

**PASQUOTANK COUNTY, NORTH CAROLINA
SEPTEMBER 8, 2009**

The Pasquotank County Board of Commissioners met today in a regular meeting on Tuesday, September 8, 2009 in Courtroom C in the Pasquotank County Courthouse.

MEMBERS PRESENT: Marshall H. Stevenson, Jr., Chairman
Lloyd E. Griffin III, Vice-Chairman
Matt Wood
Bill Trueblood
Cecil Perry
Jeff Dixon
Jimmie Harris

MEMBERS ABSENT: None

OTHERS PRESENT: Randy Keaton, County Manager
R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board

The meeting was called to order at 7:00 PM by Chairman Marshall Stevenson. The Rev. Bill Bailey, Pastor of Trinity Baptist Fellowship, gave the invocation and Vice-Chairman Lloyd Griffin led in the Pledge of Allegiance to the American Flag.

1. PRESENTATION OF PROCLAMATION FOR CONSTITUTION WEEK:

Chairman Stevenson called on Mrs. Shirley Spaeth, representing the Daughters of the American Revolution, to receive a proclamation for Constitution Week. He read and then presented to Mrs. Spaeth the following proclamation declaring September 17-23 as Constitution Week:

**Constitution Week
September 17 -23, 2009**

Whereas, The Constitution of the United States of America, the guardian of our liberties, embodies the principles of limited government in a Republic dedicated to rule by law; and

Whereas, September 17, 2009 marks the two hundred twenty-second anniversary of the framing of the Constitution of the United States of America by the Constitutional Convention; and

Whereas, It is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary, and to the patriotic celebrations which will commemorate the occasion; and

Whereas, Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week.

Now Therefore, the Pasquotank County Board of Commissioners does hereby proclaim the week of September 17 through 23 as **Constitution Week** and asks our citizens to reaffirm the ideals the Framers of the Constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties.

In Witness Whereof, I have hereunto set my hand and caused the Seal of the County of Pasquotank to be affixed this 8th day of September of the Year of Our Lord Two Thousand and Nine.

Mrs. Spaeth invited everyone to attend Constitution Day activities on Sunday, September 13 at the Museum of the Albemarle.

2. COMMENTS FROM STEVE HARRIS:

Chairman Stevenson recognized Mr. Steve Harris who requested to address the Board on several issues. Mr. Harris said although he lives in the city, he farms in the Providence and Newland townships. He stated that he would like for the Board to try and do something about four-wheelers. He stated that he has spoken with Sheriff Cartwright many times and has called deputies on several occasions and there was not a whole lot they could do. He explained that legislation was passed a few years ago that related mostly to the safety of the riders instead of for the protection of property owners. He asked that the Board look into this issue.

Mr. Harris stated that there has been a lot in the newspaper about when candidates can place their campaign signs. He asked the Board to look into how long a candidate is allowed to leave the signs after the election.

Mr. Harris noted that the trash problem seems to be getting worse, especially near the recycling centers. He said it appears to be bad on U.S. 17 North just beyond the city limits, and the farm fields and crops are what catch the trash.

3. PRESENTATION OF J.A. YOUNTS AWARD TO RONNY JENNINGS:

Chairman Stevenson called on Water Superintendent John Gregory who introduced Mr. Lowell Gunter of the North Carolina Rural Water Association to make a presentation. Mr. Gunter said he is here tonight to present an award to a very deserving individual. He stated that the J.A. Younts Award is a very prestigious award and goes to an individual in Region I who continually exhibits dedication to their job, their system, and sets an example for others to follow by striving to further educate themselves and to improve the water industry as a whole. He said this year's J.A. Younts Award goes to Mr. Ronny Jennings from the Pasquotank County Water System. Mr. Gunter also commended Water Superintendent John Gregory for his work with the North Carolina Rural Water Association and for his dedication and efforts to make every technical conference for North Carolina Rural Water Association the best it can be. He stated that Pasquotank County is very lucky to have Ronny Jennings and John Gregory working to make the Pasquotank County Water System the best it can be.

Chairman Stevenson thanked Mr. Jennings for his years of dedicated service to the county and for always going above and beyond the call of duty. He said the Board appreciates his efforts.

4. UPDATE ON VOLUNTARY AGRICULTURAL DISTRICTS:

Extension Director Travis Burke updated the Board on Voluntary Agricultural Districts. He explained that the VAD committee will be meeting soon and Mr. Steve Harris will serve as Chairman of the committee. He stated that a report will be provided to the Board as soon as the committee's first meeting is held.

5. AMENDMENTS TO THE AGENDA:

Chairman Stevenson asked if there were any amendments to the agenda. Commissioner Wood requested that the agenda be amended to add to the consent agenda the following items recommended by the Finance Committee today: 1) Approval for Library to hire two part-time library assistants; 2) Approval of revised lease for Probation and Parole; 3) Acceptance of proposal from GMA for hydrogeologic consulting on four new RO wells; 4) Approval for Water Department to hire water technician; 5) Approval of change orders for jail project; 6) Approval of contract with Elizabeth City Glass Company; 7) Approval of South Park bids; 8) Approval for Central Communications to hire telecommunicator; 9) Approval for EMS Department to hire EMT; and 10) Approval to sell set of surplus lockers from the old Elizabeth City Middle School to Northeastern Community Development Corporation.

Motion was made by Lloyd Griffin, seconded by Matt Wood to amend the agenda to add the ten items recommended by the Finance Committee to the consent agenda. The motion carried unanimously.

6. APPROVAL OF CONSENT AGENDA:

The Board considered the following consent agenda:

a. Approval of Minutes of August 17 and 25, 2009 Commissioner Meetings

b. Approval of Tax Releases

The Finance Committee has recommended approval of the following tax releases:

Releases:

		County	City
1.	Jolee S. Goldsmith	105.55	
2.	SAT-Dec LLC	15,154.43	11,657.25
3.	Walter William Douglas	133.71	
4.	Donald Howard Turek	105.55	
5.	Katherine K. Soria	367.09	282.38
6.	City of Elizabeth City	120.00	
7.	Lynn Robin Gaddis	458.64	
8.	Monica Lucille Harty	130.13	
9.	Luther R. Jacobs Etal	120.00	
10.	Wesley R. Maxwell	462.69	
11.	Mark Carlye Berry	120.10	

c. Approval of Lease with New Cingular Wireless PCS, LLC (dba AT&T) for 280 Square Feet of Space behind Edgewood Center for Cell Phone Tower

The Finance Committee has recommended approval of a lease with AT&T for the location of a cell phone tower behind Edgewood Center. The lease provides for an option of up to one year for studies, permits, etc. The lease would be for two 5-year terms and would not begin until construction has started. The rental rate is: \$1,000 for the option, \$1,200 per month for the first 5-year term, with a 15% increase for the next 5-year term which equals \$1,380 per month.

d. Approval for Library to Hire Two Part-time Library Assistants

The Finance Committee has recommended that the Board authorize the Library to fill two part-time library assistant positions.

e. Approval of Revised Lease for Probation and Parole

The Finance Committee has recommended approval of a revised lease with the state for 940 square feet of space for the Probation and Parole District Administrator's Office for \$12 per square foot for a total of \$11,280 per year.

f. Approval of Contract with GMA for Hydrogeologic Consulting on the Four New RO Wells

The Finance Committee has recommended approval of a contract with GMA for \$42,900 to provide hydrogeologic consulting during the construction of the four new RO wells. The work will include testing, the materials as the wells are drilled, and determining the yield potential for the wells before the county accepts them.

g. Approval for Water Department to Hire Water Technician

The Finance Committee has recommended that the Board authorize the Water Department to fill a vacant water technician position. The individual would begin as a meter reader.

h. Approval of Change Orders for Jail Project

The Finance Committee has recommended approval of two change orders for the Jail project totaling \$59,072. This includes Change Order #22 in the amount of \$31,554, as well as \$27,518 for a bar screen and pit required by the Water System.

i. Reconsideration of Contract with Elizabeth City Glass Company

The Finance Committee has recommended approval of a contract with Elizabeth City Glass Company for disposal of glass from the county convenience sites with a flat payment of \$5 per ton to the county.

j. Approval of Pasquotank County's Portion of Local Match for Site Preparation Work at South Park

The Finance Committee has recommended that the Board approve Pasquotank County's portion of the local match for the site preparation work for South Park Sports Complex with the funds to come from the reimbursement of the county's portion of the land purchase, along with \$88,000 over the next two years from tourism funds.

k. Approval for Central Communications to Hire 911 Telecommunicator

The Finance Committee has recommended that the Board authorize the Central Communications Department to fill a vacant telecommunicator position.

m. Approval for EMS Department to Hire EMT

The Finance Committee has recommended that the Board authorize the Emergency Medical Services Department to fill a vacant EMT position.

n. Approval of the Sale of Surplus Lockers to Northeastern Community Development Corporation

The Finance Committee has recommended that the Board approve the sale of a set of surplus lockers from the old Elizabeth City Middle School to Northeastern Community Development Corporation for \$10.

Motion was made by Lloyd Griffin, seconded by Matt Wood to approve the consent agenda as amended. The motion carried.

The following tax releases and refunds have been approved by the Finance Officer:

Releases:

		County	City
1.	Eddie Ray Crawford	1.87	1.53
2.	Richard Aaron Ghormley	56.60	51.31
3.	Richard Aaron Ghormley	69.52	61.88
4.	Marvel Alberto Baeza	64.60	52.86
5.	Kathleen Elizabeth Jones	6.27	
6.	Melinda Tuttle Culver	8.83	
7.	Gary Lee Godfrey	4.57	3.74
8.	Frederick L. Hartley	26.68	
9.	Horace Melvin Ames, Jr.	3.19	2.61
10.	Catherine Howard Etal	.66	
11.	Airgate PCS Inc.	31.53	24.26
12.	Kellie Yvonne Osborne	50.27	
13.	Helen Louise Chauncey	8.97	7.34
14.	Amy Dawn Brown	67.49	
15.	Lesley Ann Bernhardt	19.61	
16.	James Lee Jones	1.65	
17.	Dolores Ann Hulse	4.75	
18.	Raven Gene Atkins, Jr.	59.79	53.92
19.	Martin Bruce Willadson	2.23	
20.	Ian Shane Maclure	53.08	48.43
21.	Ian Shane Maclure	91.47	79.84
22.	Robert Earl Lee	2.64	2.16
23.	Jolee Stephen Goldsmith	82.01	
24.	Nathan Joseph Williamson	43.84	
25.	Laura Lynn Billings	80.08	
26.	Aaron Brant Mohler	55.99	50.81
27.	Mary Parker McLendon	26.29	21.51
28.	Ella Murden Godfrey	12.27	10.04
29.	William Luther Bateman	27.78	
30.	Janiesha Danielle Jones	5.39	4.41
31.	William Earl Carter	9.30	
32.	Ronald Nolan Price	27.01	9.95
33.	Christine Yarlett Cartwright	18.21	
34.	Todd Ryan Gilbertson	74.58	66.02
35.	William Scott Gilbert	33.33	27.27
36.	Eleck Junior Sutton	50.74	
37.	Earmon Dale Horn, Jr.	4.35	
38.	David Christopher Weiner	31.71	
39.	Susan Warren Touchberry	5.12	
40.	Justin Dylan Falls	45.82	37.49
41.	Paul Robert Beavis	4.46	
42.	Paul Robert Beavis	3.24	
43.	George Albert Praetorione	47.61	
44.	Benjamin Michael Taylor, Jr.	40.21	37.90
45.	S&S Group, Inc.	64.52	
46.	Michael Aaron Weiner	6.91	

47.	Groves Enterprises	9.19	
48.	Sidney Dwayne Oneal	21.45	22.55
49.	Patrick Martin Hagan	42.02	
50.	Freida Tillett Lyons	9.19	7.52
51.	William Clayton Morrisette	20.63	16.88
52.	David Earl Johnston	93.94	81.86
53.	Zachary James Moore	28.49	
54.	Donald Ray Edwards	5.81	
55.	Akiysha Tramarie Scales	50.65	41.54
56.	Miriam Moore Stallings	8.25	6.75
57.	Kristen Rae Gochnauer	3.91	8.20
58.	Anthony Ditro	50.99	46.72
59.	Robert Paul Lafalce	59.07	
60.	Angelic Boulerice Hofler	4.46	
61.	Gabriel McCleave Adkins	2.34	1.92
62.	Lester Windell Combs	43.56	
63.	Damien Andrew Walz	8.47	6.93
64.	Citigroup Global Markets, Inc.	36.33	27.95
65.	Charlie Benjamin Lynch, Sr.	36.96	30.24
66.	Lucas Allen Patton	7.67	
67.	Gaston Elvin Small III	5.39	
68.	Darrell Richard Linders	52.31	47.80
69.	Steven Edward Ala	62.32	55.99
70.	Charles Eddy Wharton, Jr.	7.76	
71.	Heather Marie Shantere	7.76	
72.	Manuel Baltazar Quintero	7.04	5.76
73.	Brian Christopher Marcotte	48.35	
74.	Dennis Morris Florence	88.06	
75.	Dennis Morris Florence	42.63	
76.	Barry Wade Norris	62.15	50.85
77.	Catherine Howard Etal	66.69	
78.	Catherine Howard Etal	40.95	
79.	William Earl Krimmel III	12.27	
80.	David Keith Teague	19.58	

7. APPROVAL OF FINAL PLAT FOR FERRY POINTE, PHASE 7:

The Board considered the final plat for Ferry Pointe, Phase 7 consisting of eight lots off of Ferry Road. Planning Director Shelley Cox explained that at the last meeting the Board reviewed the plat for Phase 7 and staff noted several items that were of concern regarding the development that they felt they needed to be addressed before the final plat was approved. She said that since that time the developer has addressed all of staff's concerns and staff recommends approval of the final plat.

Motion was made by Matt Wood, seconded by Cecil Perry to approve the final plat for Ferry Point, Phase 7. The motion carried unanimously.

8. REPORTS FROM COMMISSIONERS:

Commissioner Bill Trueblood said he would like to thank members of the Board and staff for their condolences during the recent passing of his father-in-law.

Commissioner Matt Wood reported that he recently attended the NCACC Annual Meeting in Hickory on the Board's behalf. He said the newspaper reported only on the expenses of Commissioners in the region who attended the state meeting. He noted that he believes the day that Commissioners stop attending state meetings because they are intimidated to see their expense reports in the newspaper is a sad day for County Commissioners across the state. He stated that County Commissioners will do a worse job, not a better job, if they do not attend state meetings and listen to what other counties are doing. He said the statewide organization is very important to counties and the North Carolina Association of County Commissioners is the line of defense for counties against unwarranted mandates from the state. He explained that when County Commissioners go to those meetings and participate in the association, they are actually protecting the taxpayers in their counties against legislators who would shift costs arbitrarily down to the county level. He said these mandates are affecting counties every day as budgets get tighter and there is more and more pressure from the state. He stated that Pasquotank County will never be able to make any progress whatsoever on its own in keeping the state from shifting costs back to the counties. He said the only way Pasquotank County will ever be able to make a statement to the state and protect the local taxpayers is through participation in the North

Carolina Association of County Commissioners. He added that it bothers him that the only thing that was reported in the newspaper was how much it cost to get to the meeting. He said this was inadequate, misleading and unfortunate.

Chairman Stevenson said he would applaud Commissioner Wood for making that statement. He said he has felt the same for some time now. He stated that last year he was crucified in the newspaper and was accused of spending money that he did not spend as he paid for part of his expenses himself.

Commissioner Wood noted that the article incorrectly stated that he paid all of his expenses which was not accurate because the county paid his registration fee, however he paid his other expenses. He said he would challenge the newspaper to try to take a look at the bigger picture of why counties are involved in the association and the benefits. He stated that County Commissioners throughout the region need to be encouraged to get involved in their association because that is how they become better County Commissioners and can serve their community better.

Commissioner Perry said he would echo Commissioner Wood's comments and would like to thank him for attending the NCACC Annual Conference because he knows the importance of learning. Commissioner Perry stated that he would also like to thank Commissioner Trueblood for his assistance with a matter as a result of a telephone call he received last week.

County Manager Randy Keaton asked that the Board recess tonight's meeting until Friday morning in order to reconvene to approve documents related to the financing for the RO water project.

There being no further business;

Motion was made by Lloyd Griffin, seconded by Bill Trueblood to recess the meeting to be continued at 11:00 AM on September 11, 2009 in the Commissioners Board Room in the Pasquotank County Courthouse. The motion carried unanimously and the meeting was recessed at 7:35 PM.

CHAIRMAN

CLERK

**PASQUOTANK COUNTY, NORTH CAROLINA
SEPTEMBER 11, 2009**

The Pasquotank County Board of Commissioners met today, September 11, 2009 in the Commissioners Board Room in a continuation of the September 8, 1009 regular meeting that was recessed.

MEMBERS PRESENT: Marshall H. Stevenson, Jr., Chairman
Lloyd E. Griffin III, Vice-Chairman
Bill Trueblood
Cecil Perry
Jeff Dixon
Jimmie Harris

MEMBERS ABSENT: Matt Wood (*Out of Town*)

OTHERS PRESENT: R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board
Sheri Small, Finance Officer

The meeting was called to order at 11:05 AM. Chairman Stevenson stated that the purpose of today's meeting is to approve documents related to the \$16,500,000 Water System Revenue Bond.

* * * *

Commissioner Stevenson introduced the following order, a copy of which had been made available to each Commissioner and which was read by its title:

ORDER SUPPLEMENTING AN ORDER ADOPTED ON
APRIL 13, 1994 RELATING TO WATER AND SEWER
SYSTEM REVENUE BONDS OF THE COUNTY OF
PASQUOTANK, NORTH CAROLINA

WHEREAS, the Board of Commissioners for the County of Pasquotank, North Carolina (the "County") adopted on April 13, 1994 an order entitled:

"AN ORDER AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF CERTAIN IMPROVEMENTS TO THE
WATER AND SEWER SYSTEM OF THE COUNTY OF
PASQUOTANK, NORTH CAROLINA; AUTHORIZING THE
REFUNDING OF AN OUTSTANDING BOND OF THE
COUNTY; AUTHORIZING THE ISSUANCE, UNDER THE
PROVISIONS OF THE STATE AND LOCAL GOVERNMENT
REVENUE BOND ACT, OF WATER AND SEWER SYSTEM
REVENUE BONDS OF THE COUNTY, PAYABLE SOLELY
FROM CERTAIN REVENUES, RESERVES AND OTHER
MONEYS, TO PROVIDE FUNDS, WITH ANY OTHER
AVAILABLE FUNDS, FOR PAYING THE COST OF SUCH
IMPROVEMENTS AND REFUNDING SUCH OUTSTANDING
BOND; PROVIDING FOR THE ISSUANCE OF ADDITIONAL
BONDS FOR PAYING THE COST OF ADDITIONAL
IMPROVEMENTS TO THE WATER AND SEWER SYSTEM,
COMPLETING THE IMPROVEMENTS OR ANY
ADDITIONAL IMPROVEMENTS AND REFUNDING BONDS
OF THE COUNTY; PROVIDING FOR THE ASSUMPTION OF
CERTAIN INDEBTEDNESS IN CONNECTION WITH THE
ACQUISITION OF ANY ADDITIONAL IMPROVEMENTS;
PROVIDING FOR THE INCURRENCE OR ASSUMPTION OF
CERTAIN OTHER INDEBTEDNESS OF THE COUNTY;
PROVIDING THAT NEITHER THE FAITH AND CREDIT NOR
TAXING POWER OF THE STATE OR ANY POLITICAL
SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT

OF SUCH BONDS OR INDEBTEDNESS; PROVIDING FOR THE COLLECTION OF RATES, FEES AND CHARGES FOR THE USE OF THE SERVICES AND FACILITIES OF THE WATER AND SEWER SYSTEM AND FOR THE CREATION OF CERTAIN SPECIAL FUNDS; MAKING AVAILABLE FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS AND SUCH INDEBTEDNESS CERTAIN REVENUES OF THE WATER AND SEWER SYSTEM AND CERTAIN RESERVES AND OTHER MONEYS OF THE COUNTY; AND SETTING FORTH THE RIGHTS AND REMEDIES OF THE OWNERS OF SUCH BONDS”,

which order is still in effect and is hereinafter referred to as the “Order”; and

WHEREAS, the County has issued revenue bonds from time to time under the Order but no revenue bonds are currently outstanding under the Order; and

WHEREAS, the Board of Commissioners for the County (the “Board of Commissioners”) has determined that it is necessary to acquire and construct certain additional improvements to the Water and Sewer System, as defined in the Order, which improvements constitute Additional Improvements, as defined in the Order, and to pay the cost of such Additional Improvements by issuing an additional series of revenue bonds and using other available funds as authorized by Section 210 of the Order; and

WHEREAS, the County has received from Branch Banking and Trust Company (“BB&T”) an offer to purchase such additional revenue bonds and it is necessary to make certain changes to the Order in order to be able to accept such offer;

NOW, THEREFORE, BE IT ORDERED by the Board of Commissioners:

Section 1. Capitalized words and terms used in this order and not otherwise defined herein shall have the same meanings in this order as such words and terms are given in the Order.

Section 2. The term “Investment Obligations” in Section 101 of the Order is hereby supplemented by adding at the end thereof the following:

“(12) Such other forms of deposit or investment as may be permitted by Section 159-30 of the North Carolina General Statutes, as amended, and as are approved by the Local Government Commission.”

Section 3. The sixth paragraph of Section 203 of the Order is hereby supplemented to read as follows:

“Except as provided in Section 212 of this Order or any applicable Series Resolution, the principal of and the premium, if any, on all Bonds shall be payable only to the registered owner or his legal representative at the principal corporate trust office of the Bond Registrar upon the presentation and surrender of the Bonds as the same shall become due and payable. Payment of the interest on each Bond which is payable and is punctually paid or duly provided for shall be made by the Bond Registrar on each interest payment date to the person in whose name such Bond (or one or more Predecessor Bonds) is registered on the registration books of the County hereinafter provided for at the close of business on the Regular Record Date by check mailed to such person at his address as it appears on such registration books or by such other means as may be provided in any applicable Series Resolution.”

Section 4. Subparagraph (4) of the last paragraph of Section 210 of the Order is hereby supplemented to read as follows:

“(4) The balance of such proceeds shall be deposited to the credit of a special construction account established with the Trustee or another Depository, appropriately designated and held in trust for the sole and exclusive purpose of paying the Cost of Additional Improvements or paying any remaining part of the Cost of, or completing, the Improvements or Additional Improvements; provided, however, that in the case of acquisition of any such Additional Improvements, a part or all of such proceeds shall be applied by the Trustee or such Depository, as may be applicable, simultaneously with the delivery of such Bonds to the payment of the purchase price of such Additional Improvements if and to the extent that the Series Resolution for such Bonds shall so provide. All of the provisions of Article IV and Article VI of this Order which relate to the Improvements and the Construction Fund shall apply to any such special construction account insofar as such provisions may be applicable.”

Section 5. The second paragraph of Section 602 of the Order is hereby supplemented to read as follows:

“Moneys held for the credit of the Construction Fund or any special construction account established in connection with the issuance of additional Bonds under the provisions of this Order shall, as nearly as may be practicable, be continuously invested or reinvested by the Trustee or another Depository, as may be applicable, in Investment Obligations which shall mature, or shall be subject to redemption by the holder thereof, at the option of such holder, not later than the respective dates when the moneys held for the credit of such fund will be required for the purposes intended, provided that no obligations representing any such investment shall mature later than eighteen (18) months after the date of such investment.”

Section 6. The sixth paragraph of Section 602 of the Order is hereby supplemented to read as follows:

“Obligations so purchased as an investment of, and any interest-bearing certificates of deposit made with respect to, any moneys credited to any such fund or account shall be deemed at all times to be a part of such fund or account. Except as otherwise provided in this Order, any interest earned or other income derived and any profit realized from any such investment shall be credited to the respective fund or account and any loss resulting from any such investment shall be charged to the respective fund or account. The Trustee, another Depository or the County, as may be applicable, shall sell at the best price obtainable or present for redemption any obligations so purchased or present for payment any such certificates of deposit whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. The Trustee or another Depository, as may be applicable, shall not be liable or responsible for any loss resulting from any such investment.”

Section 7. The eighth paragraph of Section 602 of the Order is hereby supplemented to read as follows:

“Investment Obligations may be purchased by the Trustee or another Depository, as may be applicable, through its own investment division or other bank facilities established for such purpose.”

Section 8. As long as BB&T is the Owner of any Bonds under the Order, the percentages of “one hundred twenty-five per centum (125%)” and “one hundred twenty per centum (120%)” in Section 210 and Section 214 of the Order are hereby changed to read “one hundred forty per centum (140%)” and “one hundred thirty-five per centum (135%)”,

respectively, wherever they appear in Section 210 and Section 214 of the Order; provided, however, that this Section 8 shall not be in effect with respect to the authorization and issuance of the additional series of revenue bonds in connection with which this order is being adopted.

Section 9. As long as BB&T is the only Owner of any Bonds under the Order, the Trustee shall not grant any waiver or give any consent without the prior consent of BB&T.

Section 10. As long as BB&T is the only Owner of any Bonds under the Order, the County shall not supplement or amend the Order or the respective Series Resolution without the prior consent of BB&T.

Section 11. This order shall take effect immediately upon its adoption except as otherwise provided herein.

Upon motion of Commissioner Lloyd Griffin, seconded by Commissioner Bill Trueblood, the foregoing order was adopted by the following vote:

Ayes: Commissioners Stevenson, Griffin, Trueblood, Perry, Dixon and Harris.

Noes: None.

Commissioner Stevenson introduced the following resolution, a copy of which had been made available to each Commissioner and which was read by its title:

SERIES RESOLUTION OF THE BOARD OF COMMISSIONERS
FOR THE COUNTY OF PASQUOTANK, NORTH CAROLINA
AUTHORIZING THE ISSUANCE OF A \$16,500,000 WATER
AND SEWER SYSTEM REVENUE BOND, SERIES 2009 OF
SAID COUNTY PURSUANT TO THE PROVISIONS OF
SECTION 210 OF THE BOND ORDER ADOPTED BY SAID
BOARD OF COMMISSIONERS ON APRIL 13, 1994, AS
SUPPLEMENTED.

WHEREAS, the Board of Commissioners for the County of Pasquotank, North Carolina (the "County") on April 13, 1994 adopted a bond order authorizing and securing Water and Sewer System Revenue Bonds of the County and on September 11, 2009 adopted an order supplementing such bond order (such bond order, as supplemented, being hereinafter referred to as the "Order"); and

WHEREAS, Section 210 of the Order authorizes the issuance of additional revenue bonds of the County in one or more series from time to time for the purpose of providing funds, with any other available funds, for (a) paying all or any part of the cost of any Additional Improvements, as defined in the Order, (b) making a deposit to the credit of the Debt Service Reserve Fund, as defined in the Order, equal to the Debt Service Reserve Requirement, as defined in the Order, with respect to such bonds and (c) paying expenses incidental and necessary or convenient thereto; and

WHEREAS, the Board of Commissioners for the County (the "Board of Commissioners") has determined that it is necessary to acquire and construct certain additional improvements to the Water and Sewer System, as defined in the Order, which improvements are described in Appendix A to this resolution and constitute Additional Improvements, and to pay the cost of such Additional Improvements by issuing an additional series of revenue bonds and using other available funds as authorized by Section 210 of the Order; and

WHEREAS, pursuant to Section 210 of the Order, such revenue bonds are to have certain terms and provisions as may be provided by a series resolution to be adopted by the Board of Commissioners prior to the issuance thereof;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. Capitalized words and terms used in this resolution (this "Resolution") and not otherwise defined herein shall have the same meanings in this Resolution as such words and terms are given in the Order.

Section 2. Pursuant to the Act and Section 210 of the Order, the Board of Commissioners hereby authorizes the issuance of a revenue bond of the County designated “County of Pasquotank, North Carolina Water and Sewer System Revenue Bond, Series 2009” (the “Series 2009 Bond”) in the principal amount of \$16,500,000 for the purpose of providing funds, with other available funds, for (a) paying the Cost of the Additional Improvements described in Appendix A hereto, (b) making a deposit to the credit of the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement with respect to such bonds and (c) paying expenses incidental and necessary or convenient thereto. The Series 2009 Bond shall be dated September 15, 2009, shall be a Term Bond in the principal amount of \$16,500,000, maturing on September 15, 2029, shall bear interest at the rate of 5.02% per annum calculated on the basis of a 360-day year consisting of twelve 30-day months, shall be numbered R09-1 and shall be exchangeable for fully-registered bonds in denominations of not less than \$100,000. Interest on the Series 2009 Bond shall be payable on March 15, 2010 and thereafter semiannually on each March 15 and September 15 until the Series 2009 Bond is paid in full. The Series 2009 Bond shall be substantially in the form set forth in Appendix B hereto.

Section 3. The Sinking Fund Requirements for the Series 2009 Bond shall begin in the period beginning September 15, 2009 and ending March 14, 2010 and shall be as follows:

<u>Period</u> <u>(Both Dates Inclusive)</u>	<u>Sinking Fund</u> <u>Requirement</u>
September 15, 2009 to March 14, 2010	\$244,255.28
March 15, 2010 to September 14, 2010	250,386.09
September 15, 2010 to March 14, 2011	256,670.78
March 15, 2011 to September 14, 2011	263,113.21
September 15, 2011 to March 14, 2012	269,717.36
March 15, 2012 to September 14, 2012	276,487.26
September 15, 2012 to March 14, 2013	283,427.09
March 15, 2013 to September 14, 2013	290,541.11
September 15, 2013 to March 14, 2014	297,833.69
March 15, 2014 to September 14, 2014	305,309.32
September 15, 2014 to March 14, 2015	312,972.58
March 15, 2015 to September 14, 2015	320,828.20
September 15, 2015 to March 14, 2016	328,880.98
March 15, 2016 to September 14, 2016	337,135.90
September 15, 2016 to March 14, 2017	345,598.01
March 15, 2017 to September 14, 2017	354,272.52
September 15, 2017 to March 14, 2018	363,164.76
March 15, 2018 to September 14, 2018	372,280.19
September 15, 2018 to March 14, 2019	381,624.43
March 15, 2019 to September 14, 2019	391,203.20
September 15, 2019 to March 14, 2020	401,022.40
March 15, 2020 to September 14, 2020	411,088.06
September 15, 2020 to March 14, 2021	421,406.37
March 15, 2021 to September 14, 2021	431,983.67
September 15, 2021 to March 14, 2022	442,826.46
March 15, 2022 to September 14, 2022	453,941.41
September 15, 2022 to March 14, 2023	465,335.34
March 15, 2023 to September 14, 2023	477,015.25
September 15, 2023 to March 14, 2024	488,988.34
March 15, 2024 to September 14, 2024	501,261.94
September 15, 2024 to March 14, 2025	513,843.62
March 15, 2025 to September 14, 2025	526,741.09
September 15, 2025 to March 14, 2026	539,962.29
March 15, 2026 to September 14, 2026	553,515.35
September 15, 2026 to March 14, 2027	567,408.58
March 15, 2027 to September 14, 2027	581,650.54
September 15, 2027 to March 14, 2028	596,249.97
March 15, 2028 to September 14, 2028	611,215.84
September 15, 2028 to March 14, 2029	626,557.36
March 15, 2029 to September 14, 2029	642,284.16

Section 4. Except as hereinafter provided, the Series 2009 Bond shall not be subject to redemption prior to maturity. The Series 2009 Bond shall be subject to redemption prior to maturity, at the option of the County, in whole on any March 15 or September 15, from any moneys that may be made available for such purpose, upon notice as provided in Article III of the Order and at a Redemption Price equal to 101% of the principal amount of the Series 2009 Bond to be redeemed, together with accrued interest to the date fixed for redemption.

In addition, the Series 2009 Bond shall be subject to redemption in part on March 15, 2010 and each March 15 and September 15 thereafter to and including September 15, 2029 in amounts equal to the respective Sinking Fund Requirements therefor in the immediately preceding periods set out in Section 3 of this Resolution, upon notice as provided in Article III of the Order except as hereinafter provided, at the principal amount of the Series 2009 Bond to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

So long as the Series 2009 Bond is owned by any one Owner, notice of redemption of such Bond in amounts equal to the Sinking Fund Requirements therefor pursuant to the immediately preceding paragraph need not be given as provided in Article III of the Order, unless otherwise required by law, and such Owner or his attorney or legal representative may, but shall not be required to, present and surrender the Series 2009 Bond to the Bond Registrar for payment of the Redemption Price of such Bond.

Section 5. The Series 2009 Bond issuable hereunder and the Certificate of the Local Government Commission and the Certificate of Authentication to be endorsed on the Series 2009 Bond shall be substantially in the forms set forth in Appendix A hereto, with such variations, omissions and insertions as are required or permitted by the Order.

Section 6. Payment of the interest on each Series 2009 Bond which is payable and is punctually paid or duly provided for shall be made by the Bond Registrar on each interest payment date to the person in whose name such Bond (or one or more Predecessor Bonds) is registered on the registration books of the County at the close of business on the Regular Record Date by check mailed to such person at his address as it appears on such registration books; provided, however, that any registered owner of a Series 2009 Bond or Bonds in an aggregate principal amount of not less than \$1,000,000 or who owns all of the Series 2009 Bond or Bonds at the time Outstanding may, by prior written instructions filed with the Bond Registrar by the Regular Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments be made by wire transfer to an account in the continental United States. The Regular Record Date with respect to the Series 2009 Bond shall mean the 1st day (whether or not a business day) of the calendar month in which there is an interest payment date with respect to the Series 2009 Bond.

As long as Branch Banking and Trust Company ("BB&T") is the Owner of the Series 2009 Bond, BB&T shall not be required to present and surrender such Bond to the Bond Registrar for payment of the Redemption Price of such Bond and payment of the Redemption Price of such Bond and the interest on such Bond shall be made on the payment dates therefor by wire transfer (or other transfer of immediately available funds) to such account in the United States as BB&T from time-to-time directs by written notice to the Bond Registrar and the County. If BB&T is the Owner of the Series 2009 Bond upon the final payment of the Redemption Price of and the interest on such Bond, it shall mark such Bond to indicate that it has been paid in full and send such Bond to the Bond Registrar promptly after receipt of such final payment.

Section 7. A special construction account is hereby established with BB&T and designated "County of Pasquotank, North Carolina Water and Sewer System Series 2009 Bond Construction Account" (the "Construction Account"), to the credit of which moneys will be deposited as hereinafter provided. The moneys in the Construction Account shall be held in trust and applied by BB&T in accordance with the provisions of this Section 7. The County will deposit or cause to be deposited to the credit of the Construction Account or otherwise apply or cause to be applied to pay a part of the Cost of the Additional Improvements described in Appendix A hereto all amounts received by it as refunds of State sales taxes with respect to expenditures made in connection with such Additional Improvements and paid or reimbursed from the proceeds of the Series 2009 Bond. Until all amounts deposited to the credit of the Construction Account are applied to pay a part of the Cost of the Additional Improvements described in Appendix A hereto, such amounts are hereby pledged by the County to BB&T as

security for the performance by the County of its obligation to pay the principal of the Series 2009 Bond and the interest thereon.

Moneys deposited in the Construction Account shall be held in a public funds money rate savings account offered by BB&T that constitutes an Investment Obligation. If such savings account ceases to exist or qualify as an Investment Obligation while moneys are deposited therein, then BB&T shall deposit or invest such moneys in another Investment Obligation as shall be determined by BB&T upon consultation with the County. In addition, the County may at any time direct BB&T to deposit or invest such moneys in other Investment Obligations offered by BB&T. Earnings on moneys deposited or invested in the Construction Account shall be retained in the Construction Account pending their disbursement in accordance with this Section 7.

Unless the Construction Account is earlier terminated in accordance with the provisions of this Section 7, moneys in the Construction Account shall be disbursed by BB&T in payment of a part of the Cost of the Additional Improvements described in Appendix A hereto upon receipt by BB&T of a requisition from the County, substantially in the form set forth in Appendix C attached hereto, signed by an Authorized Officer, together with the documents or other items required thereunder.

The County shall deliver each requisition to BB&T. BB&T shall undertake such review of the matters referred to in such requisition as it shall deem appropriate, and, if it is satisfied as to such matters, it shall then within three (3) business days disburse funds from the Construction Account to the County to pay the obligations described in such requisition or to reimburse the County for the payment of such obligations.

BB&T may conclusively rely upon all requisitions received as conditions of payment from the Construction Account. In addition, BB&T may request such additional information as it may reasonably request to evidence the propriety of any requested payment from the Construction Account.

If moneys in the Construction Account and any refunds of State sales taxes which have been received but not deposited in the Construction Account are insufficient to pay the Cost of the Additional Improvements described in Appendix A hereto, the County shall provide any balance of the funds needed to complete such Additional Improvements. Any moneys remaining in the Construction Account after completion of such Additional Improvements shall be (a) transferred by BB&T to the Trustee for deposit to the credit of the Sinking Fund Account or (b) at the option of the County, used to pay for such other capital facilities constituting a part of the Water and Sewer System as the County may determine, provided that such use is authorized by law and, in the opinion of nationally recognized bond counsel, it is permissible to do so. Any moneys remaining in the Construction Account on termination thereof before completion of such Additional Improvements shall be credited against future payments of the Redemption Price of the Series 2009 Bond coming due in the order of their due dates.

The Construction Account shall be terminated at the earliest of (a) the final distribution of all moneys in the Construction Account, (b) the receipt by the County of written notice of an event of default under the Order given by the Trustee or (c) the payment or redemption of the Series 2009 Bond.

BB&T may act in reliance on any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. BB&T is not liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties under this Section 7 are limited to the receipt of such moneys, instruments or other documents received by it as a Depository and the deposit or investment and disposition of the same in accordance herewith.

The County will pay to BB&T a fee of \$17,000, which includes the expenses incurred by BB&T in connection with its purchase of the Series 2009 Bond, the fees of its counsel and any other expenses of BB&T except as hereinafter provided. If the County at any time directs BB&T to deposit or to invest the moneys in the Construction Account differently than the initial deposit of such moneys pursuant to this Section 7, then the County shall pay to BB&T any standard set-up, administration and transaction fees relating to such change in deposit or investment.

Section 8. A special account is hereby created in the Debt Service Reserve Fund and designated "County of Pasquotank, North Carolina Water and Sewer System Series 2009 Bond Debt Service Reserve Account" (the "Reserve Account").

Simultaneously with the delivery of the Series 2009 Bond, the County shall cause to be deposited to the credit of the Reserve Account, from moneys to be available therefor as hereinafter provided, an amount equal to the Series 2009 Bond Debt Service Reserve Requirement, which shall mean, as of any particular date of calculation, the maximum Redemption Price of and interest on the Series 2009 Bond then Outstanding due on September 15 and March 15 of any single current or future Fiscal Year. Moneys in the Reserve Account shall be held in trust and applied for the further security of the Owners of the Series 2009 Bond as provided in the Order.

Moneys held for the credit of the Reserve Account shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in Investment Obligations which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, to the extent then permitted by applicable State law and regulations, not later than two years after the date of such investment with respect to fifteen percent (15%) of the amount held for the credit of such account and shall have an average maturing life of not more than ten (10) years after the date of such investment. Any interest or other income derived from the investment or deposit of moneys held for the credit of the Reserve Account shall be transferred by the Trustee upon receipt thereof to BB&T for deposit to the credit of the Construction Account during the construction of the Additional Improvements described in Appendix A hereto to the extent not required to be retained to increase the amount then held for the credit of the Reserve Account so that it equals the Series 2009 Bond Debt Service Reserve Requirement.

As long as BB&T is the Owner of the Series 2009 Bond, the Trustee shall value the Investment Obligations in the Reserve Account five (5) business days prior to each March 15, June 15, September 15 and December 15.

As long as BB&T is the Owner of the Series 2009 Bond, the County shall not deliver a Qualified Reserve Fund Substitute to the Trustee in lieu of moneys deposited to the credit of the Reserve Account without the prior consent of BB&T.

Section 9. As long as BB&T is the Owner of the Series 2009 Bond, it shall be deemed to be a Holder of Record.

Section 10. As long as BB&T is the Owner of the Series 2009 Bond, the County shall provide to it, within 120 days after the close of each Fiscal Year, a copy of the audit report for such Fiscal Year as required by Section 711 of the Order.

Section 11. Simultaneously with the delivery of the Series 2009 Bond, (a) the County shall cause the proceeds of the Series 2009 Bond to be deposited to the credit of the Construction Account and (b) the Trustee shall deposit, from other available moneys to be provided to the Trustee by the County, an amount equal to the Series 2009 Bond Debt Service Reserve Requirement to the credit of the Reserve Account.

Section 12. First-Citizens Bank & Trust Company, in the City of Raleigh, North Carolina, is hereby appointed the registrar, transfer agent and paying agent for the Series 2009 Bond (collectively the "Bond Registrar"), subject to the right of the County to appoint another Bond Registrar, and as such shall keep the books of the County for the registration, registration of transfer, exchange and payment of the Series 2009 Bond as provided in the Order.

Section 13. The County hereby finds, declares and represents that (a) it reasonably expects that it, all entities subordinate to the County and all entities which issue obligations on behalf of the County (all within the meaning of Section 265(b)(3)(E) of the Code) will not issue in the aggregate more than \$30,000,000 of tax-exempt obligations (not counting private-activity bonds and certain refunding bonds as provided in Section 265(b)(3)(C)(ii) of the Code) during calendar year 2009 and (b) no entity has been or will be formed or availed of to avoid the limits described above. In addition, the County hereby designates the Series 2009 Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

Section 14. The Board of Commissioners hereby approves the action of the Local Government Commission in awarding the Series 2009 Bond at private sale without advertisement to BB&T at the price of \$16,500,000 and the rate of interest of 5.02% per annum.

Section 15. Notwithstanding any other provisions of the Order or this Resolution, the Bond Registrar shall not register the transfer of the Series 2009 Bond to any person other than a bank, an insurance company or a similar financial institution unless such transfer has been previously approved by the Local Government Commission. This section may not be amended without the prior written consent of the Local Government Commission.

Section 16. The Finance Officer of the County is hereby authorized to perform the duties imposed on an Authorized Officer by the Order.

Section 17. The officers, agents and employees of the County and the officers and agents of the Trustee and the Bond Registrar are hereby authorized and directed to do all acts and things required of them by the provisions of the Series 2009 Bond, the Order and this Resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein and herein.

Section 18. This Resolution shall take effect immediately upon its adoption.

APPENDIX A

DESCRIPTION OF THE ADDITIONAL IMPROVEMENTS

The following description summarizes the additional improvements to the Water and Sewer System constituting Additional Improvements to be financed with the proceeds of the 2009 Bond and other available funds:

The Additional Improvements include the construction of a reverse osmosis water treatment plant with an initial production capacity of two million gallons per day on a site of approximately 10 acres, four water production wells, 12 and 24-inch raw water mains, approximately five miles of 24-inch transmission mains, approximately 19 miles of a 12-inch discharge force main and a discharge header located approximately 2,000 feet off shore in Albemarle Sound and the acquisition of any necessary land, rights-of-way and equipment therefor. The Additional Improvements will expand the water production and distribution capacity of the Water and Sewer System to enable the County to provide better water service to the residents of the County and other units of local government.

APPENDIX B

PRIVATE PLACEMENT

No. R09-1 \$16,500,000

United States of America
State of North Carolina

COUNTY OF PASQUOTANK

Water and Sewer System Revenue Bond, Series 2009

<u>Maturity Date</u>	<u>Interest Rate</u>
September 15, 2029	5.02%

The County of Pasquotank, North Carolina (herein sometimes called the "County"), a political subdivision of the State of North Carolina, is justly indebted and for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to Branch Banking and Trust Company or registered assigns or legal representative, on the maturity date specified above (or earlier as stated hereinafter), upon the presentation and surrender hereof at the principal corporate trust office of First-Citizens Bank & Trust Company, in the City of Raleigh, North Carolina, or any successor bond registrar (the "Bond Registrar") or otherwise as provided in the Series Resolution hereinafter mentioned, the principal sum of SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS in any coin or currency of the United

States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the person in whose name this bond (or one or more Predecessor Bonds, as defined in the Order hereinafter mentioned), is registered at the close of business on the regular record date for such interest, which shall be the 1st day of the calendar month of an interest payment date (the "Regular Record Date"), by wire transfer to such account in the continental United States as directed by such person or otherwise as provided in the Series Resolution, interest on said principal sum from the date of this bond or from the March 15 or September 15 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a March 15 or September 15 to which interest shall have been paid, in which case from such date, on March 15 and September 15 in each year, commencing March 15, 2010, in like coin or currency, at the rate per annum specified above until payment of said principal sum. Any such interest not so punctually paid or duly provided for within five (5) days after the same shall become due and payable on any interest payment date shall forthwith cease to be payable to the person who was the registered owner on such Regular Record Date and may be paid to the person in whose name this bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date, as defined in the Order, for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to registered owners not more than fifteen (15) days and not less than ten (10) days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of applicable law or any securities exchange on which the bonds may be listed and upon such notice as may be required by such law or exchange, all as more fully provided in the Order.

This bond constitutes a duly authorized series of revenue bonds of the County, designated "County of Pasquotank, North Carolina Water and Sewer System Revenue Bond, Series 2009", consisting of a Term Bond, as defined in the Order, maturing on September 15, 2029, and issued for the purpose of providing funds, with other available funds, for (i) paying the cost of acquiring and constructing certain improvements described in the Series Resolution constituting Additional Improvements, as defined in the Order, to the Water and Sewer System of the County (the Existing Facilities, as defined in the Order, the Improvements, as defined in the Order, and any Additional Improvements being herein called the "Water and Sewer System"), (ii) making a deposit to the credit of a debt service reserve account in connection with the issuance of the Series 2009 Bond and (iii) paying expenses incidental and necessary or convenient thereto.

This bond is issued under and pursuant to the Constitution and laws of the State of North Carolina, including The State and Local Government Revenue Bond Act, as amended (the "Act"), a bond order duly adopted by the Board of Commissioners for the County (the "Board of Commissioners") on April 13, 1994, as supplemented by an order adopted by the Board of Commissioners on September 11, 2009 (such bond order, together with all orders supplemental and amendatory thereto as therein permitted, being herein called the "Order"), and a series resolution duly adopted by the Board of Commissioners on September 11, 2009 (the "Series Resolution"). The County has issued other bonds under the Order, which have been paid. The Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional bonds to provide funds for paying all or any part of the cost of acquiring and constructing other Additional Improvements, to provide funds for completing payment of the cost of acquiring and constructing the Improvements and any Additional Improvements, to pay any Indebtedness, as defined in the Order, incurred or assumed by the County for any purpose for which bonds may be issued and to refund any bonds issued under the Order or other Indebtedness (such additional bonds and this bond being herein collectively called the "Bonds"). The Order also provides for the assumption by the County of the payment of debt service on general obligation indebtedness or other indebtedness of units of local government or privately-owned utilities ("Other Indebtedness") in conjunction with the acquisition of Additional Improvements and for the incurrence or assumption by the County of additional obligations payable from Revenues, as defined in the Order, on a parity with all Bonds and any Other Indebtedness (such obligations and the Bonds and any Other Indebtedness being herein collectively called "Parity Indebtedness") and of obligations payable from Revenues subordinate to Parity Indebtedness among other sources ("Subordinate Indebtedness") under the conditions, limitations and restrictions therein set forth. Reference is hereby made to the Order for provisions, among others, with respect to the custody and application of the proceeds of Bonds, the collection and disposition of Revenues, the special fund charged with and made available for the payment of the interest and the redemption premium, if any, on and the principal of the Bonds, any Other Indebtedness and any other Parity Indebtedness, the nature and extent of the security for the Bonds and any Other Indebtedness, other Parity Indebtedness and Subordinate Indebtedness thereby created, the terms and conditions on which the Bonds of each

series are or may be issued or the payment of debt service on Other Indebtedness may be assumed or other Parity Indebtedness or Subordinate Indebtedness may be incurred or assumed, the rights, duties and obligations of the County, the Bond Registrar and the Trustee and the rights of the registered owners of the Bonds. A certified copy of the Order is on file at the principal corporate trust office of First-Citizens Bank & Trust Company, in the City of Raleigh, North Carolina (the "Trustee"). By the acceptance of this bond, the registered owner hereof assents to all of the provisions of the Order.

The Order provides for the creation of a special fund designated the "County of Pasquotank, North Carolina Water and Sewer System Bond Service Fund" (the "Bond Service Fund"), which special fund is made available for and charged with the payment of the principal of and the interest on all Bonds, any Other Indebtedness and any other Parity Indebtedness, and also provides for the deposit to the credit of said special fund of the Revenues, after provision has been made for the payment of Current Expenses, to the extent and in the manner provided in the Order. The Order further provides for transfers to the credit of the Bond Service Fund from other special funds created by the Order and made available thereunder to make up any deficiencies in said Fund with respect to all Bonds and any Other Indebtedness, all to the extent and in the manner provided in the Order.

The Order provides for the charging, revising and collecting by the County of rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the Water and Sewer System in order to produce at all times sufficient Revenues, together with any other available funds, to pay the Current Expenses and to pay the principal of and interest on all Parity Indebtedness and Subordinate Indebtedness as the same shall become due.

The Revenues, after provision has been made for the payment of Current Expenses, are pledged by the Order to the payment of the principal of and the interest and any redemption premium on the Bonds and other Parity Indebtedness as provided in the Order. Any Subordinate Indebtedness is payable from moneys in the General Fund, as defined in the Order, and other sources as provided in the Order. The Bonds shall not be deemed to constitute a debt, liability or obligation of the State of North Carolina or any political subdivision thereof, other than the County, and the County is not obligated to pay the Bonds or other Indebtedness except from the Revenues or assets made available therefor under the Order. Neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof is pledged to the payment of the principal of and the interest and any redemption premium on this bond.

The Bonds are issuable as registered bonds without coupons in such denominations as the County may by resolution determine. At the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Order, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The transfer of this bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Order and the Series Resolution and upon surrender and cancellation of this bond. Upon any such registration of transfer the County shall execute and the Bond Registrar shall authenticate and deliver in exchange for this bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate. The County or the Bond Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any registered owner for the privilege of exchanging or registering the transfer of Bonds. Neither the County nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Bonds of a series during the fifteen (15) days immediately preceding the date of first giving of notice of any redemption of Bonds of such series or any portion thereof or of any Bond after such Bond or any portion thereof has been selected for redemption.

Notwithstanding any other provisions of the Order or the Series Resolution, the Bond Registrar shall not register the transfer of this bond to any person other than a bank, an insurance company or a similar financial institution unless such transfer has been previously approved by the Local Government Commission of North Carolina.

This bond may be redeemed prior to its maturity, at the option of the County, in whole on any March 15 or September 15, from any moneys that may be available for such purpose, at a redemption price equal to 101% of the principal amount of this bond to be redeemed, together with the interest accrued thereon to the date fixed for redemption. This bond is required to be redeemed from moneys in the Sinking Fund Account, as defined in the Order, in a total principal amount equal to the Sinking Fund Requirements, as defined in the Order and established in the Series Resolution, less the principal amount of this bond retired by purchase, in semiannual installments on March 15, 2010 to September 15, 2029, inclusive, at the principal amount of this bond to be redeemed, together with the interest accrued thereon to the date fixed for redemption, without premium.

The moneys in the Bond Service Fund and the Redemption Fund, as defined in the Order, available for the purchase or redemption of Bonds shall be allocated to all series of Bonds outstanding under the Order in the manner provided in the Order.

Except as hereinafter provided, not more than ninety (90) days and at least thirty (30) days before the redemption date of any Bonds, the Bond Registrar shall cause a notice of any such redemption, signed by the Bond Registrar, to be mailed, first-class, postage prepaid, to all registered owners of Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books of the County kept by the Bond Registrar, as provided in the Order, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption as to any registered owners to whom such notice was given as so required. The County shall also cause a notice of any such redemption to be given as provided in the Order. On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for the redemption of such Bonds or portions thereof on such date plus accrued interest to such date, and, if the moneys or Defeasance Obligations, as defined in the Order, sufficient to pay the redemption price and the accrued interest are held by the Trustee or the Bond Registrar, as provided in the Order, interest on such Bonds or portions thereof shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Order, and the registered owners thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and the accrued interest so held by the Bond Registrar and to receive Bonds for any unredeemed portions of Bonds as provided in the Order. So long as this bond is owned by any one registered owner, such notice of the redemption of this bond from moneys in the Sinking Fund Account need not be given as provided in the Order, unless otherwise required by law, and such registered owner or his attorney or legal representative may, but shall not be required to, surrender this bond to the Bond Registrar for payment of the redemption price of this bond.

The registered owner of this bond shall have no rights to enforce the provisions of the Order or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Order or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Order.

In certain events, on the conditions, in the manner and with the effect set forth in the Order, the principal of all the Bonds then outstanding under the Order may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Order may be made by the County only to the extent and in the circumstances permitted by the Order.

This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina, the Order and the Series Resolution to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Order until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the County of Pasquotank, North Carolina has caused this bond to be signed by the Chairman of the Board of Commissioners and the Clerk to the Board of Commissioners and the corporate seal of the County to be impressed hereon, all as of the 15th day of September 2009.

COUNTY OF PASQUOTANK, NORTH CAROLINA

[impression of corporate seal]

By: _____
Chairman of the Board of Commissioners

Clerk of the Board of Commissioners

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act of North Carolina.

By: _____
Secretary, Local Government
Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated therein and issued under the provisions of the within-mentioned Order.

FIRST-CITIZENS BANK & TRUST COMPANY
as Bond Registrar

By: _____
Authorized Signatory

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto _____

_____ the within bond and all rights thereunder and hereby irrevocably constitutes and appoints attorney to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

APPENDIX C

CONSTRUCTION ACCOUNT REQUISITION

[To Be Prepared on County's Letterhead for Submission]

[Date] _____

Funding Administrator
BB&T Governmental Finance
Post Office Box 31273
Charlotte, North Carolina 28231

RE: Request for disbursement of funds from the Construction Account related to a \$16,500,000 Water and Sewer System Revenue Bond, Series 2009 of the County of Pasquotank, North Carolina, dated September 15, 2009 (the "Bond") _____

To the Funding Administrator:

Pursuant to the terms and conditions of a series resolution adopted on September 11, 2009 by the Board of Commissioners for the County of Pasquotank, North Carolina (the "County") authorizing the issuance of the Bond described above (the "Series Resolution"), the County hereby requests the disbursement of funds to the County from the Construction Account established under the Series Resolution for the costs described below, each of which is a Cost of the Additional Improvements described in Appendix A to the Series Resolution. Terms used herein but not defined herein shall have the meanings given to such terms in the Series Resolution.

This is requisition number _____ for funds from the Construction Account.

Amount:

Vendor:

Vendor Address:

Vendor Federal Tax Number:

Applicable Vendor Invoices:

Project Description: Construction of a reverse osmosis water treatment plant and related water production, transmission and discharge facilities, as more particularly described in Appendix A to the Series Resolution.

Location of Facilities: The reverse osmosis water treatment plant mentioned above is located _____.

The County makes this requisition pursuant to the following representations:

1. The purpose of this request for disbursement is for partial payment of the costs of the Additional Improvements provided for under the Series Resolution.
2. The requested disbursement has not been subject to any previous requisition.
3. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable herein to any of the persons, firms or corporations named herein has been received or, if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition.
4. To the best of my knowledge, no event of default is continuing under the Series Resolution or the Order, and no event or condition is existing which, with notice or lapse of time or both, would become an event of default.
5. The County has in place insurance on the Water and Sewer System that complies with the insurance provisions of the Order.

6. Each amount requested for payment in this requisition either (a) represents reimbursement to the County for a Cost of the Additional Improvements described in Appendix A to the Series Resolution previously paid, or (b) will be used by the County within three business days of the receipt of funds from BB&T to make the payments to the third parties described in this requisition.

Attached is evidence that the amounts shown in this requisition are properly payable at this time, such as bills, receipts, invoices, architects' payment certifications or other appropriate documents.

COUNTY OF PASQUOTANK, NORTH
CAROLINA

By: _____

Printed name: _____

Title: _____

Upon motion of Commissioner Lloyd Griffin, seconded by Commissioner Bill Trueblood, the foregoing resolution was adopted by the following vote:

Ayes: Commissioners Stevenson, Griffin, Trueblood, Perry, Dixon and Harris.

Noes: None.

* * * *

There being no further business:

Motion was made by Lloyd Griffin, seconded by Jeff Dixon to adjourn the meeting.
The motion carried and the meeting was adjourned at 11:20 AM.

CHAIRMAN

CLERK