligations in chronological order.

If instructed to do so by the Corporation upon the request of the County and if sufficient moneys are on deposit in the Installment Payment Fund, the Trustee shall endeavor to purchase 2020A Bonds or portions of 2020A Bonds subject to mandatory prepayment and stated to mature on the next maturity date of such 2020A Bonds at the market price then available, such price not to exceed the prepayment price which would be payable on the next Bond Prepayment Date to the Owners of such 2020A Bonds under the provisions of the Trust Agreement if such 2020A Bonds or portions of such 2020A Bonds should be called for prepayment on such Bond Prepayment Date, from the moneys in the Installment Payment Fund. No such purchase shall be made by the Trustee within the period of 45 days immediately preceding the next Bond Prepayment Date, except from moneys other than the moneys set aside in the Installment Payment Fund for the prepayment of such 2020A Bonds.

The Trustee shall call for prepayment on each Bond Prepayment Date, as provided in the Trust Agreement, a principal amount of Bonds (including 2020A Bonds) or portions of 2020A Bonds then subject to mandatory prepayment equal to the mandatory prepayment requirements for such 2020A Bonds with respect to such Bond Prepayment Date less the principal amount of any such 2020A Bonds delivered for cancellation or retired by purchase pursuant to the Trust Agreement. If the amount available in the Installment Payment Fund is not equal to the mandatory prepayment requirements with respect to such Bond Prepayment Date less the principal amount of any such 2020A Bonds so delivered for cancellation or retired by purchase, then the Trustee shall apply the amount available in the Installment Payment Fund to such prepayment in proportion to the mandatory prepayment requirements with respect to such Bond Prepayment Date for all 2020A Bonds then Outstanding. Such prepayment shall be made pursuant to the provisions of the Trust Agreement.

Selection of 2020A Bonds for Prepayment. Whenever fewer than all Outstanding 2020A Bonds are called for prepayment, the Trustee will select 2020 Bonds for prepayment from the outstanding 2020A Bonds not previously called for prepayment, in authorized denominations, in the case of optional prepayment of 2020A Bonds, as directed by the County, and by lot within any maturity. Notwithstanding the foregoing, so long as a book-entry system is used for determining beneficial ownership of the 2020A Bonds, if less than all of the 2020A Bonds within a maturity are to be prepaid, the Securities Depository shall determine, pursuant to its rules and procedures, the interests of its participants in the 2020A Bonds to be prepaid.

Selection of 2020B Bonds for Prepayment. If less than all of the 2020B Bonds of any one maturity are to be called for prepayment, the Trustee shall select the 2020B Bonds to be prepaid on a pro rata basis among all Owners of the 2020B Bonds of such maturity based upon the principal amount of 2020B Bonds owned by each such Owner, provided that (a) the portion of any 2020B Bond to be prepaid shall be in only whole multiples of $5,000 and (b) so long as the only Owner of the 2020B Bonds is a Securities Depository Nominee, such selection shall be made by the Securities Depository in accordance with its operating rules and procedures, which is currently by lot. If the only Owner of the 2020B Bonds is a Securities Depository Nominee, the Trustee shall request the Securities Depository to select the amount of each direct participant's interest in the 2020B Bonds of such maturity to be prepaid on a pro rata basis based upon the principal amount of their respective interests (and to inform its direct and indirect participant to select 2020B Bonds for prepayment in a like manner) but only to the extent permitted by the Securities Depository; provided, however, that neither the County nor the Trustee shall have any responsibility for ensuring that the 2020B Bonds are called for prepayment in such manner.

[Effect of Call for Prepayment. The 2020 Bonds subject to prepayment are due and payable on the prepayment date at the applicable prepayment price plus accrued interest to the prepayment date. If the required notice of prepayment has been given and moneys or Defeasance Obligations in an amount sufficient for the prepayment (plus accrued interest to the prepayment date) have been set aside in the Prepayment Fund, interest with respect to such 2020 Bonds will cease to accrue and become payable, and the Owners of such 2020 Bonds will have no rights in respect of such 2020 Bonds or portions thereof except to receive payment of the prepayment price and accrued interest from the funds held by the Trustee for such purpose.]

Notice of Prepayment. The Trustee will mail, first-class, postage prepaid, a notice of prepayment of any 2020 Bonds at least 30 days and not more than 60 days before the prepayment date to the Owners of the 2020 Bonds or portions of the 2020 Bonds to be prepaid, provided that notice to any Securities Depository shall be sent by registered or certified mail or confirmed facsimile transmission or, in the case of DTC, by electronic transmission to such address provided in writing by DTC and provided further that failure to give any such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for such prepayment as to the 2020 Bonds of any other Owner to whom such notice has been properly given. In addition, notice of prepayment will be given by the Trustee in compliance with Rule 15c2-12 under the Securities Exchange Act of 1934. See the caption "**CONTINUING DISCLOSURE**" herein.

THE PROJECT

Proceeds of the 2012 Bonds were used to (a) refinance the construction costs of the Health and Human Services Complex, (b) finance upgrades to the County's financial system computer software, (c) acquire replacement personal computers, servers and other IT equipment and (d) replace various County vehicles (collectively, the "*2012 Project*").

Proceeds of the 2013 Bonds were used to finance and refinance (a) the construction of the Durham County Detention Facility and additional improvements, (b) the construction of the Durham County Courthouse, including the construction of a building to house courtrooms, court-related offices and various other facilities for justice-related departments of the County, the construction of a related parking deck and the acquisition of associated land, furnishings and equipment, (c) the renovation of an existing building and construction of other facilities to provide for the storage of County property, including the acquisition of associated land, furnishings and equipment, (d) the renovation of the existing Durham County Judicial Building to accommodate other administrative needs of the County and become the Durham County Administration II Building, including the acquisition of associated furnishings and equipment and (e) the installation of fiber optic lines and related equipment to connect various County buildings and other buildings in order to eliminate significant network costs and improve voice, data and other application transmission capabilities among such facilities (collectively, the "*2013 Project*").

The County also previously executed and delivered an Installment Financing Contract dated as of March 31, 2017 with PNC Bank, National Association (the "*2017 Contract*"), the proceeds of which were used to finance (a) the reconstruction and renovation of the existing Judicial Annex of the County, (b) the reconstruction and renovation of certain facilities used by Durham County Emergency Medical Services and (c) certain preliminary costs related to the redevelopment of Park Center in the Research Triangle Park pursuant to an Agreement for Park Center Phase I Public - Private Projects, dated October 12, 2015, as amended, between the Research Triangle Foundation of North Carolina and the County (collectively, the "*2017 Project*").

A portion of the proceeds of the 2020A Bonds will be used to pay the costs of improvements to the County's historic administration building, now known as Administration Building I (the "*2020 Project*," and together with the 2012 Project, the 2013 Project and the 2017 Project, the "*Project*").

The Mortgaged Property consists only of the Justice Plaza, on which both the Durham County Detention Facility and the Durham County Courthouse are located. The _____ square-foot Durham County Detention Facility contains 11 housing units of 48 beds (528 beds total), each with its own outdoor exercise, multipurpose room and visiting area. The Durham County Courthouse covers 319,533 square feet and has 20 courtrooms. The Courthouse, which opened in February 2013, cost approximately $119.15 million to build. There is a related 897-space parking facility. THE REMAINING IMPROVEMENTS INCLUDED WITHIN THE PROJECT ARE NOT SUBJECT TO THE DEED OF TRUST.

THE PLAN OF FINANCE FOR THE 2020A BONDS

A portion of the proceeds of the 2020A Bonds will be used to pay the costs of the 2020 Project. See the caption "**THE PROJECT**" herein. In addition, a portion of the proceeds of the 2020A Bonds will be used to prepay amounts due under the 2017 Contract on the date of delivery of the 2020A Bonds.

THE PLAN OF REFUNDING FOR THE 2020B BONDS

The County will refund the Refunded 2012 Bonds and Refunded 2013 Bonds by redeeming the following maturities on the following prepayment dates:

SERIES	MATURITY	PRINCIPAL AMOUNT	RATE	PREPAYMENT DATE	CUSIP
2012 Bonds	6/1/20__	$	%		266780__
	6/1/20__				266780__
	6/1/20__				266780__
2013 Bonds	6/1/20__	$	%		266780__
	6/1/20__				266780__
	6/1/20__				266780__

The County will cause the Trustee on the date of delivery of the 2020B Bonds to deposit with U.S. Bank National Association (in such capacity, the "*Escrow Agent*"), a portion of the proceeds from the sale of the 2020B Bonds. The Escrow Agent will deposit a portion of such proceeds in the Refunded 2012 Bonds Account of the Escrow Fund and a portion of such proceeds in the Refunded 2013 Bonds Account of the Escrow Fund. The Escrow Agent will simultaneously apply amounts on deposit in the Escrow Fund to the purchase of the Defeasance Obligations. The Defeasance Obligations in the Refunded 2012 Bonds Account will mature in principal amounts and pay interest in such amounts so that sufficient money therefrom, together with amounts designated, will be available to pay (1) the interest on the Refunded 2012 Bonds through June 1, 2022 and (2) the principal of the Refunded 2012 Bonds on June 1, 2022, at which time the Outstanding principal of and interest on the Refunded 2012 Bonds will be paid in full. The Defeasance Obligations in the Refunded 2013 Bonds Account will mature in principal amounts and pay interest in such amounts so that sufficient money therefrom, together with amounts designated, will be available to pay (1) the interest on the Refunded 2013 Bonds through June 1, 2023, and (2) the principal of the Refunded 2013 Bonds on June 1, 2023, at which time the Outstanding principal of and interest on the Refunded 2013 Bonds will be paid in full.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents information as to the estimated sources and uses of funds relating to the 2020 Bonds:

Sources of Funds:	
Par Amount of 2020A Bonds	$
Par Amount of 2020B Bonds	
Equity Contribution[1]	
Net Original Issue [Premium/Discount] on 2020A Bonds	
TOTAL SOURCES	$
Uses of Funds[1]*:*	
Deposit to the Project Fund	$
Deposit to the Refunded 2012 Bonds Account	
Deposit to the Refunded 2013 Bonds Account	
Amounts Used to Prepay 2017 Contract	
Costs of Issuance[2]	
TOTAL USES	$

[1] To be used to pay interest accrued on the Refunded 2012 Bonds, the Refunded 2013 Bonds and the 2017 Contract to the delivery date of the 2020 Bonds.

[2] Costs incurred in connection with the execution, sale and delivery of the 2020 Bonds include Underwriters' discounts, legal fees, printing fees, rating fees, financial advisory fees and other miscellaneous transaction costs.

SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS

GENERAL

The 2020 Bonds are payable from Installment Payments to be made by the County under the Agreement, and from certain investment earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property.

INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS

Under the Agreement, the County is required to pay Installment Payments directly to the Trustee semiannually at least five Business Days prior to each June 1 and December 1 in amounts sufficient to provide for the payment of the principal and interest with respect to the 2020 Bonds on such June 1 and December 1. Installment Payments payable for any period are reduced by certain investment earnings and other amounts on deposit in the Installment Payment Fund available to pay the principal or interest with respect to the 2020 Bonds.

The County is obligated to pay Additional Payments in amounts sufficient to pay the fees and expenses of the Trustee, taxes or other expenses required to be paid pursuant to the Agreement. Additional Payments are to be paid by the County directly to the person or entity to which such Additional Payments are owed.

BUDGET AND APPROPRIATION

In connection with both Installment Payments and Additional Payments, the appropriation of funds therefor is within the sole discretion of the Board of Commissioners. In the Agreement, the County agrees to include in the County Manager's annual budget proposal for review and consideration by the Board of Commissioners, in any Fiscal Year, items for all Installment Payments and the reasonably estimated Additional Payments required for such Fiscal Year. The Agreement also provides that if the Board of Commissioners determines not to appropriate in the budget an amount sufficient to pay all Installment Payments and the reasonably estimated Additional Payments required for the applicable Fiscal Year, the Board of Commissioners is to adopt a resolution to such effect containing a statement of its reasons therefor, which resolution is to be adopted by a vote identifying those voting for and against the resolution or abstaining from voting and is to be recorded in the minutes of the Board of Commissioners.

IN CONNECTION WITH THE INSTALLMENT PAYMENTS AND THE ADDITIONAL PAYMENTS, THE APPROPRIATION OF FUNDS THEREFOR IS WITHIN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS.

TRUST AGREEMENT

Under the Trust Agreement, the Corporation has assigned to the Trustee for the benefit of the Owners of all the Bonds outstanding under the Trust Agreement, including the 2020 Bonds, the Remaining 2013 Bonds and any Additional Bonds, (1) all rights of the Corporation under the Agreement (except its rights with respect to indemnification, the payment of certain expenses and the receipt of certain notices), including the right to receive Installment Payments and Prepayments made by the County under the Agreement and any Net Proceeds, (2) all rights of the Corporation as beneficiary under the Deed of Trust, including its right, title and interest in the Mortgaged Property (except its rights in respect of indemnification and the receipt of certain notices) and (3) all moneys and securities from time to time held by the Trustee in the Installment Payment Fund, the Prepayment Fund, the Project Fund, and the Net Proceeds Fund under the Trust Agreement.

DEED OF TRUST

General. The County executed the Deed of Trust conveying the Mortgaged Property to the Deed of Trust Trustee as security for its obligations under the Agreement. THE MORTGAGED PROPERTY INCLUDES ONLY THE JUSTICE PLAZA AND THE REAL ESTATE IMPROVEMENTS THEREON AND APPURTENANCES THERETO, AS MORE PARTICULARLY DESCRIBED IN THE DEED OF TRUST. The Deed of Trust constitutes a lien of record on the Mortgaged Property, subject only to Permitted Encumbrances. The lien of record is insured by a title insurance policy. A North Carolina Uniform Commercial Code financing statement has been filed with respect to the security interest in fixtures granted in the Deed of Trust. The County may finance future improvements and equipment with the proceeds of Additional Bonds, which improvements and equipment might not become a part of the Mortgaged Property.

The Deed of Trust permits future obligations evidenced by Additional Bonds to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the Deed of Trust at any one time does not exceed $250,000,000 and such future obligations are incurred not later than 30 years from the date of the Deed of Trust.

Release of Security. So long as there is no event of default under the Deed of Trust, the Deed of Trust Trustee must release portions of the Mortgaged Property from the lien of the Deed of Trust on compliance with the requirements of the Deed of Trust. Any release of Mortgaged Property from the lien of the Deed of Trust will occur only when and if the following requirements have been fulfilled:

(1) In connection with any release of the Mortgaged Property other than a fixture, the Corporation receives a certified copy of the resolution of the Board of Commissioners stating the purpose for which the County desires such release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release.

In connection with the release of any fixture, the Corporation receives a certificate of the Chief Financial Officer of the County, or designee thereof, stating the purpose for which the County desires such release of the fixture, giving an adequate description of the fixture to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release.

(2) In connection with the release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, such release does not inhibit in any material way ingress or egress to the remaining portion of the Mortgaged Property or materially interfere with the intended use of the remaining portion of the Mortgaged Property (such determination to be made by a certificate of a County Representative (as defined in the Trust Agreement) filed with the Deed of Trust Trustee to such effect).

(3) In connection with the release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, the appraised, tax or insured value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal components of the Installment Payments related to the Bonds then Outstanding as certified by the County in writing.

(4) In connection with the release of all property constituting the Mortgaged Property, there has been paid to the Trustee an amount sufficient to provide for payment in full of all Outstanding Bonds in accordance with the Trust Agreement.

See the caption "**THE DEED OF TRUST--*Release of Mortgaged Property***" in **Appendix C** hereto.

ENFORCEABILITY

The Trust Agreement, the Deed of Trust and the Agreement are subject to bankruptcy, insolvency, reorganization and other laws related to or affecting the enforcement of creditors' rights and, to the extent that certain remedies under such instruments require or may require enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

THE AGREEMENT DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY IN ANY FISCAL YEAR IN WHICH THE AGREEMENT IS IN EFFECT. If the County fails to make Installment Payments required under the Agreement, the Trustee may declare the entire unpaid principal portion of the Installment Payments to be immediately due and payable and direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and may in accordance with law dispose of such Mortgaged Property and apply the proceeds of any such disposition toward any balance owing by the County under the Agreement to make Installment Payments. No assurance can be given that such proceeds will be sufficient to pay the principal and interest with respect to all Outstanding Bonds. IN ADDITION, SECTION 160A-20(f) OF THE NORTH CAROLINA GENERAL STATUTES PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT AND THAT THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE BY THE

COUNTY UNDER THE AGREEMENT. See the captions "**THE INSTALLMENT FINANCING AGREEMENT--*Remedies on Default***" and "**THE DEED OF TRUST--*Foreclosure***" in Appendix C hereto and the caption "**CERTAIN RISKS OF 2020 BOND OWNERS**" herein.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then outstanding Bonds, Additional Bonds may be delivered and secured on parity with the 2020 Bonds. See the caption "**THE TRUST AGREEMENT--*Additional Bonds***" in **Appendix C** hereto.

AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS

GENERAL

The County may pay its Installment Payments from any source of funds legally available to it in each year and appropriated therefor during the term of the Agreement.

GENERAL FUND REVENUES

The County's general fund revenues for the fiscal year ended June 30, 2019 exceeded $____ million. General fund revenues are derived from various sources, with the primary source being property taxes (which account for approximately __% of the general fund revenues), sales taxes, fees and charges, as well as intergovernmental revenues. [For the fiscal year ended June 30, 2019, the County imposed a property tax rate of $._____ per $100 of assessed value but [changed] the rate to $.____ per $100 of assessed value for the fiscal year ending June 30, 2020.] For the fiscal year ending June 30, 2020, a rate of $.01 per $100 of assessed value generates approximately $________. The General Statutes of North Carolina permit counties to impose property taxes of up to $1.50 per $100 of assessed value for certain purposes without the requirement of a voter referendum. See **Appendix B** hereto for a description of the uses of the County's general fund revenues for the fiscal year ended June 30, 2019.

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INSTALLMENT PAYMENT SCHEDULE

The following schedule sets forth for each fiscal year of the County ending June 30 the amount of principal and interest required to be paid under the Agreement with respect to the 2020 Bonds.

Fiscal Year Ending June 30	**Installment Payments on Remaining 2013 Bonds**	**2020 Bonds Principal Component of Installment Payments**	**2020 Bonds Interest Component of Installment Payments**	**Total**
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
Total				

CERTAIN RISKS OF 2020 BOND OWNERS

Insufficiency of Installment Payments

If Installment Payments by the County are insufficient to pay the principal and interest with respect to all Outstanding Bonds as the same become due or if another event of default occurs under the Agreement, the Trustee may accelerate the Outstanding Bonds and all unpaid principal amounts due by the County under the Agreement, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Deed of Trust, take possession of the Mortgaged Property and attempt to dispose of the Mortgaged Property. See the caption "**THE INSTALLMENT FINANCING AGREEMENT**" in **Appendix C** hereto. Zoning restrictions and other land use factors relating to the Mortgaged Property may limit the use of the Mortgaged Property and may affect the proceeds obtained from any disposition by the Deed of Trust Trustee. THERE CAN BE NO ASSURANCE THAT THE MONEYS AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH DISPOSITION OF THE MORTGAGED PROPERTY WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST WITH RESPECT TO ALL OUTSTANDING BONDS. SECTION 160A-20(f) OF THE GENERAL STATUTES OF NORTH CAROLINA PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE AGREEMENT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS ON A DEFAULT BY THE COUNTY UNDER THE AGREEMENT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA, INCLUDING FORECLOSING ON THE DEED OF TRUST. The Mortgaged Property consists only of the site of the Justice Plaza and the improvements thereon and appurtenances thereto.

RISK OF NONAPPROPRIATION

The appropriation of moneys to make the Installment Payments is within the sole discretion of the Board of Commissioners. If the Board of Commissioners fails to appropriate such moneys, the only sources of payment for the 2020 Bonds will be the moneys, if any, available in the respective funds and accounts held by the Trustee under the Trust Agreement and the proceeds of any attempted foreclosure on the County's interest in the Mortgaged Property under the Deed of Trust.

UNINSURED CASUALTY

If all or any part of the Mortgaged Property is partially or totally damaged or destroyed by any casualty or taken by any governmental authority, the Agreement requires the County to apply any Net Proceeds from insurance or condemnation to replace or repair the Mortgaged Property. If the Net Proceeds are not sufficient to replace or repair the Mortgaged Property to its condition prior to such damage, destruction or taking, the value of the Mortgaged Property might be reduced. The Agreement requires that certain insurance be maintained with respect to the Mortgaged Property. Such insurance may not, however, cover all perils to which the Mortgaged Property is subject.

BANKRUPTCY

Under North Carolina law, a local governmental unit may not file for bankruptcy protection without the consent of the LGC. If bankruptcy proceedings were initiated by the County with the consent of the LGC, the bankruptcy proceedings could have adverse effects on Owners of the 2020 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2020 Bonds. The effect of the provisions of the United States Bankruptcy Code on the rights and remedies of the Owners of the 2020 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy.

OUTSTANDING GENERAL OBLIGATION DEBT OF THE COUNTY

The County has issued general obligation bonds and notes and may issue general obligation bonds and notes in the future. The County will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes to be issued. See the caption "**DEBT INFORMATION**" in **Appendix A** hereto. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY INSTALLMENT PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE AGREEMENT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

ENVIRONMENTAL RISKS

The County completed a Phase I environmental review of the Mortgaged Property on December 3, 2001. Though the report did not find any recognized environmental conditions, it did report two previously removed underground storage tanks, one of which experienced a release during its removal in January of 1998, and suggested soil and groundwater testing. The testing indicated the presence of volatile organic compounds at high levels, which led the County to conduct a Phase II review in April of 2005. Based on the results of the Phase II review, the North Carolina Department of Environment and Natural Resources required a Comprehensive Site Assessment be conducted at the site. The County has remediated the recognized environmental conditions identified in the Phase I and Phase II reviews in connection with the construction of the Justice Center.

The County must, under the Agreement, undertake whatever environmental remediation may be required by law. For example, if any portion of the Mortgaged Property subject to the Agreement, became a "Superfund site" under the Comprehensive Environmental Response, Compensation and Liability Act, the federal government may require clean-up and the County may be required to pay all or a part of such clean-up costs. If the County were unable to continue operation of any part of the Mortgaged Property because of environmental contamination of the Mortgaged Property, the value of the Mortgaged Property at foreclosure would be reduced by the cost of any clean-up. Moreover, under the Trust Agreement, the Trustee may refuse to foreclose on any portion of the Mortgaged Property affected by such environmental contamination.

CYBER SECURITY

The County, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "*Systems Technology*"). As a recipient and provider of personal, private, or sensitive information, the County may be the target of cybersecurity incidents that could result in adverse consequences to the County and its Systems Technology, requiring a response action to mitigate the consequences. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, [the County invests in multiple forms of cybersecurity and operational safeguards.]

While the County's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the County that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the County's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto, or protecting against future attacks could be substantial, and insurance (if any can be obtained) may not be adequate to cover such losses or other resultant County costs and expenses. Further, cybersecurity breaches could expose the County to material litigation and other legal risks, which could cause the County to incur material costs related to such legal claims or proceedings.

CLIMATE CHANGE

The State is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes, which could result in negative economic impacts on communities like the County. These effects may be amplified by a prolonged global temperature increase over the next several decades (commonly referred to as "climate change"). The County continues to monitor the impact of climate change on the County. [The County has been impacted by an extreme weather event within the past five fiscal years. As a result of the impact of the extreme weather event, the County has implemented and is implementing improvements to provide a more stable water supply and potentially reduce the impact of a future extreme weather event.] However, no assurances can be given that a future extreme weather event driven by climate change will not adversely affect the operations of the County.

ADDITIONAL BONDS

The Corporation may execute and deliver Additional Bonds under the Trust Agreement that are secured by the Mortgaged Property, thereby diluting the relative value of the collateral with respect to the 2020 Bonds.

THE CORPORATION

The Corporation was incorporated as a nonprofit corporation under the laws of the State on April 9, 1991. The Board of Directors of the Corporation consists of three directors who serve until their successors are elected following one-year terms. The following individuals are currently serving as the directors of the Corporation:

[Insert names of directors]

The officers of the Corporation are as follows:

- President
- Vice President
- Secretary/Treasurer
- Assistant Secretary

The officers and directors of the Corporation presently serve without compensation. The Corporation has no assets or employees.

THE COUNTY

See **Appendix A** attached hereto.

LEGAL MATTERS

LITIGATION

No litigation is now pending or, to the best of the knowledge of the County, threatened against or affecting the County which seeks to restrain or enjoin the authorization, execution or delivery of the 2020 Bonds, the Agreement or the Deed of Trust, or which contests the County's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the County's authorization, execution and delivery of the Agreement or the Deed of Trust, or the County's authority to carry out its obligations thereunder or which would have a material adverse impact on the County's condition, financial or otherwise. In addition, no litigation is now pending or, to the best of the knowledge of the Corporation, threatened against or affecting the Corporation which seeks to restrain or enjoin the authorization, execution or delivery of the 2020 Bonds, the Trust Agreement or the Agreement or which contests the validity or the authority or proceedings for the authorization, execution or delivery of the 2020 Bonds, the Trust Agreement or the Agreement, or the Corporation's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the Corporation's authorization, execution and delivery of the 2020 Bonds, the Trust Agreement or the Agreement, or the Corporation's authority to carry out its obligations thereunder.

OPINIONS OF COUNSEL

Legal matters related to the execution, sale and delivery of the 2020 Bonds are subject to the approval of Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, Bond Counsel. Certain legal matters will be passed upon for the County by the County Attorney, Lowell Siler, Esq., Durham, North Carolina, for the Corporation by its counsel, _______________________, and for the Underwriters by their counsel, Moore & Van Allen PLLC, Charlotte, North Carolina. The opinion of Bond Counsel, substantially in the form set forth in **Appendix D** hereto, will be delivered at the time of the delivery of the 2020 Bonds.

Bond Counsel and Moore & Van Allen PLLC, counsel to the Underwriters, have represented the Underwriters from time to time as counsel in other financing transactions. Neither the County nor the Underwriters have conditioned the future employment of either of these firms in connection with any proposed financing issues for the County or for the Underwriters on the successful execution and delivery of the 2020 Bonds.

TAX TREATMENT

[To come.]

CONTINUING DISCLOSURE

In the First Amendment to Agreement, the County will undertake, for the benefit of the beneficial owners of the 2020 Bonds, to provide to the Municipal Securities Rulemaking Board (the "*MSRB*"):

(a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2020, audited financial statements of the County for such 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 of the County are not available by seven months from the end of such fiscal year, unaudited financial statements of the County for such fiscal year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2020, (i) 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**" in **Appendix A** to this Official Statement relating to the 2020 Bonds (excluding any information on overlapping or underlying debt) and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the financial statements referred to in (a) above;

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2020 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of 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 2020 Bonds, or other material events affecting the tax status of the 2020 Bonds;

(7) modification to rights of the beneficial owners of the 2020 Bonds, if material;

(8) call of any of the 2020 Bonds for prepayment (other than mandatory sinking fund prepayment), if material, and tender offers;

(9) defeasance of any of the 2020 Bonds;

(10) release, substitution or sale of any property securing repayment of the 2020 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer of the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(13) consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional Trustee or the change of name of a Trustee, if material;

(15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material ("*Event 15*");

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties ("*Event 16*"); and

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

For purposes of Event 15 and Event 16 described above, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" will not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

All information provided to the MSRB as described herein will be provided in an electronic format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The County may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized by the United States Securities and Exchange Commission.

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The Agreement also provides that, if the County fails to comply with the undertaking described above, any beneficial owner of 2020 Bonds then Outstanding may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure by the County to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Installment Payments. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the 2020 Bonds.

Pursuant to the Agreement, the County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

(a) 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 County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("*Rule 15c2-12*") as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as the Trustee or nationally recognized bond counsel), or by the approving vote of the Owners of a majority in principal amount of the 2020

Bonds then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to 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 undertaking described above will terminate on payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the Installment Payments with respect to all the 2020 Bonds.

[Other than as herein described, within the past five years, the County has complied with any undertaking previously made by the County pursuant to the requirements of Rule 15c2-12 in all material respects.]

UNDERWRITING

The 2020A Underwriter has agreed under the terms of a Contract of Purchase (the "*2020A Purchase Contract*") to purchase all of the 2020A Bonds, if any of the 2020A Bonds are to be purchased, at a purchase price equal to 100% of the principal amount of the 2020A Bonds, [plus/less] net original issue [premium/discount] of $__________ , less an Underwriters' discount of $__________. The 2020B Underwriters have agreed under the terms of a Contract of Purchase (the "*2020B Purchase Contract*" and together with the 2020A Purchase Contract, the "*Purchase Contracts*") to purchase all of the 2020B Bonds, if any of the 2020B Bonds are to be purchased, at a purchase price equal to 100% of the principal amount of the 2020B Bonds less an Underwriters' discount of $__________.

The Underwriters' obligation to purchase the 2020 Bonds is subject to certain terms and conditions set forth in the Purchase Contracts.

PNC Bank, National Association currently has and from time to time may have banking or other relationships with the Corporation and the County. PNC Capital Markets LLC is acting as the 2020A Underwriter and one of the 2020B Underwriters. PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of The PNC Financial Services Group, Inc.

PNC Capital Markets LLC may offer to sell to its affiliate, PNC Investments, LLC ("*PNCI*"), securities in PNC Capital Markets LLC's inventory for resale to PNCI's customers, including securities such as those to be offered by the Authority. PNC Capital Markets LLC may share with PNCI a portion of the fee or commission paid to PNC Capital Markets LLC if any 2020 Bonds are sold to customers of PNCI.

BofA Securities, Inc., lead Underwriter of the 2020B Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("*MLPF&S*"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2020B Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, lending, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the State or the County and its affiliates in connection with such activities. In the course of its various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the State or the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State or the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISOR

DEC Associates, Inc., Charlotte, North Carolina, is serving as Financial Advisor to the County.

RATINGS

Moody's and S&P have assigned their respective ratings to the 2020 Bonds set forth on the front cover, which long-term ratings are based on information regarding the County. Further explanation of the significance of such ratings may be obtained from Moody's and S&P. The County has provided to Moody's and S&P certain information that has not been included in this Official Statement. Such ratings are not a recommendation to buy, sell or hold the 2020 Bonds and should be evaluated independently. There is no assurance that such ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of Moody's or S&P, circumstances so warrant. Neither the County nor the Underwriters have any responsibility either to bring to the attention of Owners of the 2020 Bonds any proposed revision or withdrawal of such ratings or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2020 Bonds.

MISCELLANEOUS

All quotations from and summaries and explanations of the Agreement, the Deed of Trust and the Trust Agreement contained herein or in Appendix C hereto do not purport to be complete, and reference is made to such documents for full and complete statements of their respective provisions. The Appendices attached hereto are a part of this Official Statement.

The information contained in this Official Statement has been compiled or prepared from information obtained from the County and other sources deemed to be reliable and, although not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

APPENDIX A

THE COUNTY OF DURHAM, NORTH CAROLINA

APPENDIX B

MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS OF THE COUNTY OF DURHAM, NORTH CAROLINA

APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the 2020 Bonds will be available only in a book-entry system. The actual purchasers of the 2020 Bonds (the "*Beneficial Owners*") will not receive physical certificates representing their interests in the 2020 Bonds purchased. So long as The Depository Trust Company ("*DTC*"), New York, New York, or its nominee is the registered owner of the 2020 Bonds, references in this Official Statement to the Owners of the 2020 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Trust Agreement contains provisions applicable to periods when DTC or its nominee is not the registered owner.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the 2020 Bonds, payment of interest and other payments with respect to the 2020 Bonds to DTC Participants or to beneficial owners, confirmation and transfer of beneficial ownership interests in the 2020 Bonds and of other transactions by and between DTC, DTC Participants and beneficial owners is based on information furnished by DTC.

DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate in the aggregate principal amount of each maturity of the 2020 Bonds will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2020 Bonds, as DTC's Partnership nominee, reference herein to the Owners or registered owners of the 2020 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 2020 Bonds.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers; banks trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2020 Bonds (the "*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2020 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the 2020 Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2020 Bonds to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the owner of the 2020 Bonds for substantially all purposes under the Trust Agreement, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the County, to the Corporation, to DTC or to the Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2020 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Principal, premium, if any, and interest payments with respect to the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on

DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC (nor its nominee), the Trustee, the Corporation or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. The County And The Corporation cannot and do not give assurance that Direct And Indirect Participants will promptly transfer payments to Beneficial Owners.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the County, the Corporation and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to DTC.

The County, the Corporation and the Trustee have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the 2020 Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the Trust Agreement to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial prepayment of the 2020 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2020 Bonds, including any action taken pursuant to an omnibus proxy.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County and the Corporation believe to be reliable, but the County and the Corporation take no responsibility for the accuracy thereof.