

EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS

A regular meeting of the Board of Commissioners of the County of Durham, North Carolina, was duly held on May 28, 2019 at 7:00 p.m. in the Commissioners' Chambers on the 2nd Floor of the Durham County Government Administrative Complex at 200 East Main Street in Durham, North Carolina. Chair Wendy Jacobs, presiding.

The following Commissioners were present:

The following Commissioners were absent:

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Commissioner introduced the following resolution, a copy of which had been provided to each Commissioner:

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF DURHAM, NORTH CAROLINA
PROVIDING FOR THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF A NOT TO EXCEED \$70,000,000
GENERAL OBLIGATION BOND OF THE COUNTY OF DURHAM, NORTH CAROLINA**

WHEREAS, the Bond Orders (as defined in Appendix A) have been duly adopted by the Board of Commissioners (the “*Board of Commissioners*”) of the County of Durham, North Carolina (the “*County*”) and made effective on approval by a vote of the qualified voters of the County in accordance with Article 4 of Chapter 159 of the General Statutes of the State of North Carolina, as amended (“*The Local Government Bond Act*”);

WHEREAS, the County desires to issue its General Obligation Bond, Series 2019 (the “*Bond*”) in an aggregate principal amount not to exceed \$70,000,000 as part of its short-term borrowing program to finance the capital costs of the Projects (as defined in Appendix A) authorized by the Bond Orders;

WHEREAS, the Board of Commissioners has considered and recognizes that variable interest rate debt instruments may subject the County to the risk of higher interest rates but believes that utilizing the short-term financing as an interim source of funding for paying the capital costs of the Projects authorized by the Bond Orders lowers the County’s overall cost of capital and therefore is superior to issuing fixed-rate bonds for such purposes at this time; and

WHEREAS, an application has been filed with the Local Government Commission of North Carolina (the “*Commission*”) requesting the approval and private sale without advertisement of the Bond by the Commission to PNC Bank, National Association (the “*Lender*”) under the terms provided herein and in a Bond Purchase and Advance Agreement to be dated on or about June 12, 2019 (the “*Bond Purchase and Advance Agreement*”) among the Commission, the County and the Lender;

*NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE
COUNTY OF DURHAM, NORTH CAROLINA, AS FOLLOWS:*

Section 1. All capitalized and undefined words have the meanings given in Appendix A hereto (“*Appendix A*”) for purposes of this Resolution. Appendix A is incorporated into this Resolution by reference.

Section 2. The County is hereby authorized, empowered and directed to issue the Bond in total aggregate principal amount not to exceed \$70,000,000 (the “*Stated Principal Amount*”). The Chief Financial Officer of the County, and her designees, with advice from the County Attorney and bond counsel, is hereby authorized, directed and designated to provide such information as the Commission requests relating to the application, if applicable, for approval of the Bond and the authorization, issuance and private sale without advertisement of the Bond by the Commission to the Lender. The Bond will be issued in the Stated Principal Amount and the proceeds will be drawn over time in Advances in accordance with the terms of the Bond Purchase and Advance Agreement. The sum of the aggregate Advances made under the Bond Purchase and Advance Agreement may be equal to or less than the Stated Principal Amount. In no event may the sum of the aggregate Advances made under the Bond Purchase and Advance Agreement exceed the Stated Principal Amount. The amount of each Advance will be used for purposes of determining the amount issued under and against the Bond Orders. The Chief Financial Officer, or her designee, will indicate as part of each request for an Advance the amount to be applied against each Bond Order.

Section 3. The Bond will be issued in accordance with the terms provided in Appendix A. The Bond is being issued to provide funds to pay (1) the capital costs of the Projects authorized by the Bond Orders and (2) the costs incurred in connection with the issuance of the Bond. The form and content

of the Bond are in all respects authorized, approved and confirmed. The Chair of the Board of Commissioners, the County Manager and the Chief Financial Officer, including anyone serving in an interim capacity, are hereby authorized, empowered and directed to execute and deliver the Bond for and on behalf of the County, including necessary counterparts, in substantially the form and content presented to the Board of Commissioners, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of the Board of Commissioners' approval of any and all such changes, modifications, additions or deletions therein.

Section 4. Each of the Chair of the Board of Commissioners, the County Manager, the County Attorney, the Chief Financial Officer, the Deputy Chief Financial Officer and the Clerk to the Board of Commissioners, including anyone serving in an interim capacity, or their respective designees (the "*Authorized Officers*") are hereby authorized, empowered and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by this Resolution and the Bond Purchase and Advance Agreement except that none of the above is authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Resolution, (b) any agreement to which the County is bound, (c) any rule or regulation of the County or (d) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina. From the adoption of this Resolution until the date of the issuance of the Bond hereunder, the County Manager, the Chief Financial Officer, the Deputy Chief Financial Officer, including anyone serving in an interim capacity, or their respective designees, are each hereby authorized, empowered and directed to make any changes, modifications, additions or deletions to Appendix A as they deem necessary, desirable or appropriate to implement the intent of this Resolution. Such changes, modifications, additions or deletions to Appendix A will be provided in a certificate executed by the County Manager, the Chief Financial Officer, the Deputy Chief Financial Officer, including anyone serving in an interim capacity, or their respective designees, on the date of issuance of the Bond hereunder.

Section 5. The Board of Commissioners requests that the Bond be sold by the Commission at private sale without advertisement to the Lender pursuant to the terms of the Bond Purchase and Advance Agreement, subject to the provisions of this Resolution and in accordance with The Local Government Bond Act. The Authorized Officers are hereby authorized, empowered and directed to prepare, execute and deliver the Bond to the Lender in connection with the private sale without advertisement of the Bond by the Commission to the Lender.

Section 6. The form and content of the Bond Purchase and Advance Agreement are in all respects authorized, approved and confirmed. The Authorized Officers are hereby authorized, empowered and directed to execute and deliver the Bond Purchase and Advance Agreement for and on behalf of the County, including necessary counterparts, in substantially the form and content presented to the Board of Commissioners, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of the Board of Commissioners' approval of any and all such changes, modifications, additions or deletions therein.

Section 7. From and after the execution and delivery of the documents described above, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary in connection with the issuance, sale, execution and delivery of the Bond and administering the Bond Purchase and Advance Agreement and other related documents such that they continue to serve the purposes for which they were executed and delivered. The

Authorized Officers are each hereby authorized, empowered and directed to prepare and furnish, when the Bond is issued, certified copies of all the proceedings and records of the Board of Commissioners and the County relating to the Bond, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the Bond as such facts appear on the books and records in such party's custody and control or as otherwise known to them. All such certified copies, certificates, affidavits and documents, including any furnished prior to the date of this Resolution, will constitute representations of the County as to the truth of all statements contained therein. All acts and doings of the Authorized Officers that are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance, sale, execution and delivery of the Bond are in all respects ratified, approved and confirmed. Any provision in this Resolution that authorizes more than one officer of the County to take certain actions will be read to permit such officers to take the authorized actions either individually or collectively.

Section 8. If any one or more of the agreements or provisions herein contained is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions hereof or of the Bond authorized hereunder.

Section 9. All resolutions or parts thereof of the Board of Commissioners in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 10. This Resolution is effective on the date of its adoption.

On motion duly made and seconded, the foregoing resolution entitled “**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF DURHAM, NORTH CAROLINA PROVIDING FOR THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF A NOT TO EXCEED \$70,000,000 GENERAL OBLIGATION BOND OF THE COUNTY OF DURHAM, NORTH CAROLINA**” was duly adopted by the following vote:

AYES:

NAYS:

STATE OF NORTH CAROLINA)
) ss:
COUNTY OF DURHAM)

I, *Monica Toomer*, Interim Clerk to the Board of Commissioners of the County of Durham, North Carolina, *DO HEREBY CERTIFY* the attached to be a true and correct copy of a Resolution entitled **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF DURHAM, NORTH CAROLINA PROVIDING FOR THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF A NOT TO EXCEED \$70,000,000 GENERAL OBLIGATION BOND OF THE COUNTY OF DURHAM, NORTH CAROLINA”** adopted by the Board of Commissioners of the County of Durham, North Carolina, at a meeting held on the 28th day of May, 2019.

WITNESS my hand and the corporate seal of the County of Durham, North Carolina, this the _____ day of _____, 2019.

Monica Toomer
Interim Clerk to the Board of Commissioners
County of Durham, North Carolina

APPENDIX A

to

COUNTY OF DURHAM, NORTH CAROLINA

RESOLUTION ADOPTED MAY 28, 2019

Relating to the Issuance of

\$70,000,000

*General Obligation Bond, Series 2019
(Draw Program)*

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ARTICLE I.

DEFINITIONS

Section 1.01 ***Meaning of Words and Terms.*** The following terms, except where the context indicates otherwise, have the respective meanings provided below:

“*Adjusted LIBOR Rate*” means a rate of interest per annum equal to the sum obtained by adding (a) 79% of One-Month LIBOR plus (b) 0.25%.

“*Advance*” means all advances of the purchase price of the Bond made by the Lender under the Bond Purchase and Advance Agreement on or before the Advance Termination Date.

“*Advance Termination Date*” has the meaning assigned to such term in Section 4.01.

“*Amortization Period*” means the period beginning on the Full Funding Date and ending on the Maturity Date.

“*Appendix A*” means this Appendix A which is attached to, and incorporated in, the Resolution.

“*Base Rate*” means the higher of (a) the Prime Rate and (b) the sum of the Federal Funds Open Rate plus 0.50%. If the Federal Funds Open Rate at any time is a negative number, the Federal Funds Open Rate will be deemed to be zero.

“*Bond*” means the up to \$70,000,000 County of Durham, North Carolina General Obligation Bond, Series 2019 issued under and pursuant to the Resolution and the Bond Orders.

“*Bond Orders*” means, collectively, the following orders adopted by the Board of Commissioners on August 8, 2016 and made effective on the affirmative vote of a majority of the qualified voters of the County at a referendum held on November 8, 2016:

(a) the order authorizing not exceeding \$90,870,000 School Bonds of the County of Durham, North Carolina, for the purpose of providing funds, with any other available funds, for erecting additional school buildings and other school plant facilities, remodeling, enlarging and reconstructing existing school buildings and other school plant facilities and acquiring necessary land, furnishings and equipment therefor, in order to provide additional school facilities in the County to maintain the school term as required by Section 2 of Article IX of the Constitution;

(b) the order authorizing not exceeding \$20,195,000 Community College Bonds of the County of Durham, North Carolina, for the purpose of providing funds, with any other available funds, for expanding and improving the facilities for Durham Technical Community College, including the construction of additional classrooms, the relocation of existing classrooms and laboratories and the acquisition of necessary furnishings and equipment therefor;

(c) the order authorizing not exceeding \$44,725,000 Library Facilities Bonds of the County of Durham, North Carolina, for the purpose of providing funds, with any other available funds, for enlarging and improving library facilities of the County, including the expansion and improvement of the Main Library; and

(d) the order authorizing not exceeding \$14,210,000 Museum Bonds of the County of Durham, North Carolina, for the purpose of providing funds, with any other available funds,

for enlarging and improving the facilities for the North Carolina Museum of Life and Science, including the construction of a parking deck and the improvement of certain exhibits and other visitor facilities.

“Bond Purchase and Advance Agreement” means the Bond Purchase and Advance Agreement to be dated on or about June 12, 2019 among the County, the Lender and the Commission.

“Business Day” means, with respect to the Bond, any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Raleigh, North Carolina.

“Chief Financial Officer” means the Chief Financial Officer of the County, the person performing the duties of the Chief Financial Officer or the official succeeding to the Chief Financial Officer’s principal functions, serving as the finance officer of the County (as defined in Section 159-24 of the General Statutes of North Carolina, as amended).

“Closing Date” means the date of initial issuance of the Bond.

“Code” means the Internal Revenue Code of 1986, as from time to time amended.

“Commission” means the Local Government Commission of North Carolina, or any successor to its functions.

“Day Count” is calculated pursuant to 360-day year, consisting of twelve 30-day months, based on the actual number of days elapsed.

“Default Rate” means the greater of (a) the Maximum Rate or (b) the Base Rate plus 3.00%.

“Determination of Taxability” means, with respect to the Bond, a determination that all or a portion of the interest on the Bond is included in gross income of the Owner thereof for federal income tax purposes, as a result of an action, or failure to act, by the County, which determination will be deemed to have been made on the occurrence of the first to occur of the following: (1) the date on which such Owner receives written notice from the Internal Revenue Service (or a unit thereof) that, as a result of an action, or failure to act, by the County, all or a portion of the interest on the Bond is included in the gross income of the Owner for federal income tax purposes; (2) the date on which the County receives written notice from such Owner that the Owner has received written notice from the Internal Revenue Service (or a unit thereof) that the Internal Revenue Service (or a unit thereof) has issued a statutory notice of deficiency or similar notice to the Owner which asserts, in effect, that all or a portion of the interest with respect to the Bond received by the Owner is included in the gross income of the Owner for federal income tax purposes, as a result of an action, or failure to act, by the County; (3) the date on which the County receives written notice from the Internal Revenue Service (or a unit thereof) that there has been issued a public or private ruling of the Internal Revenue Service that all or a portion of the interest on the Bond is included in the gross income of the Owner thereof for federal income tax purposes as a result of an action, or failure to act, by the County; or (4) the date on which the County receives written notice from counsel to the Owner of the Bond that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the County has been given written notice and an opportunity, at the expense of the County, to participate and defend that interest on the Bond is included in the gross income of such Owner for federal income tax purposes, as a result of an action, or failure to act, by the County.

“Event of Default” has the meaning given in the Bond Purchase and Advance Agreement.

“Federal Funds Open Rate” means, for any day, the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as provided on the Bloomberg Screen BTMM for that day opposite the caption **“OPEN”** (or on such other substitute Bloomberg Screen that displays such rate), or as provided on such other recognized electronic source used for the purpose of displaying such rate as selected by the Lender (an *“Alternate Source”*) (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there will at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Lender at such time (which determination will be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day will be the “open” rate on the immediately preceding Business Day. The rate of interest charged will be adjusted as of each Business Day based on changes in the Federal Funds Open Rate.

“Full Funding Date” means June 12, 2022.

“Initial Term Interest Rate” means with respect to each Interest Rate Period, a per annum rate of interest equal to the Adjusted LIBOR Rate.

“Initial Term Period” means the period beginning on the Closing Date and ending on the Full Funding Date.

“Interest Payment Date” means the first Business Day of each month and any other date that interest is required to be paid on the Bond under the Bond Purchase and Advance Agreement.

“Interest Rate” means, with respect to the Bond, (a) the Initial Term Interest Rate during the Initial Term Period, (b) the Term Loan Interest Rate during the Term Loan Interest Period and (c) the Taxable Rate during the Taxable Period. Notwithstanding the foregoing, the Interest Rate will equal the Default Rate beginning on the effective date of an Event of Default and continuing for so long as the Event Default remains in effect. In no event will the Interest Rate exceed the Maximum Rate.

“Interest Rate Period” means the period beginning on the Closing Date and ending on the day preceding the first Rate Reset Date, and thereafter beginning on each Rate Reset Date and ending on the day preceding the next succeeding Rate Reset Date.

“Lender” means PNC Bank, National Association, as the initial Owner of the Bond.

“LIBOR Reserve Percentage” means the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as *“Eurocurrency liabilities”*).

“Mail” means first-class United States mail, postage prepaid.

“Maturity Date” means June 12, 2027.

“Maximum Rate” means (a) with respect to the Adjusted LIBOR Rate, 12.00% and (b) with respect to the Default Rate, 20.00%. Notwithstanding the foregoing, in no event will the rates of interest on the Bond exceed the maximum rate of interest permitted by applicable law.

“One-Month LIBOR” means, for each Rate Reset Date, the interest rate per annum determined by the Lender by dividing (1) the rate which appears on the Bloomberg Page BBAM1 (or on such other

substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Lender which has been approved by the British Bankers' Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (an "*Alternate Source*"), at approximately 11:00 a.m., London time, two (2) Business Days prior to such Rate Reset Date, as the one month London interbank offered rate for U.S. Dollars beginning on such Rate Reset Date (or if there will at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Lender at such time (which determination will be conclusive absent manifest error)), by (2) a number equal to 1.00 minus the LIBOR Reserve Percentage. In the event that LIBOR at any time is a negative number, One-Month LIBOR will be deemed to be zero.

"*Owner*" means the registered owner of the Bond.

"*Paying Agent*" means the Chief Financial Officer of the County or any successor appointed pursuant to Section 2.05.

"*Prepayment Date*" means the date on which the Bond or any portion thereof has been called for prepayment or is to be prepaid prior to the Maturity Date pursuant to this Appendix A.

"*Prime Rate*" means the rate publicly announced by the Lender from time to time as its prime rate. The Prime Rate is determined from time to time by the Lender as a means of pricing loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Lender to any particular class or category of customers.

"*Principal Amount*" means the sum of all Advances less any prepayment of the Bond. Advances and prepayments will be recorded (which records may be electronic) on the Table of Advances and Table of Partial Prepayment attached to the Bond. Failure to record an Advance or prepayment will not affect the Principal Amount outstanding under the Bond.

"*Projects*" means the respective projects described in the Bond Orders.

"*Rate Reset Date*" means the first day of every month, provided that: (a) if any such day is not a Business Day, then the first succeeding day that is a Business Day will instead apply, unless that day falls in the next succeeding calendar month, in which case the next preceding day that is a Business Day will instead apply, and (b) if any such day is a day of a calendar month for which there is no numerically corresponding day in certain other months (each, a "*Non-Conforming Month*"), then any Rate Reset Date that falls within a Non-Conforming Month will be the last day of such Non-Conforming Month.

"*Resolution*" means the Resolution adopted by the Board of Commissioners of the County on May 28, 2019 with respect to the Bond, which includes this Appendix A, and any amendments or supplements thereto.

"*Stated Principal Amount*" means \$70,000,000.

"*Taxable Period*" means the period beginning on the date of a Determination of Taxability and ending on the date (if any) the Determination of Taxability is no longer in effect.

"*Taxable Rate*" means the taxable equivalent rate to the then applicable Interest Rate on the 2019 Note.

“*Term Loan Interest Rate*” means a per annum rate of interest equal to (1) for the first 90 days after the Full Funding Date, the Base Rate, and (2) for the 91st day after the Full Funding Date and thereafter, the Base Rate plus 2.00%.

“*Term Loan Period*” means the period, if any, beginning on the Full Funding Date and ending on the earlier of the Maturity Date or the date the Bond has been prepaid in whole prior to the Maturity Date.

ARTICLE II.

AUTHORIZATION, FORM, ISSUANCE, DELIVERY AND REGISTRATION OF BOND

Section 2.01 ***Authorization of the Bond.*** The Bond is hereby authorized and will be issued under and pursuant to the constitution and the laws of the State, including The Local Government Bond Act, the Bond Orders and this Appendix A for the purposes described in Section 3 of the Resolution. No Bond may be issued except in accordance with this Article. The total Principal Amount of the Bond that may be issued and outstanding is hereby expressly limited to the Stated Principal Amount.

Section 2.02 ***Designation and Issuance of the Bond.*** The Bond will be designated “*County of Durham, North Carolina General Obligation Bond, Series 2019.*” The Bond will be issuable as fully registered bond in the Stated Principal Amount. The Bond will be numbered R-1 and will be substantially in the form provided in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by this Appendix A.

Section 2.03 ***Details of the Bond; Payment.***

(a) The Bond will mature, subject to prepayment as provided herein, on the Maturity Date and will bear interest at the Interest Rate (computed on the basis of the Day Count). Interest payable on the Bond will be determined based on the Principal Amount of the Bond. The amount of interest payable on each Interest Payment Date will be calculated by the Lender. The Lender, or subsequent Owner of the Bond, will give written notice to the Paying Agent on or before each Interest Payment Date of the amount of interest payable on the Bond on such Interest Payment Date. Interest on the Bond will be payable in arrears. The Paying Agent may completely rely on Lender for interest rate calculations on the Bond.

(b) If a Determination of Taxability occurs with respect to the Bond then the Principal Amount outstanding of the Bond will bear interest during the Taxable Period at the Taxable Rate. The Taxable Rate will not to exceed the Maximum Rate. If a Determination of Taxability occurs with respect to the Bond the County will also be responsible for payment of any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Lender as a result of the occurrence of a Determination of Taxability, together with any and all reasonable attorneys’ fees, court costs or other out-of-pocket costs incurred by the Lender in connection therewith.

(c) Notwithstanding the foregoing provisions of this Section, the Interest Rate on the Bond will equal the Default Rate beginning on the effective date of an Event of Default and continuing for so long as the Event Default remains in effect.

(d) The faith and credit of the County are hereby pledged for the payment of the principal of and interest on the Bond issued hereunder in accordance with The Local Government Bond Act.

(e) The Bond will be registered as to principal and interest, and the Paying Agent, on behalf of the County, is directed to maintain the registration records with respect thereto. Principal of and interest on the Bond is payable to the registered owner appearing on the registration records by wire transfer or by check, mailed to such registered owner at its address or in accordance with the wire instructions, as applicable, as it appears on such registration books and will be received by the registered owner on the date such payment is due.

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

(g) Both the principal of and the interest on the Bond are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The Bond will bear interest from its date until the Principal Amount has been paid, but if the Bond has matured or has been called for prepayment and the Prepayment Date has occurred and funds are available for the payment thereof in full in accordance with the terms of the Resolution, the Bond will then cease to bear interest as of the Maturity Date or Prepayment Date, as applicable. The Bond will be dated as of its date of issuance, except that a Bond issued in exchange for or on the registration of transfer of the Bond will be dated as of the Interest Payment Date next preceding the date of authentication thereof, unless (1) the date of such authentication precedes the first Interest Payment Date, in which case it will be dated as of the date of the initial issuance of the Bond or (2) the date of such authentication is an Interest Payment Date to which interest on the Bond has been paid in full or duly provided for in accordance with the terms of this Appendix A, in which case it will be dated as of such Interest Payment Date; except that if interest on the Bond is in default, the Bond executed and delivered in exchange for or on registration of transfer of the Bond will be dated as of the date to which interest on the Bond has been paid in full. If no interest has been paid on the Bond, the Bond executed and delivered in exchange for or on the registration of transfer of the Bond will be dated as of the initial issuance of the Bond.

Section 2.04 ***Restriction on Transfer of the Bond.*** The Bond is non-transferable, except to a bank, insurance company or similar financial institution or any other entity approved by the Commission. The Owner will give written notice to the County, the Commission and the Paying Agent if any transfer of the ownership of the Bond occurs and the Paying Agent will record such new Owner on the registration books for the Bond. The County or the Paying Agent will have no obligation to pay any amounts due on the Bond to anyone other than the Owner of the Bond as shown on the registration books kept by the Paying Agent, on behalf of the County. The Paying Agent is not required to record a transfer of the ownership of the Bond unless it receives an opinion of counsel as to the qualification for transfer under this Section.

Section 2.05 ***Paying Agent.***

(a) The Chief Financial Officer of the County is hereby appointed as the initial Paying Agent for the Bond. The Chief Financial Officer of the County may appoint a successor Paying Agent at any time. The Paying Agent will keep the books of the County for payment of the Bond as provided in this Exhibit A hereto. Such books will be available at all reasonable times for inspection by the County. Certain provisions of this Appendix A and the Bond will only be applicable to the extent a successor Paying Agent is appointed and the Paying Agent is not the Chief Financial Officer of the County, as the context may require.

(b) The County will transfer the amount necessary, or otherwise cause such amount to be available, to the Paying Agent, if applicable, on or before the date required to pay principal of, premium, if any, and interest on the Bond and the Paying Agent will transfer to the Owner the payment of principal of, premium, if any, and interest on the Bond when due. The Paying Agent will treat the Lender as the Owner of the Bond for all purposes under the Resolution and this Appendix A unless a transfer occurs in accordance with Section 2.04. The Paying Agent will have no responsibility to make payment of principal of, premium, if any, and interest on, the Bond, other than to the Lender as the initial Owner of the Bond or any subsequent Owner of the Bond as shown on the registration books.

(c) Any successor Paying Agent may at any time resign and be discharged of the duties and obligations created by Exhibit A hereto by giving at least 60 days' written notice to the County. The successor Paying Agent may be removed by the County at any time and be discharged of the duties and obligations created by this Appendix A on at least 60 days' written notice to the Paying Agent. Any resignation or removal of the successor Paying Agent will take effect on the day another successor Paying Agent has been appointed by the County and has accepted such appointment. If no successor Paying Agent is appointed within 60 days after a notice of resignation, the resigning party may appoint a successor or petition any court of competent jurisdiction to appoint a successor.

(d) The County agrees to indemnify a successor Paying Agent, to the extent permitted by law, against any liability which it may incur while acting in good faith in its capacity as Paying Agent except for its own negligence or willful misconduct, such indemnification including, but not limited to, any court costs and reasonable attorneys' fees. Any costs, fees or other expenses of a successor Paying Agent in the discharge of its duties under this Appendix A will be paid by the County.

ARTICLE III.

PREPAYMENT OF THE BOND

Section 3.01 ***Optional Prepayment of the Bond.*** The County may prepay the Bond, either in whole or in part, on any Business Day at a prepayment price equal to 100% of the Principal Amount thereof, without premium, plus the accrued interest thereon to the Prepayment Date on at least 30 days' prior written notice to the Lender (unless otherwise waived by the Lender).

Section 3.02 ***Mandatory Prepayment of the Bond.*** In the event the County does not pay the Principal Amount of the Bond on or before the Full Funding Date, and provided that the County has provided to the Lender on a date that is not less than five (5) Business Days and not more than ten (10) Business Days prior to the Full Funding Date a certificate stating (A) no Event of Default, or any event which with the giving of notice, or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing and (B) the representations and warranties provided in the Bond Purchase and Advance Agreement are true and correct in all material respects on the Full Funding Date as if made on such date, then the County will instead pay to the Lender the outstanding Principal Amount of the Bond as of such date (the "*Amortization Amount*") in installments payable on the first Business Day of the month immediately following the Full Funding Date and on the first Business Day of each month thereafter so that the Amortization Amount is repaid in approximately equal monthly principal payments together with accrued interest thereon by the end of the Amortization Period. Any Principal Amount remaining unpaid on the Maturity Date will be due and payable on the Maturity Date. In the event that the County does not deliver to the Lender such certificate as provided in this Section, the Bond will be

subject to special mandatory prepayment in whole on the Full Funding Date at a prepayment price equal to 100% of the outstanding Principal Amount of the Bond, plus accrued interest thereon to the prepayment date. The Bond will bear interest during the Term Loan Period at the Term Loan Interest Rate.

Section 3.03 ***Notice of Prepayment.*** The County will provide written notice of any optional prepayment of the Bond hereunder not less than 30 days (or such lesser number of days as the Owner may accept), (1) to the Commission and the Paying Agent, if applicable, by Mail or electronic transmission, and (2) by Mail (or by such other means as may be permitted by the Owner) to the then-registered Owner of the Bond at the last address shown on the registration books kept by the County. Failure to provide such notice to the Commission and the Paying Agent will not affect the validity of any proceedings for such prepayment.

Section 3.04 ***Record of Prepayment.*** The Owner will record any prepayments of the Bond on the Table of Partial Prepayment attached to the Bond (or otherwise kept on the Owner's official books and records, which may be electronic records). The Paying Agent may completely rely on the County and the Owner for any prepayments and notations thereof.

ARTICLE IV.

ADVANCES

Section 4.01 ***Advance of Bond Proceeds.*** The County acknowledges and agrees that prior to the earliest to occur of (a) the date when the sum of the aggregate Advances made hereunder equals the Stated Principal Amount, (b) the date on which the Lender's obligation to make Advances under the Bond Purchase and Advance Agreement terminates (as reflected in a written notice delivered by the Lender to the County) or (c) the Full Funding Date (the "*Advance Termination Date*"), the proceeds of the Bond will be disbursed in installments through the making of Advances by the Lender in accordance with the Bond Purchase and Advance Agreement. The Chief Financial Officer, or her designee, will indicate as part of each Advance the amount to be applied against each Bond Order. The date and amount of each Advance will be noted on the Table of Advances attached to the Bond (or otherwise kept on the Owner's official books and records, which may be electronic records); *provided* that the failure to record any such Advance on the Table of Advances will not affect the Principal Amount due. In no event may the sum of the aggregate Advances exceed the Stated Principal Amount. Following the Advance Termination Date, no additional Advances may be made. On the Advance Termination Date, the positive difference, if any, between the Stated Principal Amount and the aggregate principal amount of all Advances made under the Bond Purchase and Advance Agreement will be deemed to have been prepaid automatically and without any further notice or act by the County or any other Person. Any such automatic prepayment of principal will not be taken into consideration in determining the Principal Amount of the Bond and will not be recorded on the Table of Partial Prepayment attached to the Bond. The County will give written notice to the Paying Agent, if applicable, of each Advance. The Paying Agent may completely rely on the County and the Lender for dates and amounts of Advances.

Section 4.02 ***Application of Bond Proceeds.*** The Paying Agent is hereby directed to create and establish a special fund into which the proceeds from the sale of the Bond will be deposited (the "*Project Fund*"). The proceeds from each Advance will be deposited by the Lender with the Paying Agent, and the Paying Agent will deposit such amounts in the Project Fund. The Paying Agent will, and if applicable at the written direction of the Chief Financial Officer or her designee, invest and reinvest any moneys held in the Project Fund as permitted by the laws of the State of North Carolina and the income, to the extent permitted by the Code, is to be retained in the Project Fund and applied with the proceeds of the Bond to pay the costs of the Projects. The Paying Agent, on behalf of the County, will keep and

maintain adequate records pertaining to the Project Fund and all disbursements therefrom so as to satisfy the requirements of the laws of the State of North Carolina and to assure that the County maintains its covenants with respect to the exclusion of the interest on the Bond from gross income for federal income tax purposes. The proceeds of the Bond in the Project Fund will be requisitioned in writing by the County and applied to the payment of costs of the Projects. The Paying Agent may completely rely on the County for the correctness and appropriateness of requisitions from the Project Fund and for the legality of any investments of the Project Fund.

ARTICLE V.

AMENDMENTS

Section 5.01 *Amendments to Resolution.*

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

(b) Any act done pursuant to a modification or amendment consented to by the Owner of the Bond is binding on all Owners of the Bond and will not be deemed an infringement of any of the provisions of the Resolution, whatever the character of the act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of the Bond Resolution, and after consent has been given, no Owner of the Bond has any right or interest to object to the action, to question its propriety or to enjoin or restrain the County from taking any action pursuant to a modification or amendment. If a successor Paying Agent has been appointed, the Resolution, including Appendix A, may not be amended to expand the duties of Paying Agent or that are otherwise adverse to the Paying Agent without the prior written consent of the Paying Agent.

ARTICLE VI.

MISCELLANEOUS PROVISIONS

Section 6.01 *Headings.* Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, are solely for convenience of reference and does not constitute a part of this Appendix A or affect its meaning, construction or effect.

Section 6.02 *Holidays.* Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder is stated to be due on a day which is not a Business Day, such payment or action will be made or taken on the next following Business Day, and such extension of time will be included in computing interest, if any, in connection with such payment or action.

Section 6.03 *Report to the Commission.* As of June 30 of each year the County will provide to the Commission a report showing the outstanding Principal Amount of the Bond. On request, the

County will send a report to the Commission demonstrating anticipated cash flow requirements for the Projects that the County anticipates financing with proceeds of the Bond during the next fiscal year.

Section 6.04 ***No Recourse Against Members, Officers or Employees of the County or the Commission.*** No recourse under, or on, any statement, obligation, covenant, or agreement contained in the Resolution, in any Bond, or in any document or certification relating to the Bond, or under any judgment obtained against the County or the Commission or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, is to be had against any member, officer or employee, as such, of the County or the Commission, either directly or through the County, the Commission, or otherwise, for the payment for or to the County or the Commission or any receiver of the County or the Commission, or for, or to, any Owner or otherwise, of any sum that may be due and unpaid on any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the County or the Commission or any receiver of the County or the Commission, or for, any Owner or otherwise, of any sum that may remain due and unpaid on the Bond hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of the Resolution and the issuance of the Bond.

Section 6.05 ***Governing Law.*** The Resolution, including this Appendix A, is governed by and to be construed in accordance with the laws of the State of North Carolina.

[End of Appendix A]

EXHIBIT A

FORM OF BOND

NO OFFERING CIRCULAR OR MEMORANDUM, OFFICIAL STATEMENT OR OTHER DISCLOSURE DOCUMENT HAS BEEN PREPARED OR PROVIDED BY THE COUNTY IN CONNECTION WITH THE OFFERING AND SALE OF THIS BOND. THIS BOND, EXCEPT FOR PERMITTED TRANSFERS AS PROVIDED HEREIN, IS NON-TRANSFERABLE

**COUNTY OF DURHAM, NORTH CAROLINA
GENERAL OBLIGATION BOND, SERIES 2019**

No. R-1

\$70,000,000

INTEREST RATE
Variable

DATED DATE
June 12, 2019

MATURITY DATE
June 12, 2027

REGISTERED OWNER: PNC BANK, NATIONAL ASSOCIATION

STATED PRINCIPAL AMOUNT: SEVENTY MILLION DOLLARS

The County of Durham, North Carolina (the “*County*”), a political subdivision of the State of North Carolina (the “*State*”), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Stated Principal Amount provided above or the Principal Amount (defined below), whichever is less, on the Maturity Date provided above (or earlier as described below). This Bond is issued in accordance with and under and pursuant to (a) the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, as amended, (b) The Local Government Finance Act, Chapter 159 of the General Statutes of North Carolina, as amended, (c) the Bond Orders and (d) a resolution adopted on May 28, 2019 by the Board of Commissioners of the County authorizing and approving the issuance, sale, execution and delivery of this Bond (as amended or supplemented from time to time, the “*Resolution*”). This Bond is being issued to provide funds to pay the capital costs of the Projects authorized under the Bond Orders. Reference is hereby made to the Resolution for the rights, duties and obligations of the County and the rights of the Owner of the Bond. By the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Resolution. Capitalized terms used herein and not defined have the meaning given in the Resolution and are incorporated herein by reference.

The County further promises to pay such Owner at the address as it appears on the registration books kept by the Paying Agent, which is initially the Chief Financial Officer of the County and subsequently any successor appointed in accordance with the Resolution, interest at the Interest Rate described in the Resolution and the Bond Purchase and Advance Agreement on the lesser of (1) the Stated Principal Amount or (2) the sum of the Advances made by the Lender pursuant to the Resolution and the Bond Purchase and Advance Agreement (less any amount of this Bond prepaid) and as reflected in the “Table of Advances” attached hereto or kept in the Owner’s records (which may be electronic records) (the “*Principal Amount*”). Interest on this Bond will be payable on the first Business Day of each month (each an “*Interest Payment Date*”) from the Interest Payment Date next preceding the date of authentication (unless (1) the date of such authentication precedes the first Interest Payment Date, in which case interest with respect thereto will be payable from the date of issuance of this Bond or (2) the

date of such authentication is an Interest Payment Date to which interest on this Bond has been paid in full or duly provided for in accordance with the terms of the Resolution, in which case interest with respect thereto will be payable from such Interest Payment Date) until the Principal Amount is paid or provided for in accordance with the Resolution.

The County may prepay this Bond, either in whole or in part, on any Business Day at a prepayment price equal to 100% of the Principal Amount thereof, without premium, plus the accrued interest thereon to the Prepayment Date on at least 30 days' prior written notice to the Owner (unless otherwise waived by the Owner).

In the event the County does not pay the Principal Amount of this Bond on or before June 12, 2022 (the "*Full Funding Date*"), and provided that the County has provided to the Lender on a date that is not less than five (5) Business Days and not more than ten (10) Business Days prior to the Full Funding Date a certificate stating (A) no Event of Default, or any event which with the giving of notice, or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing and (B) the representations and warranties provided in the Bond Purchase and Advance Agreement are true and correct in all material respects on the Full Funding Date as if made on such date, then the County will instead pay to the Lender the outstanding Principal Amount of this Bond as of such date (the "*Amortization Amount*") in installments payable on the first Business Day of the month immediately following the Full Funding Date and on the first Business Day of each month thereafter so that the Amortization Amount is repaid in approximately equal monthly principal payments together with accrued interest thereon by the end of the Amortization Period. Any Principal Amount remaining unpaid on the Maturity Date will be due and payable on the Maturity Date. In the event that the County does not deliver to the Lender such certificate as provided in this paragraph, this Bond will be subject to special mandatory prepayment in whole on the Full Funding Date at a prepayment price equal to 100% of the outstanding Principal Amount of this Bond, plus accrued interest thereon to the prepayment date. This Bond will bear interest during the Term Loan Period at the Term Loan Interest Rate.

The County will provide written notice of any optional prepayment of this Bond under the Resolution not less than 30 days (or such lesser number of days as the Owner may accept), (1) to the Commission and the Paying Agent, if applicable, by Mail or electronic transmission, and (2) by Mail (or by such other means as may be permitted by the Owner) to the then-registered Owner of this Bond at the last address shown on the registration books kept by the County. Failure to provide such notice to the Commission and the Paying Agent will not affect the validity of any proceedings for such prepayment. The Owner will record any prepayments of this Bond on the Table of Partial Prepayment attached to this Bond (or otherwise kept on the Owner's official books and records, which may be electronic).

THIS BOND IS NON-TRANSFERABLE, EXCEPT TO A BANK, INSURANCE COMPANY OR SIMILAR FINANCIAL INSTITUTION OR ANY OTHER ENTITY APPROVED BY THE COMMISSION. THE COUNTY OR THE PAYING AGENT WILL HAVE NO OBLIGATION TO PAY ANY AMOUNTS DUE ON THIS BOND TO ANYONE OTHER THAN THE OWNER OF THIS BOND AS SHOWN ON THE REGISTRATION BOOKS KEPT BY THE COUNTY. It is hereby certified and recited that all conditions, acts and things required by the constitution or statutes of the State to exist, be performed or happen precedent to or in connection with the issuance of this Bond, exist, have been performed and have happened, and that the amount of this Bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by the constitution or statutes of the State.

The faith and credit of the County are hereby pledged for the payment of the principal of and interest on this Bond in accordance with The Local Government Bond Act. This Bond is not valid or obligatory for any purpose until the certification hereon has been signed by an authorized representative of the Commission.

IN WITNESS WHEREOF, the County of Durham, North Carolina has caused this Bond to be executed with the manual or facsimile signatures of the Chair of the Board of Commissioners and the Interim Clerk to the Board of Commissioners.

COUNTY OF DURHAM, NORTH CAROLINA

By: _____
Wendy Jacobs
Chair of the Board of Commissioners

By: _____
Monica Toomer
Interim Clerk to the Board of Commissioners

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

GREG C. GASKINS
Secretary of the Local Government Commission

SIGNATURE PAGE
RELATING TO

THE COUNTY OF DURHAM, NORTH CAROLINA
GENERAL OBLIGATION BOND, SERIES 2019

FORM OF ASSIGNMENT

ASSIGNMENT

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

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

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

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

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a participant of the Securities Transfer Agent Medallion Program (“*STAMP*”) or similar program.

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

TRANSFER FEE MAY BE REQUIRED

TABLE OF ADVANCES

On the making of any Advance described in the Resolution, the Owner will make the appropriate notation on the table below (or otherwise keep on the Owner's official books and records, which may be electronic):

| <u>Date</u> | <u>Amount of Advance</u> | <u>Total Principal Amount (following an Advance)</u> | <u>Signature of Representative of Owner</u> |
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TABLE OF PARTIAL PREPAYMENTS

[illegible]

