



TOWN OF CHAPEL HILL

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

Legislation Details (With Text)

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Title: Adopt the Bond Orders for the Two-Thirds Bonds and Adopt a Resolution Authorizing the Issuance of \$3,205,000 of Two-Thirds Bonds and \$4,755,000 of Referendum Bonds.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Public Notice of Adoption of Bond Orders for Two-Thirds Bonds, 2. Draft Offering Statement, 3. A RESOLUTION FOR BOND ORDER FOR ADOPTION – PARKS AND RECREATION (2021-04-07/R-2), 4. A RESOLUTION FOR BOND ORDER FOR ADOPTION – PUBLIC SAFETY (2021-04-07/R-3), 5. A RESOLUTION FOR BOND ORDER FOR ADOPTION – STREETS AND SIDEWALKS (2021-04-07/R-4), 6. A RESOLUTION FOR THE SALE OF GENERAL OBLIGATION BONDS (2021-04-07/R-5)

Date	Ver.	Action By	Action	Result
4/7/2021	1	Town Council	adopted	Pass

Adopt the Bond Orders for the Two-Thirds Bonds and Adopt a Resolution Authorizing the Issuance of \$3,205,000 of Two-Thirds Bonds and \$4,755,000 of Referendum Bonds.

Staff:

Amy Oland, Director

Department:

Business Management

Overview: The Business Management Department is pursuing the issuance of \$3.205 million of “two-thirds” bonds to fund parks and recreation, public safety, and streets and sidewalks projects and the first issuance of the 2018 General Obligation (GO) referendum bonds for Affordable Housing. On [March 24, 2021 <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4859468&GUID=BF466D84-C686-4D5A-A044-6915969F45AB&Options=&Search=>](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4859468&GUID=BF466D84-C686-4D5A-A044-6915969F45AB&Options=&Search=>), the Council held a public hearing on the bond orders for the two-thirds bonds. The next step in the issuance process is for Council to adopt the bond orders for the two-thirds bonds and to adopt a resolution formally authorizing the issuance of both the two-thirds bonds and the referendum bonds.



Recommendation(s):

That the Council:

1. Adopt the bond orders authorizing the issuance of two-thirds general obligation bonds in the maximum amount of \$3,205,000 for parks and recreation, public safety and streets and sidewalks.
2. Adopt the resolution authorizing the issuance of \$3,205,000 of two-thirds bonds and \$4,755,000 of referendum bonds.

Key Issues:

Two-Thirds Bonds Background

- Under the Local Government Bond Act, the “two-thirds” rule authorizes local governments to issue general obligation bonds without a referendum under certain circumstances.

- Two-thirds bonds are restricted to two thirds of the net reduction in general obligation bond principal for the previous fiscal year. The Town's reduction in principal for FY 2020 was \$4,812,000, two thirds of which is approximately \$3,205,000. Two-thirds bonds must be issued in the fiscal year immediately following the year for which the principal reduction is calculated.
- Two-thirds bonds are also restricted to certain uses including streets, parks, public facilities, and public safety. All other allowable purposes are listed under Section 159-48 of NC General Statute, Chapter 159, Article 4 (the Local Government Bond Act).
- The availability of two-thirds bonds and the current low cost of borrowing are an opportunity to fund parks and recreation facility improvements, purchase a replacement Fire truck, and repair streets and sidewalks. The potential issuance of two-thirds bonds was discussed at the Council retreat on Friday, February 5, 2021.

Two-Thirds Bonds Recommended Uses

Parks and recreation facilities:

- Cedar Falls Park Tennis Complex Reconstruction - Remove the current tennis courts and reconstruct the complex to improve drainage. Project would include five tennis courts, four junior courts, new LED lighting, fencing, walkways and amenities.
- Hargraves Park Tennis Court Improvements - Resurface existing tennis courts, replace fencing, and install LED lights.
- Ephesus Park Technical Assessment and Tennis & Pickleball Courts -Conduct engineering assessment of current complex conditions and subsurface conditions to produce recommendations and cost estimates on options for how to effectively address existing issues and a short-term repair option of the noted issues.
- Hargraves Park Playground Surface Replacement - Repair the poured-in-place surfacing that is cracked and install curbing for playground user safety.
- AD Clark Pool Improvements - Replaster pool shell to allow the pool to remain open.
- Hargraves Center Ballfield Renovation - Regrade to improve drainage, including the addition of drain lines and irrigation, replace bleachers and fencing; improve and install ADA accessible paths or sidewalk to ballfields.
- Umstead Park Basketball Court - Resurface and restripe basketball court surface, replace goals, and add retaining walls to minimize erosion.
- Homestead Aquatic Center Pool Improvements - Replaster pool shell at the two Homestead Aquatic Center pools and conduct related improvements.

Replacement Fire Truck:

- The Fire Department would use the bond funds to replace Engine 33 (2002 Hendrickson Mobile Equipment (HME)) as a frontline vehicle. The current Engine 33 would then be moved to reserve status. In FY 2020, Engine 33 spent 96 days out of service and the Town spent \$88,640 on repairs to maintain the apparatus.

Streets and Sidewalk projects:

- Street Resurfacing - There is a significant backlog of needed maintenance on about two-thirds of the Town's streets. Public Works staff have prioritized about 32 shovel-ready street maintenance needs throughout the Town totaling \$2.7 million. The Chapel Hill community has identified street maintenance as a top priority.
- Sidewalk Projects - From the backlog of maintenance needs, Public Works staff identified high priority sidewalk repairs throughout the Town. Addressing sidewalk repair needs also addresses ADA requirements.

2018 Referendum Bonds

- The sale of the two-thirds bonds will be coordinated with the first issuance of the 2018 General Obligation bonds for affordable housing. Coordinating these two bond sales is more efficient than conducting separate bond sales and reduces the cost of issuance.

- In November 2018, Chapel Hill voters approved a general obligation bond order totaling \$10 million for affordable housing. Based on the progress of the projects funded by the referendum bonds and the planned cash needs of those projects for the next 12 months, staff has determined that the first sale of referendum bonds in April should be for \$4.755 million.
- The Town is in the process of developing cost estimates and project timelines for the affordable housing projects.

Fiscal Impact/Resources:

Based on the reduction in general obligation debt principal in FY 2020, the Town can issue up to \$3,205,000 in two-thirds bonds in 2021. This capacity will be used to finance the following projects:

Parks and recreation facilities	\$1,155,000
Fire truck	550,000
Street repairs	1,300,000
Sidewalk projects	200,000

The two-thirds and referendum bonds will have a 20-year term and debt service will be paid from the Debt Management Fund. The estimated average annual debt service for the two-thirds issuance will be \$198,000 per year and for the referendum issuance will be \$295,000 per year. There are adequate resources in the Debt Fund to support these planned borrowings.

Where is this item in its process?



Attachments:

- Resolution for Bond Order for Adoption - Parks and Recreation
- Resolution for Bond Order for Adoption - Public Safety
- Resolution for Bond Order for Adoption - Streets and Sidewalks
- Resolution for Sale of General Obligation Bonds
- Public Notice of Adoption of Bond Orders - Two-Thirds Bonds
- Draft Offering Statement

A RESOLUTION FOR BOND ORDER FOR ADOPTION - PARKS AND RECREATION (2021-04-07/R-2)

Bond Order Authorizing the Issuance of General Obligation Bonds for Parks And Recreation Facilities in the Maximum Amount of \$1,155,000

WHEREAS -

The Town Council of the Town of Chapel Hill, North Carolina, has stated its proposal to issue general obligation bonds to pay capital costs of providing parks and recreation facilities.

The Town has applied to the North Carolina Local Government Commission for its approval of such bonds, and the Commission has accepted the Town's application.

BE IT ORDERED by the Town Council of the Town of Chapel Hill, Carolina, as follows:

1. There are hereby ordered to be issued general obligation bonds to pay capital costs of providing parks and recreation facilities, including without limitation athletic fields, parks, playgrounds, recreation centers, shelters, stadiums, arenas, permanent and temporary stands, golf courses, swimming pools, wading pools, marinas, and lighting, buildings for recreation purposes and buildings for the administration of recreational programs, along with the acquisition of land and interests in land for these and related purposes, together with related financing and other necessary or incidental costs.

2. The maximum aggregate principal amount of the bonds issued for such purpose will be \$1,155,000.

3. Taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds so issued.

4. A sworn statement of debt prepared by the Town's Finance Officer has been filed with the Town Clerk and is open to public inspection.

5. This Bond Order shall take effect 30 days after its publication following adoption, unless it is petitioned to a vote of the people, as provided in Section 159-60 of the North Carolina General Statutes, and in that event the order will take effect when approved by the voters.

This the 7th day of April, 2021.

A RESOLUTION FOR BOND ORDER FOR ADOPTION - PUBLIC SAFETY (2021-04-07/R-3)

Bond Order Authorizing the Issuance of General Obligation Bonds for Public Safety Purposes in the Maximum Amount of \$550,000

WHEREAS -

The Town Council of the Town of Chapel Hill, North Carolina, has stated its proposal to issue general obligation bonds to pay capital costs of providing public safety improvements.

The Town has applied to the North Carolina Local Government Commission for its approval of such bonds, and the Commission has accepted the Town's application.

BE IT ORDERED by the Town Council of the Town of Chapel Hill, Carolina, as follows:

1. There are hereby ordered to be issued general obligation bonds to pay capital costs of providing public safety improvements, especially including the purchase of a fire truck and other public safety equipment, together with related financing and other necessary or incidental costs.
2. The maximum aggregate principal amount of the bonds issued for such purpose will be \$550,000.
3. Taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds so issued.
4. A sworn statement of debt prepared by the Town's Finance Officer has been filed with the Town Clerk and is open to public inspection.
5. This Bond Order shall take effect 30 days after its publication following adoption, unless it is petitioned to a vote of the people, as provided in Section 159-60 of the North Carolina General Statutes, and in that event the order will take effect when approved by the voters.

This the 7th day of April, 2021.

A RESOLUTION FOR BOND ORDER FOR ADOPTION - STREETS AND SIDEWALKS (2021-04-07/R-4)

Bond Order Authorizing the Issuance of General Obligation Bonds for Streets and Sidewalks in the Maximum Amount of \$1,500,000

WHEREAS -

The Town Council of the Town of Chapel Hill, North Carolina, has stated its proposal to issue general obligation bonds to pay capital costs of providing streets and sidewalks.

The Town has applied to the North Carolina Local Government Commission for its approval of such bonds, and the Commission has accepted the Town's application.

BE IT ORDERED by the Town Council of the Town of Chapel Hill, Carolina, as follows:

1. There are hereby ordered to be issued general obligation bonds to pay capital costs of providing streets and sidewalks, including without limitation bridges, viaducts, causeways, overpasses, underpasses and alleys; paving, grading, resurfacing and widening streets and sidewalks; curbs and gutters, culverts, and drains; traffic controls, signals, and markers; lighting, and grade crossings and the elimination thereof and grade separations, along with the acquisition of land and interests in land for these and related purposes, together with related financing and other necessary or incidental costs.
2. The maximum aggregate principal amount of the bonds issued for such purpose will be \$1,500,000.
3. Taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds so issued.
4. A sworn statement of debt prepared by the Town's Finance Officer has been filed with the Town Clerk and is open to public inspection.
5. This Bond Order shall take effect 30 days after its publication following adoption, unless it is petitioned to a vote of the people, as provided in Section 159-60 of the North Carolina General Statutes, and in that event the order will take effect when approved by the voters.

This the 7th day of April, 2021.

A RESOLUTION FOR THE SALE OF GENERAL OBLIGATION BONDS (2021-04-07/R-5)

WHEREAS --

The voters of the Town of Chapel Hill have previously approved the issuance of up to \$10,000,000 of the Town's general obligation bonds to pay capital costs of providing housing for persons of low and moderate income (the "Affordable Housing Bonds"). The Town has not yet issued any of these bonds.

In addition, the Town Council has authorized the issuance of Town general obligation in amounts of (1) up to \$1,155,000 for parks and recreation facilities, (2) up to \$550,000 for public safety purposes, and (3) up to \$1,500,000 for streets and sidewalks (collectively, the "Public Improvement Bonds"). The Public Improvement Bonds do not require voter approval.

The Council has now determined that the Town should issue \$4,755,000 of the Affordable Housing Bonds and all \$3,205,000 of the Public Improvement Bonds.

This resolution provides for the issuance of these 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 Affordable Housing Bonds - The Town will issue and sell \$4,755,000 of the unissued Affordable Housing Bonds.

2. Town Will Sell Public Improvement Bonds -- The Town will also issue and sell the Public Improvement Bonds for their authorized purposes. The Public Improvement Bonds will be sold as a separate issue but simultaneously with the Affordable Housing Bonds. The Affordable Housing Bonds and the Public Improvement Bonds will be referred to collectively in this resolution as the "Bonds."

3. 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 27). 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, 2041.

4. 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.

5. 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.

6. Prepayment Provisions - The Council directs the Finance Officer, upon advice from the LGC, 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.

7. Form of Bonds; Payment Details -- The Public Improvement Bonds will be designated "General Obligation Public Improvement Bonds, Series 2021A," and the Affordable Housing Bonds will be designated "General Obligation Affordable Housing Bonds, Series 2021B."

The Public Improvement Bonds will be in substantially the form set out in Exhibit A. The Affordable Housing Bonds will be in substantially the same form, with appropriate modifications to reflect their different purpose, maturity schedule, and other series-specific details. 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 separately within each series or consecutively across the series, as the Finance Officer may determine.

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 and interest will be

payable in lawful money of the United States of America. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

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 amounts), 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 purchasers 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.

13. 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.

14. 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.

15. 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 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 such officer deems appropriate to put into place and carry out the book-entry system with DTC.

16. 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 such maximum useful life.

17. 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 the 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.

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 2021A

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	April 1, _____	May 12, 2021	159429 XXX

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

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

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 April 1 and October 1, beginning October 1, 2021, at the annual rate stated above. Interest is payable (a) from the dated date stated above, if this Bond is authenticated prior to October 1, 2021, 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).

This Bond is one of an issue of the Town's \$3,205,000 General Obligation Public Improvement

Bonds, Series 2021A (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 April 7, 2021, 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.

Bonds maturing on or prior to April 1, 2031, are not subject to redemption prior to maturity. Bonds maturing on April 1, 2032, 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 April 1, 2031, 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 of 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 of 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 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.

The Town has not designated this Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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 May 12, 2021.

(SEAL)

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

Sharon G. Edmundson
Secretary, Local Government Commission

**[Town of Chapel Hill, North Carolina
\$3,205,000 General Obligation Public Improvement Bonds, Series 2021A]**

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
\$3,205,000 General Obligation Public Improvement Bonds, Series 2021A]**

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;

(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.

This the 7th day of April, 2021.

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

By adopting the resolutions, the Council adopts the bond orders authorizing the issuance of two-thirds general obligation bonds in the maximum amount of \$3,205,000 for parks and recreation, public safety and streets and sidewalks and \$4,755,000 of referendum bonds and provides for the issuance of these 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.