



# TOWN OF CHAPEL HILL

Town Hall  
405 Martin Luther King Jr.  
Boulevard  
Chapel Hill, NC 27514

## Legislation Details (With Text)

**File #:** [19-0878] **Version:** 1 **Name:**  
**Type:** Consent **Status:** Passed  
**File created:** 10/16/2019 **In control:** Town Council  
**On agenda:** 10/30/2019 **Final action:** 10/30/2019  
**Title:** Adopt a Resolution for the Issuance of Up to \$12,250,000 in General Obligation Refunding Bonds.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** 1. A RESOLUTION AUTHORIZING THE SALE OF GENERAL OBLIGATION REFUNDING BONDS (2019-10-30/R-2)

Date	Ver.	Action By	Action	Result
10/30/2019	1	Town Council	adopted	Pass

### Adopt a Resolution for the Issuance of Up to \$12,250,000 in General Obligation Refunding Bonds.

**Staff:**

Maurice Jones, Town Manager  
Amy Oland, Director

**Department:**

Manager's Office  
Business Management

**Overview:** The Business Management Department is working on the issuance of up to \$12,250,000 in Town general obligation refunding bonds to refinance a portion of the Town's outstanding Taxable General Obligation Public Improvement Bonds, Series 2010B. The attached resolution provides for the issuance of these refunding bonds and authorizes staff to take related actions as considered necessary in the furtherance of this resolution. This is the final Council action needed to authorize the issuance of the refunding bonds.

**Recommendation:**

That the Council adopt the resolution authorizing the sale of general obligation refunding bonds.

**Key Issues:**

At its [September 25, 2019 <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4143413&GUID=23E5ACFB-DBFF-48B1-8FBE-BDF47C5C3A24&Options=&Search=>](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4143413&GUID=23E5ACFB-DBFF-48B1-8FBE-BDF47C5C3A24&Options=&Search=>) meeting, the Council adopted a resolution providing preliminary approval for the issuance of General Obligation Refunding Bonds, adopted the Bond Order for General Obligation Refunding Bonds and adopted a resolution providing for the publication of the Bond Order. The next step in the refunding process is to adopt a resolution for the sale of refunding bonds. This resolution does the following:

1. Formally authorizes the sale of up to \$12,250,000 in refunding bonds;
2. Formally pledges the Town's taxing power to provide for payment on the bonds;
3. Approves the form of the draft official statement for the Town in offering bonds to investors;
4. Approves the proposed form of the bonds themselves;
5. States the Town's agreement to comply with federal rules for continuing disclosure to the securities markets;
6. States the Town's agreement to comply with the relevant provisions of federal tax law; and

7. Authorizes Town staff to complete the process of issuing the bonds, and approves the steps necessary to take those related actions.

This refunding opportunity is the result of a recent drop in tax-exempt municipal bond rates, which allows the Town to save money on its annual debt service by reducing the net interest cost of debt through refunding. Based on the analysis performed by the Town's financial advisors, Davenport & Company, there is currently an opportunity to refund the outstanding balance on the Town's Taxable General Obligation Bonds that will provide a net present value savings of approximately \$689,031 over the remaining life of the bonds.

Due to volatility in the interest rate markets, the projected savings may change prior to execution. If there are extreme changes in interest rates, it is possible that a portion of or all of the refunding will not be viable. If this occurs, we will execute only that portion of the refunding that produces savings or we will delay the sale until conditions improve.

The expected sale date is November 19, 2019. The Local Government Commission (LGC) will sell the bonds using a competitive process with all bids being received in the State Treasurer's Office. The refunding bonds will be outstanding through 2031 and will have debt service payments due in April and October with the first payment to be made in April 2020.

Based on current market rates, the proposed refunding details are as follows:

• Bonds to be refunded: G.O. Series 2010	
• Remaining debt service on refunded bonds	\$ 13,406,343
• Debt service on refunding bonds	<u>12,652,883</u>
• Savings	\$ 753,460
• Net Present Value of Savings	<b>\$ 689,031</b>
• Percent Savings of Refunded Bonds	<b>6.78%</b>

The Business Management Department will file an application for approval of the Bonds with the LGC, retain Sanford Holshouser LLP as Bond Counsel and Davenport & Company as Financial Advisor, and request the LGC to approve the financing team.

Draft copies of the Official Statement are available upon request to the Business Management Director.

**Fiscal Impact/Resources:** Based on the analysis conducted by Davenport & Company, the Town can save approximately \$689,031 (net present value) over the next 10 years by refunding outstanding Taxable General Obligation Bonds, Series 2010B. The aggregate principal amount of debt to be issued for the purposes of refunding will not exceed \$12,250,000. The actual amount of debt issued and the actual savings will depend on the interest rates prevailing at the time of sale.



**Attachments:**

- Resolution

**A RESOLUTION AUTHORIZING THE SALE OF GENERAL OBLIGATION REFUNDING BONDS (2019-10-30/R-2)**

**WHEREAS --**

On September 25, 2019, the Town Council authorized the issuance of up to \$12,250,000 in Town general obligation refunding bonds (the "Bonds") to refinance a portion of the Town's outstanding Taxable General Obligation Public Improvement Bonds, Series 2010B.

This resolution now provides for the issuance of these refunding 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 Refunding Bonds** - The Town will issue and sell up to the full \$12,250,000 of the refunding bonds (referred to as the "Bonds" in this resolution) for their authorized purpose.

**2. 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.

**3. 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.

**4. Form of Bonds; Payment Details** -- The Bonds will be designated "General Obligation Refunding Bonds, Series 2019." 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 will bear interest at the rates determined at the time of their sale by the Local Government Commission (currently scheduled for November 19, 2019), with interest calculated on the basis of a 360-day year consisting of twelve 30-day months. 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 last of the Bonds must mature not later than the final maturity of the respective bonds being refunded. Principal of the Bonds will not be subject to prepayment or redemption prior to the stated maturity dates.

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 and interest will be payable in lawful money of the United States of America.

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.

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 \$12,250,000), 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.

**5. 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.

**6. 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 through the use of 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.

**7. LGC To Sell Bonds; Provision for Delayed Sale -** (a) -- 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.

(b) If market conditions at the time of the proposed Bond sale do not allow the Bonds to be sold at interest rates and prices that make the refunding of all or any portion of the prior bonds economical, as determined by the Finance Officer, the Finance Officer is authorized to decline the sale of the Bonds, in whole or in part. The Finance Officer is further authorized to provide for additional attempts to sell the Bonds, or any portion of the Bonds, if the Finance Officer determines that market conditions have changed such that a successful sale of the Bonds (or any portion) may be possible. The Finance Officer may provide for one or more additional sales until January 1, 2020, without further advance approval from the Council. These additional sales may make use of the previously approved Official Statement, with the Finance Officer's approval, and may proceed pursuant to such advertisement for sale as the Finance Officer may approve.

**8. 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.

**9. 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 (a) to approve and enter into agreements to carry out the refunding contemplated by this resolution, including agreements for the custody of Bond proceeds and agreements for appropriate professional services, and (b) 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.

**10. 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.

**11. 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 any notices related to the Bonds to anyone other than DTC or its nominee. The Council, by resolution, may elect to discontinue the Town's 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.

**12. Ratification of Professionals -** The Council confirms the selection of (a) Sanford Holshouser LLP to serve as the Town's bond counsel with respect to the Bonds, and (b) of Davenport & Co. LLC to serve as the Town's financial advisor with respect to the refunding. U.S. Bank National Association will serve as the escrow agent for the purpose of holding Bond proceeds until they can be applied to the payment of the refunded bonds on April 1, and Bingham Arbitrage Rebate Services Inc. will verify the calculations required pursuant to tax law to show that payment on the refunded bonds has been fully provided for through the Bond issue.

**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. Call of 2010 Bonds for Redemption** - The Council directs the Finance Officer to make, on the Town's behalf, an irrevocable call for redemption of such of the Town's Taxable Public Improvement Bonds, Series 2010B, as the Finance Officer (after consultation with the LGC) deems beneficial to the Town. The Finance Officer shall make this call for redemption by the execution and delivery of an appropriate certificate in connection with the original delivery of the Bonds.

**15. Finding as to Useful Life and Term of the Bonds** - The Council finds and determines that the term of the Bonds will be the shortest period in which the debt to be refunded can be finally paid without making it unduly burdensome on the Town's taxpayers, and will be within the remaining period of usefulness of the projects financed with the proceeds of the prior bonds.

**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 such 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 30<sup>th</sup> day of October 2019.

**EXHIBIT A - Form of Bonds**

**REGISTERED**

**REGISTERED**

**Number R-X**

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

**TOWN OF CHAPEL HILL**

**General Obligation Refunding Bond, Series 2019**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	April 1, ____	December 10, 2019	159 429 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 and to pay interest on this Bond semiannually on each April 1 and October 1, beginning April 1, 2020, at the annual rate stated above. Interest is payable (a) from the dated date stated above, if this Bond is authenticated prior to April 1, 2020, or (b) otherwise from the April 1 or October 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). Principal of the Bonds is not subject to prepayment or redemption prior to the stated maturity dates.

This Bond is one of an issue of the Town's \$\_\_\_\_\_ General Obligation Refunding Bonds, Series 2019 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest and maturity. The Bonds are issued pursuant to a resolution adopted by the Town's governing Town Council on October 30, 2019, 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 Town will make all payments in lawful money of the United States. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

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.

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 on the **Record Date**, 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.

**The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

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 December 10, 2019.

(SEAL)

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

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, 250,000] General Obligation Refunding Bonds, Series 2019**

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:	_____
Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program	NOTICE: (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.

**Town of Chapel Hill, North Carolina**  
**[\$12, 250,000] General Obligation Refunding Bonds, Series 2019**

**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, 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 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, if material;

(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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation (as defined below) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect Bondholders, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties; 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.

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

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.

**The Agenda will reflect the text below and/or the motion text will be used during the meeting.**

By adopting the resolution, the Council authorizes the sale of general obligation refunding bonds.