

Resolution Approving Interim Construction Financing for Sewer Improvement Project

WHEREAS --

The Town of Bunn has previously determined to acquire, construct and generally carry out (the "Project") certain improvements to the Town's sewer system, particularly including the replacement of one of the Town's existing package sewer treatment plants and a failed pump station.

The Town has previously authorized the issuance of up to \$436,000 water and sewer revenue bonds (the "Bonds") to pay Project costs.

The North Carolina Local Government Commission (the "LGC"), in consultation with the Town, has solicited proposals from banks and other financial institutions to provide construction-period financing for the Project in the form of water and sewer revenue bond anticipation notes. The notes are to be issued in anticipation of the later sale of the Bonds. Branch Banking & Trust Company (the "Lender") has submitted the best proposal for the purchase of the notes.

BE IT THEREFORE RESOLVED by the Board of Commissioners of the Town of Bunn, North Carolina, as follows:

1. ***Determination To Proceed with Financing through the Lender*** – The Town will carry out the Project with interim construction financing in the form of a new issue of water and sewer revenue bond anticipation notes in the aggregate principal amount of \$436,000. The Town will issue the notes in anticipation of the later issuance of the Bonds.

The Town accepts the Lender's proposal, dated November 25, 2019, for the purchase of the Notes. The Town asks the LGC to sell the notes to the Lender at a private sale, substantially in accordance with the Lender's proposal and this resolution.

2. ***Form and Details of Notes*** – The bond anticipation notes will take the form of a single water and sewer revenue bond anticipation note (the "Note") to be designated "Water and Sewer Revenue Bond Anticipation Note, Series 2019." The Note will be dated the date of its delivery to the Lender, will mature on December 2, 2020, and will bear

interest at the annual rate of 2.99% (subject to adjustment as provided below), payable at maturity. The Note will be fully registered as to the payment of principal and interest, and will be registered initially in the name of the Lender or its designee. All payments will be made in lawful money of the United States, and interest will be calculated on the basis of a 360-day year of twelve 30-day months.

The Town may prepay principal of the Note in whole or in part at any time upon payment to the Lender of the principal amount to be prepaid plus interest accrued to the prepayment date, without penalty or premium.

The Note will be substantially in the form set out in Exhibit A, with such changes as the officers signing the Note may approve. The delivery of the Note to the Lender will be conclusive evidence of the Town's approval of the final form of the Note.

The Note must be signed by the manual or facsimile signature of the Mayor. The Town's seal must be affixed to the Note (or a facsimile of the seal printed on the Notes) and attested by the manual or facsimile signature of the Town Clerk. No Note will be valid unless at least one signature appearing on the Note is manually applied; the manual signature may be the signature of an LGC official that is required by law to appear on the Note.

3. ***Issuance under Bond Order*** – The Note is issued as a bond anticipation note within the meaning of Section (2.04) of the Bond Order for Town water and sewer revenue bonds also adopted on December 2, 2019 (the “Bond Order”).

4. ***Interest Rate and Payment Adjustment*** – (a) Upon any Rate Adjustment Event, as defined below, (i) the unpaid principal of the Note shall continue to be payable as provided in Section 2 above, but (ii) the interest on the Note shall be recalculated, at an interest rate equal to an annualized interest rate equal to the Lender's published prime rate (as in effect from time to time) plus 2% (200 basis points), to the date (retroactively, if need be) determined pursuant to the Rate Adjustment Event to be the date interest became includable in any beneficiary's gross income for federal income tax purposes (and in the case of a 265 Event, as defined below, retroactively to the date of the original delivery of the Note).

(b) The Town shall pay interest at such adjusted rate (subject to credit for interest previously paid) to each affected noteholder, notwithstanding the fact that any particular noteholder may not be a noteholder on the date of a Rate Adjustment Event. The Town shall additionally pay to all affected noteholders any interest, penalties or other charges assessed against or payable by such noteholder and attributable to a Rate Adjustment Event notwithstanding the prior repayment of the Note in full or any transfer to another noteholder

(c) "Rate Adjustment Event" means (i) any action by the Internal Revenue Service (including the delivery of a deficiency notice) or any other federal court or administrative body determining or (ii) receipt by the Lender of an opinion of nationally-recognized bond counsel to the effect, in either case to the effect (A) that the interest component of Installment Payments, or any portion thereof, is includable in any beneficiary's gross income for federal income tax purposes or (B) that the Note is not a "qualified tax-exempt obligation" as contemplated by Section 15 (a "265 Event"), in any case as a result of any misrepresentation by the Town or as a result of any action the Town takes or fails to take.

5. Pledge of Net Revenues, Note Proceeds and Bond Proceeds – (a) All "Net Revenues," as defined in the Bond Order, are hereby pledged to the payment of the principal of and interest on the Note, subject only to the right to make application of the Net Revenues to other purposes as provided in the Bond Order and by law. The Town will apply the Net Revenues to the payment of principal of and interest on the Note as the same become due, to the extent other funds (such as Bond proceeds) are not otherwise available and appropriated for that purpose.

(b) All proceeds of the Note, including the investment earnings on the original proceeds (together, the "Proceeds"), are hereby pledged to the payment of the Note, subject to the Town's right to apply the Proceeds to "Project Costs" as provided in this resolution.

(c) In addition, the proceeds of the Bonds are also hereby pledged for the payment of the Note, and the Note shall be retired from the Bond proceeds as the first priority.

6. Note Will Be a Special Obligation -- The Note will be a special obligation of the Town, payable solely from the Net Revenues and other funds pledged therefor as provided in this resolution and in the Bond Order. The principal of and interest on the Note are payable solely from those revenues and other funds. Neither the Town's faith and credit nor its taxing power is or will be pledged for the payment of the principal of or interest on the Note, and no owner of the Note will have the right to compel the exercise of the Town's taxing power in connection with any default on the Note.

7. Use of Proceeds for Project Costs -- The Town will use the Proceeds only to pay Project Costs until all Project Costs are paid. The Town will apply Proceeds to Project Costs only after it has received approval for the payment of costs from the United States of America – Department of Agriculture – Rural Utilities Service (or any successor agency), as the prospective purchaser of the Bonds. The Town will make available to the registered owner of the Note all records related to the use and investment of Proceeds and the payment of Project Costs as such owner may reasonably request from time to time.

"Project Costs" means all costs of design, planning, construction, acquisition, installation, equipping and generally carrying out of the sewer system improvements financed with Proceeds, as determined in accordance with generally accepted accounting principles and as will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note, including (a) sums required to reimburse the Town or its agents for advances made for any such costs, (b) interest of the Note and Bonds during the term of the Project and for up to six months thereafter, and (c) all costs related to the financing of the Project through the issuance of the Note and the Bonds and all related transactions.

8. *Actions toward Issuance of Bonds* – The Town covenants, for the benefit of the beneficial owners of the Note, that it will act with all due diligence in the undertaking of the Project and otherwise so as to provide for the issuance of the Bonds in a timely manner.

9. *Town Clerk as Registrar; Payments to Registered Owners* -- The Board appoints the Town Clerk as Registrar for the Note. As Registrar, the Town Clerk shall maintain appropriate books and records of the ownership of the Note. The Town will treat the registered owner of the Note as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner. The Note will be payable at its maturity upon presentation and surrender to the Registrar.

The Registrar will not, however, register the transfer of the Note to any person or entity other than a bank, an insurance company or a similar financial institution unless the LGC has previously approved the transfer.

10. *Direction To Execute Documents* -- The Board directs the Mayor, the Finance Officer and all other Town officers to act on the Town's behalf and to execute and deliver all appropriate documents (the "Documents") for the proposed financing. The execution and delivery of any Document by an authorized officer will be conclusive evidence of that officer's approval of the final form of that Document. The Documents in final form, however, must be consistent with the financing plan described in this resolution.

11. *Authorization to Mayor To Complete Closing* – The Board directs the Finance Officer to take all appropriate action to provide for the issuance of the Note to the Lender in accordance with this resolution. The Finance Officer will hold executed copies of all financing documents authorized or permitted by this resolution in escrow on the Town's behalf until the conditions for their delivery have been completed to the Finance Officer's satisfaction, and thereupon will release the executed copies of such documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the Board specifically authorizes the Finance Officer to approve changes to any documents, agreements or certifications previously signed by Town representatives, provided that the changes are not inconsistent with this resolution and do not substantially alter the intent of the instrument from that expressed in the form originally signed. This authorization specifically permits the Finance Officer to make further agreements or covenants on behalf of the Town regarding the custody and investment of Proceeds. The Finance Officer's authorization of the release of any instrument for delivery will constitute conclusive evidence of her approval of any changes.

In addition, the Board 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 Note. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Note, this resolution or otherwise with respect to the Note.

12. *Authorization for Note Extensions* – If at the time of the maturity of the Note the Mayor determines that the Town is not in a position to issue the permanent financing Bonds and use those proceeds to pay the principal of the Note, the Town Manager is authorized to negotiate an extension to the maturity of the Note with the Lender. The Mayor is authorized to execute and deliver any agreements or instruments, and to take any further action, she finds to be appropriate and in the Town's best interest to carry out any such modification to the Note to extend the maturity. For any modification under this authority, however, (a) there must be no increase in the outstanding principal amount of the Note, (b) there must be no increase in the interest rate payable on the Note, (c) there must be no change in the lender to which the Note is payable, and (d) the Note as modified must mature not more than three years from the original dated date of the Note. This authorization is not limited to one modification and extension, but includes as many modifications and extensions as the Mayor finds to be in the Town's best interests.

13. *Financial Information to Noteholder* – In partial consideration of the Lender's purchase of the Note, the Town promises the Lender that the Town will send to the Noteholder (a) a copy of the Town's audited financial statements for each of the Town's fiscal years promptly upon the Board's acceptance of the financial statements, but in any event within 210 days after the end of each fiscal year, and (b) all other financial information (including, without limitation, the Town's annual budget as submitted or approved) as any Noteholder may reasonably request from time to time.

14. *Covenants as to Tax Matters* -- The Town will not take or omit to take any action the taking or omission of which will cause the Note to be an "arbitrage bond," within the meaning of Section 148 of the "Code" (as defined below), or a "private activity bond" within the meaning of Code Section 141, or otherwise cause interest on the Note 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 Note proceeds. In this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, and includes applicable Treasury regulations.

15. *Note is a "Bank-Qualified" Obligation* -- The Town designates the Note as a "qualified tax-exempt obligation" for the purpose of Code Section 265(b)(3), which provides certain tax advantages for financial institutions investing in obligations similar to the Note.

16. *Miscellaneous Provisions* -- All Town officers and employees are authorized to take all such further action as they may consider necessary or desirable in furtherance of the issuance of the Note and all other purposes of this resolution. The Board ratifies all prior actions of Town representatives to this end. Upon the absence, unavailability or refusal to act of the Mayor, the Finance Officer, or the Town Clerk, any other of such officers may assume any responsibility or carry out any function assigned in this resolution. In addition, the Mayor Pro Tem or any Deputy or Assistant Town Clerk may assume any responsibility or carry out any function assigned to the Mayor or the Clerk, respectively, in this resolution. All other Board proceedings, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

I certify as follows: that the foregoing resolution (which includes the attached Exhibit A) was properly adopted at a meeting of the Board of Commissioners of the Town of Bunn, North Carolina; that this meeting was properly called and held on December 2, 2019; that a quorum was present and acting throughout the meeting; and that this resolution has not been modified or amended, and remains in full effect as of today.

Dated this _____ day of _____, 2019.

[SEAL]

Pamela Perry
Town Clerk
Town of Bunn, North Carolina

Exhibit A – Sample Form of Note

REGISTERED NOTE NUMBER R-1

December 5, 2019

\$436,000

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

TOWN OF BUNN

Water and Sewer Revenue Bond Anticipation Note, Series 2019

THE TOWN OF BUNN, NORTH CAROLINA (the "Town"), for value received, acknowledges itself indebted and promises to pay, solely from the Net Revenues and other funds described below and pledged to the payment of this Note, to

BRANCH BANKING & TRUST COMPANY

its successors and its registered assigns (the "Noteholder"), the principal sum of

**FOUR HUNDRED THIRTY-SIX THOUSAND DOLLARS
(\$436,000)**

on December 2, 2020, without option of prepayment, and to pay, solely from such source, to the registered owner of this Note interest on the unpaid principal from the date of this Note until payment of the entire principal sum at the annual rate of 2.99% (calculated on the basis of a 360-day year consisting of twelve 30-day months and subject to adjustment and prepayment as provided below.

Principal of and interest on this Note are payable upon presentation and surrender of this Note by the registered owner, or its duly authorized attorney, at the office of the Town's Finance Officer, who has been appointed Registrar, in Bunn, North Carolina, or at such successor office as the Registrar may designate in writing to the Noteholder. Principal and interest are payable in lawful money of the United States of America.

The Town may prepay principal of this Note in whole or in part at any time upon payment to the Noteholder of the principal amount to be prepaid plus interest accrued to the prepayment date, without penalty or premium.

Upon any "Rate Adjustment Event," as defined below, (1) the unpaid principal of the Note shall continue to be payable on July 15, 2020, but (2) the interest on the Note shall be recalculated, at an interest rate equal to an annualized interest rate equal to the Lender's published prime rate (as in effect from time to time) plus 2% (200 basis points), to the date (retroactively, if need be) determined pursuant to the Rate Adjustment Event to be the date interest became includable in any beneficiary's gross income for federal income tax purposes (in the case of a "265 Event," as defined below, retroactively to the date of the original delivery of the Note).

The Town shall pay interest at such adjusted rate (subject to credit for interest previously paid) to each affected noteholder, notwithstanding the fact that any particular noteholder may not be a noteholder on the date of a Rate Adjustment Event. The Town shall additionally pay to all affected noteholders any interest, penalties or other charges assessed against or payable by such noteholder and attributable to a Rate Adjustment Event, notwithstanding the prior repayment of the Note in full or any transfer to another noteholder.

"Rate Adjustment Event" means (1) any action by the Internal Revenue Service (including the delivery of a deficiency notice) or any other federal court or administrative body determining or (2) receipt by the Lender of an opinion of nationally-recognized bond counsel, in either case to the effect (a) that the interest component of Installment Payments, or any portion thereof, is includable in any beneficiary's gross income for federal income tax purposes or (b) that the Note is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (a "265 Event"), in any case as a result of any misrepresentation by the Town or as a result of any action the Town takes or fails to take.

This Note has been authorized and is issued pursuant to a bond order adopted by the Town's governing Board of Commissioners on December 2, 2019 (the "Bond Order"), along with a resolution also adopted by the Board on December 2, 2019 (the "Note Resolution"), and the Constitution and laws of the State of North Carolina, including The State and Local Government Revenue Bond Act. The Note has been authorized and is issued to provide funds, together with other available funds, to pay capital costs of certain sewer system improvements in anticipation of the issuance of certain Town water and sewer revenue bonds (the "Bonds") previously authorized for this purpose.

This Note is a special obligation of the Town, payable solely from the net operating revenues of the Town's water and sewer system (the "Net Revenues," as specifically defined in the Bond Order) and other revenues and funds pledged therefor as provided in the Bond Order and the Note Resolution. Neither the faith and credit nor the taxing power of the Town is pledged for the payment of the principal of or interest on this Note, and no owner of this Note has any right to compel the exercise of the Town's taxing power in connection with any default hereon.

In addition, the proceeds of the Bonds are also pledged for the payment of this Note, and this Note shall be retired from the Bond proceeds as the first priority.

Reference is made to the Bond Order, the Note Resolution and all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the Town's rights, duties and obligations, the Noteholder's rights and the terms upon which this Note is issued, to all of which provisions each Noteholder, by the acceptance of this Note, agrees. The terms and conditions of the Bond Order and the Note Resolution form a part of the contract between the Town and the Noteholder.

The Town may issue additional obligations secured by a lien on Net Revenues, including liens ranking on a parity with the lien on Net Revenues securing this Note, under the terms and conditions set forth in the Bond Order and the Note Resolution.

This Note is fully registered as to both principal and interest. Transfer of this Note may be registered upon books maintained for that purpose by the Registrar. The Registrar will treat the registered owner of this Note as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner. The Registrar will not register the transfer of this Note to any person other than a bank, an insurance company or a similar financial institution unless the North Carolina Local Government Commission has previously approved such transfer.

The Town has designated this Note as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Town intends that North Carolina law will govern this Note 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 Note have happened, exist and have been performed.

IN WITNESS WHEREOF, the Town has caused this Note to be signed by its Mayor, its seal to be affixed hereto and attested by its Town Clerk, and this Note to be dated December 2, 2019.

[SEAL]

ATTEST:

**Town of Bunn,
North Carolina**

[sample only do not sign]

Pamela Perry
Town Clerk

[sample only do not sign]

Marsha Strawbridge
Mayor

[\$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019]

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Note has been approved under the provisions of The State and Local Government Revenue Bond Act, Article 5, Chapter 159 of the North Carolina General Statutes, as amended.

Local Government Commission of North Carolina

Greg C. Gaskins
Secretary, North Carolina Local Government Commission

By _____
[Greg C. Gaskins or Designated Assistant]

TRANSFER OF NOTE

Transfer of this Note may be registered by the registered owner or its duly authorized attorney upon presentation to the Registrar, who will note the transfer in books kept by the Registrar for that purpose and in the registration blank below.

**Date of Re-
Registration**

**Name of New
Registered Owner**

**Signature
of Registrar**

**[\$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019,
of the Town of Bunn, North Carolina]**

TOWN OF BUNN, NORTH CAROLINA

BRANCH BANKING & TRUST COMPANY

\$436,000

Water and Sewer Revenue Bond Anticipation Note, Series 2019

List of Financing Documents

1. Certified copy of Town's preliminary resolution in support of financing and LGC application
2. LGC's request for proposals, and Purchaser's proposal
3. Evidence of LGC's acceptance of application
4. Certified copy of Bond Order, as adopted December 2, 2019
5. Certified note resolution, as adopted December 2, 2019
6. Clerk's certificate
7. Town's certificate as to litigation and related matters
8. Finance Officer's certificate
9. Certificate concerning use and investment of Note proceeds and related matters

10. Purchaser's certificate as to investment intent
11. I.R.S. Form 8038-G, and evidence of filing
12. Purchaser's receipt and confirmation of payment
13. Town's receipt for Note proceeds
14. LGC materials, including closing certificate, receipt and specimen Note
15. Note Register
16. USDA bond purchase commitment letter, letter of conditions and Form 1940-1
17. Funding memo
18. Wire Transfer Agreement
19. Project Fund Agreement
20. Sanford Holshouser's bond counsel opinion

Clerk's Certificate as to Bond Order

The undersigned Town Clerk of the Town of Bunn, North Carolina, certifies that attached to this certificate is a correct and complete copy of a Bond Order, entitled as follows:

Bond Order authorizing the issuance of water and sewer revenue bonds, including an initial revenue bond issue in the maximum amount of \$436,000 to help finance the sewer improvement project

which was properly adopted by the Town's governing Board of Commissioners at a meeting properly called and held on December 2, 2019. A quorum was present and acting throughout this meeting. This Bond Order has not been repealed, revoked, rescinded or amended, and remains in full effect as of today.

WITNESS my signature and the seal of the Town of Bunn, North Carolina, this December 5, 2019.

[SEAL]

Pamela Perry
Town Clerk
Town of Bunn, North Carolina

10. Purchaser's certificate as to investment intent
11. I.R.S. Form 8038-G, and evidence of filing
12. Purchaser's receipt and confirmation of payment
13. Town's receipt for Note proceeds
14. LGC materials, including closing certificate, receipt and specimen Note
15. Note Register
16. USDA bond purchase commitment letter, letter of conditions and Form 1940-1
17. Funding memo
18. Wire Transfer Agreement
19. Project Fund Agreement
20. Sanford Holshouser's bond counsel opinion

Clerk's Certificate as to Note Resolution

The undersigned Town Clerk of the Town of Bunn, North Carolina, certifies that attached to this certificate is a correct and complete copy of a resolution entitled as follows:

Resolution Approving Interim Construction Financing For Sewer Improvement Project

which was properly adopted by the Town's governing Board of Commissioners at a meeting properly called and held on December 2, 2019. A quorum was present and acting throughout this meeting. This resolution has not been repealed, revoked, rescinded or amended, and remains in full effect as of today.

WITNESS my signature and the seal of the Town of Bunn, North Carolina, this December 5, 2019.

[SEAL]

Pamela Perry
Town Clerk
Town of Bunn, North Carolina

5. The Mayor's signature, the Town's seal and my attesting signature appear on the Town's \$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019, which is being issued today.

WITNESS my signature and the seal of the Town of Bunn, North Carolina, this December 5, 2019.

(SEAL)

Pamela Perry
Town Clerk
Town of Bunn, North Carolina

The undersigned Mayor for the Town of Bunn, North Carolina, certifies that the above is the true and genuine signature of the indicated Clerk.

Marsha Strawbridge
Mayor

Town's Certificate as to Litigation and Related Matters

The undersigned officers of the Town of Bunn, North Carolina (the "Town"), certify as follows in connection with the Town's issuance today of its \$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019 (the "Note"):

1. We are the duly elected and qualified incumbents of the respective Town offices set forth after our signatures below. We are familiar with the Town's books, records and affairs.
2. The Note is issued pursuant to (a) a Bond Order (the "Bond Order") adopted by the Town's governing Board of Commissioners (the "Board") on December 2, 2019, and (b) a resolution providing for the issuance of the Note (the "Resolution") also adopted by the Board on December 2, 2019.
3. The Board has properly adopted the Bond Order and the Resolution. The Town has properly authorized, executed, and delivered the Note.
4. The Town has no other bonds, notes or other agreements for borrowed money that are secured by a pledge of the Town's water and sewer system revenues.
5. The Town has a commitment from the United States of America, acting by and through Rural Utilities Service, an agency of the United States Department of Agriculture, for the purchase of the Town's water and sewer revenue bonds (the "Bonds"). The Note is issued in anticipation of the later issuance of the Bonds to the United States. That commitment is still in full effect, and we have no reason to believe the United States will not purchase the Bonds in accordance with its existing commitment (and subject to the conditions in the commitment, such as the substantial completion of the work to be financed through the issuance of the Note and the Bonds).
6. Neither (a) the adoption of the Bond Order or the Resolution, nor (b) the execution and delivery of the Note, nor (c) the fulfillment of or compliance with the terms and conditions of the Note, will result in a breach or violation of, or a default under, any provision of any contract, lease, instrument or other agreement or any judgment, order or decree of any court or other governmental authority to which the Town is a party or by which the Town is bound. No event or condition

Clerk's Certificate

The undersigned certifies as follows:

1. I am the duly appointed and acting Clerk to the Board of Commissioners (the "Board") of the Town of Bunn, North Carolina (the "Town").

2. The signatures below are the genuine signatures of the persons holding the indicated offices. The indicated persons hold these offices today and have held these offices continuously at least since August 1, 2019.

<u>Printed Name</u>	<u>Title</u>	<u>Sample of Signature</u>
Marsha Strawbridge	Mayor	_____
Pamela Perry	Finance Officer	_____

3. Each of the persons named above required by law to do so has duly qualified for office by taking the oath prescribed by law on or before the day on which her term of office began and, where required, by giving an official bond conditioned according to law.

4. The seal impressed below is the Town's official seal, and has been the Town's official continuously at least since August 1, 2019.

has happened or existed, or is happening or existing, which, at this time, constitutes a default or which, with notice or lapse of time or both, would constitute an event of default under any such contract, lease, instrument or other agreement or any such judgment, order or decree, that would in any event be likely to have a material adverse effect (a) on the Town's financial condition or (b) otherwise on the Town's ability to provide for timely payment of the Note.

7. There is no litigation or any proceeding before any court or other governmental authority pending or, to the best of our knowledge, threatened against the Town (or any official thereof in an official capacity) (a) seeking to restrain or enjoin the issuance or delivery of the Note or the Bonds, or the assessment or collection of water and sewer revenues to pay the principal of and interest on the Note, or (b) in any manner questioning the proceedings and authority under which the Note is issued or the Bonds are to be issued, (c) challenging (i) the Town's organization or existence, (ii) the Town's issuance of the Note, (iii) the Board's adoption of the Bond Order or the Resolution, or (iv) the title to office of any Town Commissioner or other Town officer, or (d) that otherwise would be likely (if decided adversely to the Town) to have a material adverse effect (i) on the Town's financial condition or (ii) otherwise on the Town's ability to provide for timely payment of the Note.

8. To the best of our knowledge, there is no litigation pending or threatened against any other person or entity in any manner challenging the issuance of the Bonds or the Note or that would be likely (if decided adversely to the Town) to have a material adverse effect (a) on the Town's financial condition or (b) otherwise on the Town's ability to provide for timely payment of the Note.

WITNESS our signatures this December 5, 2019.

Marsha Strawbridge
Mayor
Town of Bunn, North Carolina

Pamela Perry
Finance Officer
Town of Bunn, North Carolina

Finance Officer's Certificate

The undersigned Finance Officer of the Town of Bunn, North Carolina (the "Town"), delivers this certificate in connection with the Town's issuance today of its \$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019 (the "2019 Note"):

1. The Town is selling the 2019 Note to Branch Banking & Trust Company (the "Lender") at a price equal to 100% of its principal amount, with a principal amount of \$436,000 an annual interest rate of 2.99%, and a maturity date of December 2, 2020. Pursuant to the authorization and direction contained in a "Resolution Approving Interim Construction Financing For Sewer Improvement Project" (the "Note Resolution") adopted by the Town's governing Board of Commissioners (the "Board") on December 2, 2019. The Finance Officer approves the private sale of the Note to the Lender on these terms.

2. (a) The 2019 Note is issued in anticipation of the issuance of \$436,000 Town water and sewer revenue bonds that were authorized by a Bond Order adopted by the Board on December 2, 2019 (the "Revenue Bonds").

(b) None of the Revenue Bonds have previously been issued or sold.

(d) Other than the 2019 Note, no bonds, notes or other obligations have been issued or sold under the authority of the Bond Order, or have otherwise been issued or sold in anticipation of the issuance of any portion of the Revenue Bonds.

WITNESS my signature this December 5, 2019.

Pamela Perry
Finance Officer
Town of Bunn, North Carolina

Purchaser's Certificate as to Investment Intent

Branch Banking & Trust Company makes the following statements for the benefit of the Town of Bunn, North Carolina (the "Town"), and the North Carolina Local Government Commission, in partial consideration for the Town's issuance to us today of the Town's \$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019 (the "Note"):

1. We are buying the Note today for a purchase price of \$436,000, which is equal to the principal amount of the Note.

2. In this connection, we acknowledge and represent as follows: (a) we are familiar with the Town; (b) we have been furnished financial information about the Town; (c) the Town has made available to us the opportunity to obtain additional information to verify the accuracy of the information supplied and to evaluate the merits and risks of purchasing the Note; (d) we have had the opportunity to ask questions of and receive answers from Town representatives, including officers, attorneys and accountants, concerning the terms and conditions of the Note, the information supplied to us, and the Town's condition, financial and otherwise; and (e) the Town has responded to our inquiries in a manner satisfactory to us.

3. We further acknowledge that we are capable of evaluating the merits and risks of purchasing the Note, and that we have agreed to purchase the Note although no formal offering material has been provided to us in connection with our purchase. We have no present intention of reselling or disposing of any interest in the Note in any transaction constituting a "distribution," as that term is used in the United States Securities Act of 1933, as amended, and the regulations of the Securities and Exchange Commission thereunder (the "1933 Act").

4. We have undertaken to discuss and investigate the form and substance of the Note and the related transactions with those as we have deemed appropriate, including with our counsel, Pope Flynn, LLC.

5. We understand that we may need to bear the risks of this investment for an indefinite period of time, because any sale or assignment of the Note may not be possible or, if possible, may be at a price below that which we are paying for the Note.

6. We acknowledge that the Bond is not a general obligation of the Town.

7. We have undertaken to verify the accuracy, completeness and truth of any statements made concerning any of the material facts relating to this transaction, including information regarding the Town's financial condition. We have conducted our own investigation to the extent we have deemed necessary. On this basis, we acknowledge that we are not relying on any party or person other than the Town to furnish or verify information relating to this transaction.

8. We further acknowledge that Sanford Holshouser LLP has served as counsel to the Town, and not as our counsel.

Dated December 5, 2019.

**Branch Banking
& Trust Company**

By: _____

Name: _____

Title: _____

Receipt for Note and Confirmation of Payment

Branch Banking & Trust Company confirms as follows:

1. It has received today (as the purchaser thereof) the \$436,000 Water and Sewer Revenue Bond Anticipation Note, Series 2019, being issued today by the Town of Bunn, North Carolina (the "Town").
2. It has deposited the \$430,100 purchase price of the Note, net of a \$5,900 fee paid to its counsel, into the "Project Fund" established pursuant to the Project Fund Agreement, dated today, between us and the Town.

Dated December 5, 2019.

**Branch Banking
& Trust Company**

By: _____

Printed Name: _____

Title: _____

Town's Receipt for Note Proceeds

The Town of Bunn, North Carolina (the "Town"), confirms that the Town has received today the \$436,000 purchase price paid by Branch Banking & Trust Company for the Town's Water and Sewer Revenue Bond Anticipation Note, Series 2019, being issued today.

Dated December 5, 2019.

Town of Bunn, North Carolina

By: _____

Pamela Perry
Finance Officer

Note Register

Town of Bunn, North Carolina

\$436,000

**Water and Sewer Revenue
Bond Anticipation Note, Series 2019**

<u>Date of Issuance or Re-registration</u>	<u>Registered Owner</u>	<u>Signature of Finance Officer, as Registrar</u>
December 5, 2019	Branch Banking & Trust Company	_____

Town of Bunn, North Carolina --
Closing and Funding Memo

To Branch Banking & Trust Company

For the closing on December 5, 2019, please pay the proceeds of our Water and Sewer Revenue Bond Anticipation Note, Series 2019, dated today, by disbursing funds as described below.

1. Retain the bank's fee of \$5,900.00.
2. Transfer \$7,500 to Sanford Holshouser LLP (209 Lloyd St., STE 350, Carrboro, NC 27510) pursuant to the following instructions.

Amount	\$7,500
Wire To	SunTrust Bank Chapel Hill, NC
ABA#	061000104
A/C #	371160453
Acct name	Operating

No reference or attention designation is required.

To verify these wiring instructions, please contact Robert Jessup at 919/810-3165 or Ashley Anderson at 919/524-2096.

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3. Deposit the remaining \$422,600 into the Project Fund created under the Project Fund Agreement referenced in the Financing Contract referenced above.

Dated December 5, 2019.

TOWN OF BUNN, NORTH CAROLINA

By: _____

Pamela Perry
Finance Officer