



BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE TOWN OF NAGS HEAD, NORTH CAROLINA (TOWN PROJECTS)

WHEREAS, the Board of Commissioners (the "*Board*") of the Town of Nags Head, North Carolina (the "*Town*") has determined to construct certain beach erosion control and flood and hurricane protection works now and from time to time in the future, and may also finance in the future any other project permitted to be financed under Section 1591-30 of the General Statutes of North Carolina (individually, a "*Project*" and collectively, the "*Projects*");

WHEREAS, the Board has determined there is a present need to issue its Special Obligation Bonds pursuant to Section 1591-30 of the General Statutes of North Carolina for a Project to be constructed in a municipal service district in the Town (the "*Current Project*");

WHEREAS, there are two separate funding sources for the Current Project, with approximately 2.3 million cubic yards of sand for the Current Project ultimately being funded by the Town and Dare County (the "*Town Portion*") and approximately 1.4 million cubic yards of sand for the Current Project ultimately being funded by a grant from the Federal Emergency Management Agency (the "*FEMA Portion*");

WHEREAS, the Board has determined to finance the Town Portion of the Current Project under this bond order and expects to finance the FEMA Portion of the Current Project under a separate bond order;

WHEREAS, an application has been filed with the Secretary (the "*Secretary*") of the Local Government Commission of North Carolina (the "*Commission*") requesting Commission approval of an initial series of special obligation bonds in an amount of \$11,380,000 to be used for the Town Portion of the Current Project as required by Section 1591-30(i) of the General Statutes of North Carolina, and the Secretary has notified the Board that the application has been accepted for submission to the Commission; and

WHEREAS, notwithstanding the current need to issue \$11,380,000 aggregate principal amount of special obligation bonds for the Town Portion of the Current Project, the Board has determined that the aggregate principal amount of special obligation bonds for future Projects is not known at this time and therefore wishes to provide for the issuance of special obligation bonds from time to time under this bond order in amounts to be determined at the time of issuance and subject to Commission approval at such time.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF NAGS HEAD, NORTH CAROLINA, AS FOLLOWS:

Section 1. The Board has determined to construct the Current Project and from time to time in the future may also finance other Projects.

Section 2. To raise the money required to pay the costs of the Projects as set forth above, Special Obligation Bonds of the Town are hereby authorized and shall be issued pursuant to Section 1591-30 of the General Statutes of North Carolina. The maximum aggregate principal amount of such Special Obligation Bonds authorized by this bond order shall be unlimited.

Section 3. The Special Obligation Bonds shall be special obligations of the Town and the principal of, and interest and premium on, all such Special Obligation Bonds shall be on parity and shall be secured solely by the following sources:

(a) that portion of the 3% Room Occupancy Tax authorized by House Bill 532, 1985 Session, General Assembly of North Carolina, effective July 1, 1985, distributed by Dare County, North Carolina (the "*County*") to the Town;

(b) the amounts distributed from the County to the Town under Section 3.1(a) of the Interlocal Agreement dated June 6, 2018 between the County and the Town; and

(c) one or more additional sources of funds identified by the Board in future proceedings of the Board, so long as (i) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (ii) the pledge of such sources is first approved by the Local

Government Commission of North Carolina as set forth in Section 1591-30(i) of the General Statutes of North Carolina.

Section 4. The sources of payment identified in Section 3 so pledged and then held or hereafter received by the Town or any fiduciary thereof shall immediately be subject to the lien of the pledge without any physical delivery of the sources or further act.

Section 5. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST OR ANY PREMIUM ON, ANY SPECIAL OBLIGATION BONDS, AND NO OWNER OF SUCH SPECIAL OBLIGATION BONDS HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON. The uses of the sources set forth in Section 3 do not constitute a pledge of the Town's taxing power and the Town is not obligated to pay the principal of, or interest or any premium on, any Special Obligation Bonds except from the sources set forth in Section 3.

Section 6. The issuance and details of any such Special Obligation Bonds shall be set forth in one or more separate proceedings of the Board. The initial series of Special Obligation Bonds to be issued under this bond order shall not exceed \$11,380,000 and is being issued pursuant to a separate resolution. Future issues or series of Special Obligation Bonds to be issued under this bond order shall be issued only by separate proceedings of the Board and with approval from the Local Government Commission of North Carolina as may be required by law.

Section 7. This bond order shall take effect on its adoption.

STATE OF NORTH CAROLINA)
)
COUNTY OF DARE) SS:

I, *Carolyn Morris*, Town Clerk of the Town of Nags Head, North Carolina, **DO HEREBY CERTIFY** that the foregoing is a true and exact copy of a bond order entitled "**BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE TOWN OF NAGS HEAD, NORTH CAROLINA (TOWN PROJECTS)**" adopted by the Board of Commissioners of the Town of Nags Head, North Carolina, at a meeting held on the 20th day of June, 2018.

WITNESS my hand and the corporate seal of the Town of Nags Head, North Carolina, this the 20th day of June, 2018.

[Seal]



Carolyn F. Morris
Carolyn F. Morris
Town Clerk
Town of Nags Head, North Carolina