

**A RESOLUTION AUTHORIZING THE SALE OF PUBLIC IMPROVEMENT  
GENERAL OBLIGATION BONDS (2018-03-21/R-3)**

***WHEREAS --***

The voters of the Town of Chapel Hill have previously approved the issuance of Town general obligation bonds for streets and sidewalks, stormwater improvements and recreational facilities. The Town Council has now determined that the Town should issue a portion of the authorized but unissued bonds.

This resolution provides for the issuance of these authorized but unissued bonds and takes related action, such as approving the form of the disclosure document that will be used to provide information to prospective bond investors.

**BE IT THEREFORE RESOLVED by the Town Council of the Town of Chapel Hill, North Carolina, as follows:**

**1. *Town Will Sell Public improvement bonds*** - The Town will issue and sell \$12,500,000 of the unissued bonds (referred to as the "Bonds" in this resolution) for their authorized purposes. In particular, the Town will issue (a) \$5,500,000 of the bonds approved for streets and sidewalks, (b) \$2,700,000 of the bonds approved for stormwater improvements, and (c) \$4,300,000 of the bonds approved for recreational facilities.

**2. *Payment Provisions.*** The Bonds will bear interest at the rates determined at the time of their sale by the Local Government Commission (currently scheduled for April 3). The principal of the Bonds will be payable in annual installments as the Finance Officer may determine after consultation with the LGC, except that the final maturity for the Bonds must not extend beyond December 31, 2038.

**3. *Pledge of Faith, Credit and Taxing Power --*** The Town's full faith and credit are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the Town will levy and collect an annual ad valorem tax, without restriction as to rate or amount, on all locally taxable property in the Town sufficient to pay the principal of and interest on the Bonds as the same become due.

**4. *Approval of Official Statement for Offering*** - There has been made available to the Mayor and each member of the Council a draft of an official statement (the "Official Statement") relating to the Bonds, which is designed to provide appropriate information about the Town and the financing to prospective investors

in the Bonds. The draft Official Statement remains subject to completion and amendment.

The Council approves the LGC's distribution of the Official Statement to prospective purchasers of the Bonds. The Official Statement as distributed must be in substantially the form presented to this meeting, which the Council approves, with changes as the Finance Officer may approve. The Council ratifies the prior actions of the Finance Officer and other Town representatives, in collaboration with the LGC staff, in preparing the text of the Official Statement.

The Council acknowledges that it is the Town's responsibility, and ultimately the Council's responsibility, to ensure that the Official Statement in its final form neither contains an untrue statement of a material fact nor omits to state a material fact required to be included therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. By the adoption of this resolution, the Council members acknowledge and accept their own responsibility for causing the Town to fulfill these responsibilities for the Official Statement.

The Town deems the Official Statement as distributed by the LGC to be a "final official statement" within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of certain final Bond pricing and other information that Rule 15c2-12 allows to be omitted.

**5.     *Prepayment Provisions*** – The Council directs the Finance Officer, upon advice from the LGC and the Town's financial adviser, to determine the terms and conditions under which the Bonds will be subject to prepayment prior to maturity. The Finance Officer shall execute a certificate prior to the initial delivery of the Bonds designating prepayment terms and conditions. This certificate will be conclusive evidence of the Finance Officer's determination of these terms and conditions.

**6.     *Form of Bonds; Payment Details*** -- The Bonds will be designated "General Obligation Public Improvement Bonds, Series 2018."

The Bonds will be in substantially the form set out in Exhibit A. The Bonds will be dated the date of their initial issuance, will be in fully registered form, will be in denominations of \$5,000 and integral multiples thereof and will be numbered for identification from R-1 upward.

The Bonds must be signed by the manual or facsimile signature of the Mayor or the Town Manager, and the Town's seal must be affixed to the Bonds (or a facsimile of the seal printed on the Bonds) and attested by the manual or facsimile signature of

the Town Clerk or any Deputy or Assistant Clerk. No Bond will be valid unless at least one of the signatures appearing on the Bond (which may be the signature of the LGC's representative required by law) is manually applied or until the Bond has been authenticated by the manual signature of an authorized officer or employee of a bond registrar selected by the Finance Officer.

Interest on each Bond will be payable semiannually (a) from its date, if it is authenticated prior to the first interest payment date, or (b) otherwise from the interest payment date that is, or immediately precedes, the date on which it is authenticated (unless payment of interest is in default, in which case such Bond will bear interest from the date to which interest has been paid). Principal, interest and any prepayment premium will be payable in lawful money of the United States of America.

The Council directs the Finance Officer to execute a certificate prior to the initial delivery of the Bonds designating the final aggregate principal amount of the Bonds (up to the maximum authorized amount of \$12,500,000), the final principal payment schedule, and the interest payment dates for the Bonds. This certificate will be conclusive evidence of the Finance Officer's approval and determination of these matters.

**7. Finance Officer as Registrar; Payments to Registered Owners --** The Council appoints the Finance Officer as Registrar for the Bonds. As Registrar, the Finance Officer shall maintain appropriate books and records of the ownership of the Bonds. The Town will treat the registered owner of each Bond as the person exclusively entitled to payment of principal, interest and any prepayment premium and the exercise of all rights and powers of the owner, except that the Town will make payments to the person shown as owner on the registration books at the end of the calendar day on the 15th day of the month (whether or not a business day) preceding each interest payment date.

**8. Advertising Bonds for Sale --** The Council directs the Finance Officer, in collaboration with the LGC, to take all proper steps to advertise the Bonds for sale in accordance with standard LGC procedures, including using a "Notice of Sale" document in the LGC's customary form and in substantially the same form as used for prior Town bond sales. The Council directs the Finance Officer to review and approve a form of Notice of Sale as that officer may determine to be in the Town's best interest.

**9. LGC To Sell Bonds --** The Town asks the LGC to sell the Bonds, to receive and evaluate bids and to award the Bonds based on the best bid received.

**10. *Completing Official Statement after Sale*** – After the LGC has received bids and awarded the Bonds to the successful bidder, the Council directs the Finance Officer, in collaboration with the LGC, to prepare a final Official Statement within the meaning of Rule 15c2-12. The Council authorizes the Finance Officer to approve the final document as a final Official Statement. The Town, together with the LGC, will arrange for the delivery within seven business days of the sale date of a reasonable number of copies of the final Official Statement to the successful bidder on the Bonds for delivery to each potential investor requesting a copy of the final Official Statement and to each entity to which the bidder and members of the bidding group initially sell the Bonds.

**11. *Town Officers To Complete Closing*** – The Council authorizes the Finance Officer and all other Town officers and employees to take all proper steps to deliver the Bonds to the purchaser upon payment for the Bonds, and to take all other proper steps to complete the issuance of the Bonds.

The Council authorizes the Finance Officer to hold the executed Bonds, and any other documents permitted by this resolution, in escrow on the Town's behalf until the conditions for the delivery of the Bonds and other documents have been completed to the Finance Officer's satisfaction. The Finance Officer may then release the executed Bonds and other documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the Council specifically authorizes the Finance Officer to approve changes to any documents previously signed by Town officers or employees, provided that the Bonds must be in substantially the form approved by this resolution and that any changes must not substantially alter the intent of the document from that expressed in the form originally executed. The Finance Officer's authorization of the release of any such document for delivery will constitute conclusive evidence of that officer's approval of any such changes.

In addition, the Council authorizes the Finance Officer to take all appropriate steps for the efficient and convenient carrying out of the Town's on-going responsibilities with respect to the Bonds. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Bonds, this resolution, or otherwise with respect to the Bonds.

**12. *Undertaking for Continuing Disclosure*** -- The Town undertakes, for the benefit of the beneficial owners of the Bonds, to provide continuing disclosure with respect to the Bonds as described in Exhibit B.

The Council designates the Finance Officer as the Town officer to be primarily responsible for the Town's compliance with its undertakings for continuing disclosure provided for in this resolution. The Finance Officer will provide for the filings and reports (including the reports of material events) constituting the continuing disclosure provided for in this resolution.

**13. *Resolutions as to Tax Matters*** -- The Town will not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds," within the meaning of Section 148 of the "Code" (as defined below), or "private activity bonds" within the meaning of Code Section 141, or otherwise cause interest on the Bonds to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Town will comply with any Code provision that may require the Town at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Bonds, and the Town will pay any such required rebate from its general funds. For this paragraph, "Code" means the United States Internal Revenue Code of 1986, as amended, including applicable Treasury regulations.

**14. *Book-Entry System for Bond Registration*** -- The Town will issue the Bonds by means of a book-entry system, with one bond certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. The book-entry system for registration will operate as described in the Official Statement. Therefore, so long as the book-entry system of registration with DTC is in effect, (a) the Town will make Bond payments only to DTC or its nominee as registered owner of the Bonds, (b) the Town will not be responsible or liable for any transfer of payments to parties other than DTC or for maintaining, supervising or reviewing the records maintained by DTC or any other person related to the Bonds, and (c) the Town will not send redemption notices (or any other notices related to the Bonds) to anyone other than DTC or its nominee. The Town, by Council resolution, may elect to discontinue the book-entry system with DTC. The Council authorizes the Finance Officer to enter into any agreements that officer deems appropriate to put into place and carry out the book-entry system with DTC.

**15. *Finding as to Useful Life and Term of the Bonds*** -- The Council finds and determines that the average weighted maximum useful life of the projects to be financed with the proceeds of the Bonds is at least twenty years, subject to ordinary maintenance for projects of this type, and therefore the term of the Bonds will be within that maximum useful life.

**16. *Miscellaneous Provisions*** -- The Council authorizes all Town officers and employees to take all such further action as they may consider desirable in

carrying out the purposes of this resolution. The Council ratifies all prior actions of Town officers and employees in this regard. Upon the absence, unavailability or refusal to act of the Mayor, the Town Manager or the Finance Officer, any of those officers may assume any responsibility or carry out any function assigned to another officer in this resolution. In addition, upon the unavailability of the Mayor or the Clerk, respectively, any of the rights or responsibilities directed to such officers may be carried out or exercised by the Mayor Pro Tem or any Deputy or Assistant Clerk. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

This the 21<sup>st</sup> day of March, 2018.

**EXHIBIT A - Form of Bonds**

**REGISTERED**

**REGISTERED**

**Number R-X**

**UNITED STATES OF AMERICA  
STATE OF NORTH CAROLINA**

**TOWN OF CHAPEL HILL**

**General Obligation Public Improvement Bond, Series 2018**

<b>INTEREST RATE</b>	<b>MATURITY DATE</b>	<b>DATED DATE</b>	<b>CUSIP</b>
_____ %	May 1, ____	April 19, 2018	159429 XXX

**REGISTERED OWNER: \*\*\*\*\*CEDE & CO.\*\*\*\*\***

**PRINCIPAL AMOUNT: \*\*\*\*\_ THOUSAND DOLLARS  
(\$\_\_\_\_,000)\*\*\***

***THE TOWN OF CHAPEL HILL, NORTH CAROLINA (the "Town"),*** for value received, promises to pay to the registered owner of this Bond, or registered assigns or legal representative, the principal amount stated above on the maturity date stated above, subject to prior redemption as described below, and to pay interest on this Bond semiannually on each May 1 and November 1, beginning November 1, 2018, at the annual rate stated above. Interest is payable (a) from the dated date stated above, if this Bond is authenticated prior to November 1, 2018, or (b) otherwise from the May 1 or November 1 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond will bear interest from the date to which interest has been paid).

This Bond is one of an issue of the Town's \$12,500,000 General Obligation Public Improvement Bonds, Series 2018 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued pursuant to a resolution adopted by the Town's governing Town Council on March 21, 2018, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act.

The Town's full faith and credit are pledged for the payment of principal of and interest on this Bond.

The Bonds are issued by means of a book-entry system, with one bond certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. Transfer of beneficial ownership interests in the Bonds in the principal amount of \$5,000 or any integral multiple thereof will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal, and interest on the Bonds are payable by the Town to DTC or its nominee as registered owner of the Bonds. The Town is not responsible or liable for such transfer of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Bonds maturing prior to May 1, 2027, are not subject to redemption prior to maturity. Bonds maturing on May 1, 2027, and thereafter are redeemable, at the Town's option, from any moneys that may be made available for that purpose, in whole or in part on any date not earlier than May 1, 2026, at a redemption price of 100% of the principal amount to be redeemed, plus interest accrued to the redemption date, without premium.

If less than all the Bonds stated to mature on different dates are called for redemption, the Town will select the Bonds to be redeemed in such manner as the Town may determine. If less than all of the Bonds of any one maturity are called for redemption, the particular Bonds or portions of Bonds to be redeemed from that maturity will be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of each Bond to be redeemed will be in the principal amount of \$5,000 or some integral multiple thereof, and that, in



selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. Notwithstanding the foregoing, so long as a book-entry system with DTC is used for determining beneficial ownership of Bonds, if less than all the Bonds within a maturity are to be redeemed, DTC and its participants will determine which of the Bonds within any such maturity are to be redeemed. If a portion of a Bond is called for redemption, the Town will issue a new Bond to the registered owner in a principal amount equal to the unredeemed portion, upon the registered owner's surrender of the Bond.

The Town will send notice of redemption to DTC or its nominee as the registered owner of the Bonds in such manner as may be provided for under DTC's then-current operating procedures. The Town will send this notice not more than 60 days and not less than 30 days prior to the date fixed for redemption. The Town is not responsible for sending redemption notices to anyone other than DTC or its nominee.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Town so elects, the Town will discontinue the book-entry system with DTC. If the Town does not identify another qualified securities depository to replace DTC, the Town will deliver replacement Bonds in the form of fully-registered certificates.

The Town Finance Officer has been appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records indicating ownership of the Bonds. The Town will treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that the Town will make Bond payments to the person shown as owner on the Town's registration books as of the **Record Date** for the Bonds, which is the end of the calendar day on the 15th day of the month (whether or not a business day) preceding each interest payment date. Principal and interest are payable in lawful money of the United States of America.

The Town intends that North Carolina law will govern this Bond and all matters of its interpretation.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

***IN WITNESS WHEREOF***, the Town of Chapel Hill, North Carolina, has caused this Bond to be signed by its Town Manager, its seal to be affixed hereto and attested by the Town Clerk, and this Bond to be dated April 19, 2018.

(SEAL)

<b>ATTEST:</b>	
<p><u><i>[Sample only - do not sign]</i></u> Town Clerk Town of Chapel Hill, North Carolina</p>	<p><u><i>[Sample only - do not sign]</i></u> Town Manager Town of Chapel Hill, North Carolina</p>

The Bonds have been approved by  
the North Carolina Local Government  
Commission in accordance with the  
Local Government Bond Act.

*[Sample only - do not sign]*

Greg C. Gaskins  
Secretary, Local Government Commission

**Town of Chapel Hill, North Carolina**  
**\$12,500,000 General Obligation Public Improvement Bonds, Series 2018**

## ASSIGNMENT

***FOR VALUE RECEIVED*** the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
(Please print or type transferee's name and address, including zip code)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OR TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: _____ NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program	_____ (Signature of Registered Owner) NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular without alteration or enlargement or any change whatsoever.
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**Town of Chapel Hill, North Carolina**  
**\$12,500,000 General Obligation Public Improvement Bonds, Series 2018**

## **Exhibit B -- Undertaking for Continuing Disclosure**

The Town undertakes, for the benefit of the beneficial owners of the Bonds, to provide the following items and information to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each of the Town's fiscal years, audited Town financial statements 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 are not available by seven months from the end of any fiscal year, unaudited Town financial statements for such fiscal year, to be replaced subsequently by audited Town financial statements 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 of the Town's fiscal years, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year (which data will be prepared at least annually, will specify the date as to which such information was prepared and will be delivered with any subsequent material events notices specified in subparagraph (c) below) for the type of information included under heading "The Town - Debt Information" and "- Tax Information" in the final Official Statement (excluding any information on overlapping or underlying units), and (ii) the combined budget of the Town for the current fiscal year, to the extent such items are not included in the audited 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 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;

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

(4) unscheduled draws on any 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 Bonds, or other material events affecting the tax status of the Bonds;

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

(8) calls for redemption of the Bonds (other than calls pursuant to sinking fund redemption), if material, and tender offers;

(9) defeasances;

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

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar proceedings related to the Town or any other person or entity that may at any time become legally obligated to make payments on the Bonds (collectively, the "Obligated Persons");

(13) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to 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 Town to provide required annual financial information described in (a) or (b) above on or before the date specified.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person.

If the Town fails to comply with the undertaking described above, any beneficial owner of the Bonds 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 to comply with such undertaking will not be an event of default and will not result in any acceleration of payment of the Bonds. All actions will be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Town shall provide the documents and other information referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The Town may discharge its undertaking as set forth in this resolution by providing such information in any manner that the United States Securities and Exchange Commission subsequently authorizes in lieu of the manner described above.

The Town reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the Town's judgment, 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 Town;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the final 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 Town or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the bond resolution, 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 will explain, in narrative form, the reasons for the modification and the effect of the change in the type of operating data or financial information being provided.