PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 2, 2018

(spine language to be included)

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

*In the opinion of Robinson, Bradshaw & Hinson, P.A. Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, the portion of each Installment Payment designated as and comprising interest with respect to the 2018 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; however, such interest is taken into account for purposes of computing the alternative minimum tax imposed on certain corporations. See **"LEGAL MATTERS –TAX TREATMENT"** herein. The interest on the Bonds is exempt from State of North Carolina income taxes.*

$[AMOUNT]*
Durham Capital Financing Corporation
Limited Obligation Bonds
(County of Durham, North Carolina)
Series 2018

Dated: Date of Delivery Due: 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 "*2018 Bonds*").

Security: The 2018 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 September 1, 2018 (the "*Agreement*"), between the Durham Capital Financing Corporation (the "*Corporation*") and the County. As security for its obligations under the Agreement, the County will execute and deliver to a deed of trust trustee for the benefit of the Corporation a Deed of Trust and Security Agreement dated as of September 1, 2018 (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 will assign 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 PRINCIPAL AND INTEREST COMPONENTS OF THE INSTALLMENT PAYMENTS WITH RESPECT TO THE 2018 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 2018 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 2018 BONDS. SEE THE CAPTION "**SECURITY AND SOURCES OF PAYMENT OF 2018 BONDS**" HEREIN.

Prepayment: The 2018 Bonds are subject to optional and mandatory prepayment before maturity as described herein.

Purpose: Proceeds of the 2018 Bonds will be used to prepay a portion of the County's obligations pursuant to the 2017 Contract (as defined herein) and finance the cost of the Project (as defined herein). Proceeds of the 2017 Contract were used to finance the cost of the 2017 Project (as defined herein).

Interest Payment Dates: April 1 and October 1 of each year, commencing April 1, 2019.

Denomination: $5,000 or integral multiples thereof.

Delivery: On or about August 23, 2018.

Trustee: U.S. Bank National Association.

Financial Advisor: DEC Associates, Inc.

Bond Counsel: Robinson, Bradshaw & Hinson, P.A.

County Attorney: Lowell Siler, Esq.

Corporation Counsel: Hedrick Murray Bryson Kennett & Mauch PLLC.

Underwriters' Counsel: Parker Poe Adams & Bernstein LLP.

PNC Capital Markets, LLC BofA Merrill Lynch

The date of this Official Statement is August __, 2018.

---

*Preliminary, subject to change.

MATURITY SCHEDULE*

$[ ] [SERIAL] 2018 BONDS

DUE OCTOBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+	DUE OCTOBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP+
	$	%	%			$	%	%	

$[ ] [ ] % TERM 2018 BOND, DUE OCTOBER 1, 20[ ] - YIELD: [ ]% CUSIP+: [ ]

* Preliminary; subject to change.

+ Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not service in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided for convenience of reference only for the purchasers of the 2018 Bonds. Neither the Corporation, the County nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2018 Bonds or as represented above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2018 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2018 Bonds.

IN CONNECTION WITH THIS OFFERING, PNC CAPITAL MARKETS LLC AND MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (COLLECTIVELY, THE "*UNDERWRITERS*"), MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018 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 2018 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 2018 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 2018 BONDS AND THE TRUST AGREEMENT IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2018 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 2018 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 M. Davis. .... County Manager

Susan F. Tezai .... Chief Financial Officer

Lowell Siler, Esq. .... County Attorney

Terri Lea Hugie .... Clerk to the Board

BOND COUNSEL

Robinson, Bradshaw & Hinson, P.A.
Charlotte, North Carolina

FINANCIAL ADVISOR

DEC Associates, Inc.
Charlotte, North Carolina

TABLE OF CONTENTS

$[AMOUNT]*
Durham Capital Financing Corporation
Limited Obligation Bonds
(County of Durham, North Carolina)
Series 2018

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 2018 in the aggregate principal amount of $[AMOUNT]* (the "*2018 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 September 1, 2018 (the "*Agreement*"), between Durham Capital Financing Corporation (the "*Corporation*") and the County of Durham, North Carolina (the "*County*"). The 2018 Bonds will be executed and delivered pursuant to a Trust Agreement dated as of September 1, 2018 (the "*Trust Agreement*"), between the Corporation and U.S. Bank National Association (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 2018 Bonds are being executed and delivered in order to provide funds, with any other available funds, to prepay a portion of the County's obligations pursuant to the 2017 Contract (as defined herein) and finance the cost of the Project (as defined herein). Proceeds of the 2017 Contract were used to finance a portion of the cost of the 2017 Project (as defined herein). See the captions "**THE PLAN OF FINANCE**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

SECURITY

As security for its obligations under the Agreement, the County will execute and deliver to a deed of trust trustee, for the benefit of the Corporation, a Deed of Trust and Security Agreement dated as of September 1, 2018 (the "*Deed of Trust*"), granting a lien of record on the site of the County's former judicial building and the real estate improvements thereon and appurtenances thereto (the *"Mortgaged Property"*), which the County intends to renovate into an administrative building (the *"Administration Building II"*) as part of a multi-stage renovation of the County's administrative facilities located in the downtown core, as more particularly described in the Deed of Trust, subject only to Permitted Encumbrances (as defined in the Agreement). The Deed of Trust will authorize future obligations

---

* Preliminary; subject to change.

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.

The Mortgaged Property is Administration Building II located at 201 E. Main Street in downtown Durham, which most-recently served as the County's judicial building. The judicial building was vacated when the new County Justice Center opened in 2013 and the County determined to renovate the facility in order to best consolidate County operations in the downtown area. Administration Building II will house County departments, will provide 168,708 square feet of office space and cover approximately 1.477 acres. The Administration Building II is expected to be complete in August of 2018.

Pursuant to the Trust Agreement, the Corporation will assign to the Trustee, for the benefit of the Owners of the 2018 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 will be paid directly to the Trustee.

The 2018 Bonds will be payable and secured by the Deed of Trust along with any Additional Bonds hereafter executed and delivered pursuant to the Trust Agreement. See the caption "**SECURITY AND SOURCES OF PAYMENT OF 2018 BONDS**" herein.

If a default occurs under the Agreement, the Trustee for the Owners of the 2018 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 2018 Bonds subject to the rights of the Owners of 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 2018 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 2018 BONDS IN FULL. NEITHER THE 2018 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 2018 BONDS**" herein.

THE 2018 BONDS

The 2018 Bonds will be dated as of their date of delivery. Interest is payable on April 1 and October 1 of each year, beginning April 1, 2019, at the rates set forth on the inside cover page of this Official Statement. Principal is payable, subject to prepayment as described herein, on October 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 2018 Bonds and without notice to such Owners, Additional Bonds may be delivered and secured on parity with the 2018 Bonds to provide funds, with any other available funds, for (1) paying the cost of any additions, modifications or improvements to the Project Facilities or to other real or personal property or any acquisition or construction of real or personal property other than the Project Facilities which the County determines to make, or cause to be made, or acquire, from time to time and applicable Delivery Costs, or (2) refunding all or any portion of the 2018 Bonds, any Additional Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes, as amended, and paying applicable Delivery Costs.

BOOK-ENTRY FORM ONLY

The 2018 Bonds will be delivered in book-entry form only without physical delivery of certificates to beneficial owners of the 2018 Bonds. Payments to beneficial owners of the 2018 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 2018 Bonds, references herein to registered owner or Owners means Cede & Co. and not the beneficial owners of the 2018 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 2018 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. In the opinion of Bond Counsel, under existing law, the interest component of Installment Payments received with respect to the 2018 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, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Charlotte, North Carolina (collectively, the "*Underwriters*"), are underwriting the 2018 Bonds. U.S. Bank National Association, Raleigh, North Carolina, is serving as Trustee with respect to the 2018 Bonds. DEC Associates, Inc., Charlotte, North Carolina, is serving as Financial Advisor to the County. Robinson, Bradshaw & Hinson, P.A., Charlotte, North Carolina, is serving as Bond Counsel. Lowell Siler, Esq., Durham, North Carolina, is County Attorney. Hedrick Murray Bryson Kennett & Mauch PLLC, Durham, North Carolina, is serving as counsel to the Corporation. Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, is serving as counsel to the Underwriters.

ADDITIONAL INFORMATION

Additional information and copies in reasonable quantity of the principal financing documents may be obtained from the County at Government Administration Complex, 200 East Main Street, 4M, Durham, North Carolina 27701, Attention: Chief Financial Officer. Copies of such documents can also be obtained during the offering period from PNC Capital Markets LLC, 4720 Piedmont Row, Suite 200, Charlotte, North Carolina 28210, Attention: David Fischer. After the offering period, copies of such documents may be obtained from the Trustee at 5540 Center View Drive, Suite 200, Raleigh, North Carolina 27606, Attention: Corporate Trust Department.

THE 2018 BONDS

AUTHORIZATION

The 2018 Bonds will be executed and delivered pursuant to the Trust Agreement. All Bonds, including the 2018 Bonds, evidence proportionate undivided interests in Installment Payments made by the County under the Agreement.

The County is entering 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 August 13, 2018.

In addition, on August 7, 2018, the North Carolina Local Government Commission (the "*LGC*") gave the required approval for the County to enter into the 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 2018 Bonds will be dated their date of delivery. Interest with respect to the 2018 Bonds is payable on each April 1 and October 1 (the "*Bond Payment Dates*"), beginning April 1, 2019 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 2018 Bonds is payable, subject to prepayment as described herein, on October 1 in the years and amounts set forth on the inside cover page of this Official Statement. Payments will be made through DTC. The record date is the 15th day of the month prior to the following Bond Payment Date. See Appendix E, "**BOOK-ENTRY-ONLY SYSTEM**" hereto.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2018 Bonds, transfers and exchanges of beneficial ownership interests in the 2018 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 2018 Bond is registrable by the Owner thereof, and any 2018 Bond may be exchanged for an equal aggregate, unprepaid principal amount of 2018 Bonds in any authorized denominations and of the same maturity and interest rate, only upon presentation and surrender of such 2018 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. The 2018 Bonds maturing on or after October 1, 20__ are subject to prepayment from any available moneys in whole or in part on any date on or after _____________ 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 2018 Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

Mandatory Prepayment. The 2018 Bonds maturing on October 1, 20__ (the "*Term Bonds*") are subject to mandatory prepayment in part on October 1 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 2018 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 2018 Bonds or portions of 2018 Bonds subject to mandatory prepayment and stated to mature on the next maturity date of such 2018 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 2018 Bonds under the provisions of the Trust Agreement if such 2018 Bonds or portions of such 2018 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 2018 Bonds.

The Trustee shall call for prepayment on each Bond Prepayment Date, as provided in the Trust Agreement, a principal amount of Bonds (including 2018 Bonds) or portions of Bonds then subject to mandatory prepayment equal to the mandatory prepayment requirements for such Bonds with respect to such Bond Prepayment Date less the principal amount of any such 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 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

Bonds then Outstanding. Such prepayment shall be made pursuant to the provisions of the Trust Agreement.

Selection. Whenever fewer than all Outstanding 2018 Bonds are called for prepayment, the Trustee will select 2018 Bonds for prepayment from the outstanding 2018 Bonds not previously called for prepayment, in authorized denominations, in the case of optional prepayment of 2018 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 2018 Bonds, if less than all of the 2018 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 2018 Bonds to be prepaid.

***Effect of Call for Prepayment**.* The 2018 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 2018 Bonds will cease to accrue and become payable, and the Owners of such 2018 Bonds will have no rights in respect of such 2018 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 2018 Bonds at least 30 days and not more than 60 days before the prepayment date to the Owners of the 2018 Bonds or portions of the 2018 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 2018 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 PLAN OF FINANCE

The proceeds of the 2018 Bonds will be used to (a) prepay a portion of the County's obligations pursuant to the Installment Financing Contract dated March 30, 2017 (the "*2017 Contract*") between the County and PNC Bank, National Association (the *"2017 Bank*"), the proceeds of which were used to finance the 2017 Project, and (b) finance the costs of the Project.

The 2017 Project consists of (a) reconstruction and renovation of the County's former judicial building, which, after improvements, will house County departments and be known as Administration Building II, (b) reconstruction and renovation of the County's judicial annex for use by certain County departments, (c) reconstruction and renovation of certain facilities used by the County's Emergency Medical Services, and (d) construction and completion of five projects relating to the redevelopment of Park Center in the Research Triangle Park.

The Project consists of (a) reconstruction and renovation of a section of the County's existing Detention Center, (b) completion of the reconstruction and renovation of Administration Building II, (c) construction of an Emergency Communications Center in the new Police Headquarters of the City of Durham, (d) acquisition, replacement, and installation of emergency radio communication equipment, (e) acquisition, replacement, and installation of elevators in the Detention Center, and (f) acquisition of firefighting vehicles and other equipment.

The Mortgaged Property will consist only of Administration Building II (formerly the County judicial building). Administration Building II is a 168,708 square foot, 7-story building located at 201. E. Main Street in downtown Durham. THE REMAINING IMPROVEMENTS INCLUDED WITHIN THE 2017 PROJECT AND THE PROJECT ARE NOT SUBJECT TO THE DEED OF TRUST.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents information as to the estimated sources and uses of funds relating to the 2018 Bonds:

Sources of Funds:	
Par Amount of 2018 Bonds	
County Contribution[1]	
TOTAL SOURCES	
Uses of Funds:	
Partial Prepayment of 2017 Contract	
Deposit to the Project Fund	
Costs of Issuance[2]	
TOTAL USES	

[1] Accrued interest on the portion of the 2017 Contract to be prepaid.
[2] Includes underwriters' discount, legal fees, printing costs, rating agency fees, fees and expenses of the Trustee and other miscellaneous fees and expenses.

SECURITY AND SOURCES OF PAYMENT OF 2018 BONDS

GENERAL

The 2018 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 April 1 and October 1 in amounts sufficient to provide for the payment of the principal and interest with respect to the 2018 Bonds on such April 1 and October 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 2018 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 will assign to the Trustee for the benefit of the Owners of all the Bonds outstanding under the Trust Agreement, including the 2018 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 will also execute 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 ADMINISTRATION BUILDING II AND THE REAL ESTATE IMPROVEMENTS THEREON AND APPURTENANCES THERETO, AS MORE PARTICULARLY DESCRIBED IN THE DEED OF TRUST. The Deed of Trust will constitute a lien of record on the Mortgaged Property, subject only to Permitted Encumbrances. The lien of record will be insured by a title insurance policy. A North Carolina Uniform Commercial Code financing statement will be 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 2018 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 2018 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 exceeded $438 million for the fiscal year ended June 30, 2017 and are estimated to exceed $443 million for the fiscal year ended June 30, 2018. General fund revenues are derived from various sources, with the primary source being property taxes (which accounted for approximately 60.04% of the general fund revenues for the fiscal year ended June 30, 2017 and 62.97% of the estimated general fund revenues for the fiscal year ended June 30, 2018), sales taxes, fees and charges, as well as intergovernmental revenues. The County imposed a property tax rate of $0.7404 per $100 of assessed value for the fiscal year ended June 30, 2017 and $0.7679 per $100 of assessed value for the fiscal year ended June 30, 2018. A rate of $.01 per $100 of assessed value generated approximately $3,523,035 for the fiscal year ended June 30, 2017 and is estimated to generate $3,710,175 for the fiscal year ended June 30, 2018. 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, 2017.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

INSTALLMENT PAYMENT SCHEDULE

The following schedule sets forth for each fiscal year of the County ended June 30 the amount of principal and interest required to be paid under the Agreement with respect to the 2018 Bonds.

FISCAL YEAR ENDED JUNE 30	PRINCIPAL COMPONENT OF INSTALLMENT PAYMENTS	INTEREST COMPONENT OF INSTALLMENT PAYMENTS	TOTAL
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
TOTAL			

CERTAIN RISKS OF 2018 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 Administration Building II 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 2018 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

Chapter 9 of the Title 11 of the United States Code (as amended, the "*Bankruptcy Code*") provides a process for a political subdivision of a state to voluntarily adjust its debts. An involuntary bankruptcy case may not be commenced against a political subdivision under Chapter 9. Section 109(c) of the Bankruptcy Code sets forth certain conditions that must be met for an entity to be a debtor under Chapter 9, including that the entity is specifically authorized to be a debtor under Chapter 9 by state law (or by a governmental officer or organization empowered by state law to authorize the entity to be a debtor under Chapter 9). Section 23-48 of the North Carolina General Statutes (the "*NC Authorizing Statute*") authorizes any county or city in the State of North Carolina to file a Chapter 9 bankruptcy case, but only with the approval of the LGC. While the 2018 Bonds are outstanding, the provisions of the Bankruptcy Code and applicable North Carolina law, including the NC Authorizing Statute, may be amended, supplemented or repealed; therefore, it is not possible to predict whether and under what conditions the County may be authorized to become a debtor in a bankruptcy case and how any such bankruptcy case might affect holders of the 2018 Bonds in the future.

If the County were to initiate bankruptcy proceedings under Chapter 9 with the consent of the LGC, the bankruptcy proceedings could have material and adverse effects on holders of the 2018 Bonds, including (1) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County; (2) the incurrence of additional debt, including the claims of those supplying good and services to the County after the initiation of bankruptcy proceedings and the expenses of administering the bankruptcy case, which may have a priority of payment superior to that of the bondholders; and (3) the possibility of the adoption of a plan for the adjustment of the County's debt without the consent of all of the bondholders, which plan may restructure, delay, compromise or reduce the amount of the claim of the bondholders. In addition, the Bankruptcy Code might invalidate any provision of the bond documents that makes the bankruptcy or insolvency of the County an event of default.

The effect of the Bankruptcy Code on the rights and remedies of the bondholders cannot be predicted with certainty and may be affected significantly by judicial interpretation, general principles of equity, and considerations of public policy.

Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the 2018 Bonds.

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 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. The County has owned the Mortgaged Property since 1974 and is not aware of any environmental issues with respect to the Mortgaged Property.

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 2018 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:

Deborah G. Giles
Barney H. West
Joseph R. Parker, Jr.

The officers of the Corporation are as follows:

Deborah G. Giles - President
Barney H. West - Vice President
Joseph R. Parker, Jr. - Secretary/Treasurer
David S. Kennett - 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds are subject to the approval of Robinson, Bradshaw & Hinson, P.A., Charlotte, 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, Hedrick Murray Bryson Kennett & Mauch PLLC, Durham, North Carolina, and for the Underwriters by their counsel, Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina. The opinion of Robinson, Bradshaw & Hinson, P.A., as Bond Counsel, substantially in the form set forth in Appendix D hereto, will be delivered at the time of the delivery of the 2018 Bonds.

Bond Counsel and Parker Poe Adams & Bernstein LLP, 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 2018 Bonds.

TAX TREATMENT

General. The opinion of Bond Counsel will state that under existing law and subject to compliance with provisions of the Internal Revenue Code of 1986, as amended (the "*Code*"), the portion of each Installment Payment designated as and comprising interest with respect to the 2018 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; however, such interest is taken into account for purposes of computing the alternative minimum tax imposed on certain corporations.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the 2018 Bonds for interest on the 2018 Bonds to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2018 Bonds to the United States Treasury; restrictions on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2018 Bonds. The foregoing is not an exhaustive list of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County and the Corporation subsequent to the issuance of the Bonds to maintain the exclusion of the interest of the Bonds from income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the 2018 Bonds to be included in gross income retroactively to the date of issuance of the 2018 Bonds. The County and the Corporation have covenanted to comply with these requirements. The opinion of Bond Counsel delivered on the date of issuance of the 2018 Bonds will be conditioned on the compliance by the County and the Corporation with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as those described above subsequent to the issuance of the 2018 Bonds.

Ownership of the 2018 Bonds may result in collateral federal, state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be eligible for the earned income tax credit, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2018 Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences. Prospective purchasers of the 2018 Bonds should consult their tax advisors regarding collateral tax consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service (the *"IRS"*) or the courts. Rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants it deems relevant to such opinions.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2018 Bonds and could affect the market price or marketability of the Bonds.

Original Issue Discount. Some of the 2018 Bonds may be sold at an original issue discount. The original issue discount of a Bond is the excess of the stated redemption price at maturity of such

2018 Bond over its initial offering price to the public, excluding underwriters and other intermediaries. Original issue discount, to the extent properly allocable to an owner of a 2018 Bond, is excludable from gross income for federal income tax purposes.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to any owner of a tax-exempt bond during any accrual period generally equals (i) the issue price of such tax-exempt bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such tax-exempt bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such tax-exempt bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be treated as received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such tax-exempt bond. Purchasers of any Bonds at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for income tax purposes.

Original Issue Premium. Some of the 2018 Bonds may be sold at initial public offering prices that are in excess of the amounts payable at maturity. An amount equal to the excess of the purchase price of a 2018 Bond over its stated redemption price at maturity constitutes premium on such 2018 Bond. A purchaser of a 2018 Bond generally must amortize any premium over such 2018 Bond's term using constant yield principles, based on the 2018 Bond's yield to maturity (but in certain cases the amortization period for premium on a tax-exempt bond ends on the call date that results in the lowest yield on such bond). As premium is amortized, the purchaser's basis in such 2018 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes on sale or disposition of such 2018 Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any 2018 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for income tax purposes.

Future Changes. Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2018 Bonds. No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted, will not contain provisions which could cause the interest on the 2018 Bonds to be subject directly or indirectly to federal income taxation, adversely affect the market price or marketability of the 2018 Bonds, or otherwise prevent the owners of the 2018 Bonds from realizing the full current benefit of the status of the interest on the 2018 Bonds. Similarly, no assurance can be given that any future court decisions will not cause the interest on the 2018 Bonds to be subject directly or indirectly to federal income taxation, adversely affect the market price or marketability of the 2018 Bonds or otherwise prevent the owners of the 2018 Bonds from realizing the full current benefit of the status of interest on the 2018 Bonds.

CONTINUING DISCLOSURE

In the Agreement, the County will undertake, for the benefit of the beneficial owners of the 2018 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 ended June 30, 2018, 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 ended June 30, 2018, (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 2018 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 2018 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 2018 Bonds, or other material events affecting the tax status of the 2018 Bonds;

(7) modification to rights of the beneficial owners of the 2018 Bonds, if material;

(8) call of any of the 2018 Bonds for prepayment (other than mandatory sinking fund prepayment), if material, and tender offers;

(9) defeasance of any of the 2018 Bonds;

(10) release, substitution or sale of any property securing repayment of the 2018 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; and

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

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 2018 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 2018 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 2018 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 2018 Bonds.

[The County is not aware of any instance in which it has failed to comply, in any material respect, with an undertaking made pursuant to Rule 15c2-12 in the last five years.]

UNDERWRITING

The Underwriters have agreed under the terms of a Contract of Purchase (the "*Purchase Contract*") to purchase all of the 2018 Bonds, if any of the 2018 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount of the 2018 Bonds, less an Underwriters' discount of $__________. The Underwriters' obligation to purchase the 2018 Bonds is subject to certain terms and conditions set forth in the Purchase Contract.

PNC Bank, National Association, a related entity to one of the Underwriters for the 2018 Bonds, is the holder of the Bond Anticipation Note of which a portion will be redeemed with proceeds of the 2018 Bonds.

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 2018 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 2018 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 2018 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 2018 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. Copies in reasonable quantity of the Agreement, the Deed of Trust and the Trust Agreement may be obtained during the offering period from PNC Capital Markets LLC, 4720 Piedmont Row, Suite 200, Charlotte, North Carolina 28210, Attention: David Fischer.

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

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the 2018 Bonds will be available only in a book-entry system. The actual purchasers of the 2018 Bonds (the "*Beneficial Owners*") will not receive physical certificates representing their interests in the 2018 Bonds purchased. So long as The Depository Trust Company ("*DTC*"), New York, New York, or its nominee is the registered owner of the 2018 Bonds, references in this Official Statement to the Owners of the 2018 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 2018 Bonds, payment of interest and other payments with respect to the 2018 Bonds to DTC Participants or to beneficial owners, confirmation and transfer of beneficial ownership interests in the 2018 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 2018 Bonds. The 2018 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 2018 Bonds will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2018 Bonds, as DTC's Partnership nominee, reference herein to the Owners or registered owners of the 2018 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 2018 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 3.6 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 Standard & Poor's highest 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 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2018 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 2018 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 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 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 2018 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 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 2018 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2018 Bonds may wish to ascertain that the nominee holding the 2018 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 2018 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2018 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2018 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 2018 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 2018 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 2018 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Principal, premium, if any, and interest payments with respect to the 2018 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 2018 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 2018 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 2018 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2018 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.