

Jody L. McLeod
MAYOR

Bruce Thompson
TOWN ATTORNEY

Steve Biggs
TOWN MANAGER



Bob Satterfield
R.S. "Butch" Lawter, Jr.
Art Holder
Jason Thompson
COUNCIL MEMBERS

Michael Grannis
MAYOR PRO TEM

TOWN COUNCIL MEETING

FEBRUARY 20, 2012

AGENDA

MAYOR AND TOWN COUNCIL

MAYOR JODY L. MCLEOD
MAYOR PRO TEM MICHAEL GRANNIS
COUNCILMAN BOB SATTERFIELD

COUNCILMAN ART HOLDER
COUNCILMAN R.S. "BUTCH" LAWTER, JR.
COUNCILMAN JASON THOMPSON

TOWN STAFF

STEVE BIGGS, TOWN MANAGER
SHERRY L. SCOGGINS, TOWN CLERK
BRUCE THOMPSON II, TOWN ATTORNEY

AGENDA
THE WORK SESSION MEETING OF THE CLAYTON TOWN COUNCIL

MONDAY, FEBRUARY 20, 2012
7:30 PM

THE CLAYTON CENTER
COUNCIL CHAMBERS

1. **CALL TO ORDER**
Pledge of Allegiance & Invocation – Mayor Jody L. McLeod
2. **ADJUSTMENT OF THE AGENDA**
3. **ACTION AGENDA**
 - a. Draft minutes from the February 6, 2012, regular meeting, and February 6, 2012, closed session meeting.
4. **INTRODUCTIONS AND SPECIAL PRESENTATIONS**
 - a. Introduction of new Town of Clayton employee(s).
 - b. Presentation by representative of the Clayton Visual Arts requesting the use of Horne Square for the Saturday, June 2, 2012 Millstock Arts and Music Festival.
 - c. Traffic calming study presentation.
5. **ITEMS SCHEDULED FOR THE REGULAR MEETING AGENDA**
 - a. Presentation of NCDOT Transportation Improvement Project Municipal Agreement [**Council action requested**].
 - b. Elevated Water Storage Tank Project - Presentation of the series resolution and bond order [**Council action requested**].
 - c. GO Bond Order Open Space and Park Development - Presentation of the GO Bond Order.
 - d. Presentation of rolling stock reimbursement resolution.
 - e. Presentation of ordinance adopting the 2011 S-7 supplement to the Town's Code of Ordinances.
 - f. Presentation of applications for Recreation Advisory Board.
 - g. Presentation of resolution awarding badge and service sidearm to retiring Officer Mark Strickland.
 - h. Presentation of proclamation for Arbor Day.
 - i. Warranty acceptance for asphalt pavement at Spring Branch, Phase 1.
6. **ITEMS CONTINGENT FOR THE REGULAR MEETING**
7. **ITEMS FOR DISCUSSION**
 - a. Discussion of John Street Sewer Project.

- b. Discussion of request for additional wastewater allocation for Grifols.
- 8. OLD BUSINESS
- 9. STAFF REPORTS
 - a. Town Manager
 - b. Town Attorney
 - c. Town Clerk
 - Calendar of Events
 - d. Other Staff
- 10. OTHER BUSINESS
 - a. Informal Discussion & Public Comment.
 - b. Council Comments.
- 11. ADJOURNMENT

TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET

Agenda Item: 3a

Meeting Date: 2/20/12

TITLE: DRAFT MINUTES FROM THE FEBRUARY 6, 2012, REGULAR MEETING AND THE FEBRUARY 6, 2012, CLOSED SESSION MEETING.

DESCRIPTION: Minutes.

RELATED GOAL: Administrative

ITEM SUMMARY:

Date:

Action:

Info. Provided:

2-20-12

Approval.

DRAFT minutes from
2/6/12 regular meeting.

**DRAFT minutes from
2/6/12 closed session
Meeting will be hand-
Delivered.*

MINUTES CLAYTON TOWN COUNCIL FEBRUARY 6, 2012

The first regular meeting of the Clayton Town Council for the month of February was held on Monday, February 6, 2012, at 7:30 PM at Town Hall, 111 East Second Street.

PRESENT: Mayor Jody L. McLeod, Mayor Pro Tem Michael Grannis, Councilman Bob Satterfield, Councilman R. S. "Butch" Lawter Jr., Councilman Art Holder, and Councilman Jason Thompson.

ALSO PRESENT: Steve Biggs, Town Manager; Brenton McConkey, Town Attorney; Sherry Scoggins, Town Clerk; Nancy Medlin, Deputy Town Manager; David DeYoung, Planning Director; Tim Simpson, Public Works & Utilities Director; Heidi Stump, Clayton Center Executive Director; Bruce Naegelen, Downtown Development Coordinator; Tommy Roy, Information Services Technician

ITEM 1. CALL TO ORDER

Mayor McLeod called the meeting to order at 7:31 PM. Mayor McLeod gave the invocation.

ITEM 2. ADJUSTMENT OF THE AGENDA

Town Manager Steve Biggs requested the following adjustments of the agenda:

- Item 9c – Closed session in accordance with NC GS 143-318.1(a)(3) to consult with the Town Attorney.
- Item 4b – Introduction of new employees with the Town of Clayton.
- Move Item 6b to Item 8a.
- Item 7c – Discussion of video production "Today in America."

It was the consensus of the Council to approve the adjustments of the agenda.

ITEM 3. ACTION AGENDA

Councilman Lawter motioned to approve the action agenda as presented; Councilman Holder seconded the motion. The motion carried unanimously at 7:33 PM with the following action agenda items being approved:

- Item 3a. Draft minutes from the January 17, 2012, work session meeting.
- Item 3b. Amendment to the fiscal year 2011-2012 budget.
- Item 3c. Warranty acceptance request for public water, sewer, and associated storm drainage utilities for Cobblestone Subdivision Phase 6-C, Bevington Court.

Item 3d. Proclamation: Proclaiming February as National African American History Month.

ITEM 4. INTRODUCTIONS AND SPECIAL PRESENTATIONS

Item 4a. Presentation by Cooper Elementary PTA representative to temporarily close roads for “Run for the Rockets” 5K race on Saturday, March 3, 2012.

Ms. Alison Wilson, on behalf of Cooper Elementary PTA, stated Cooper Elementary is hosting its first 5K on Saturday, March 3, 2012. She stated the children’s race is at 9 AM and the 5K is at 9:30 AM. She stated the request is to close the roads beginning at 8:45 AM and re-open at 11 AM. She stated four options were submitted and option one is the preference. She stated she has spoken with Captain Bridges and option one would require the least amount of staffing. She stated in speaking with Captain Bridges, the understanding is 13 to 15 volunteers will be needed to assist with the course in addition to the two Clayton Police Officers. She stated the goal for the race is to raise funds for the purchase of Smart Boards for each classroom. She stated the request before the Council is the temporary road closure and the preferred road course is option one.

Councilman Satterfield motioned to approve the temporary road closure request; Councilman Holder seconded the motion.

Councilman Lawter questioned the route.

Ms. Wilson stated the course will retrace itself on O’Neal Street.

All Council members voted in favor of the motion.

Item 4b. Introduction of intern with the Town of Clayton.

- Martha Vandergriff, Conference Center Coordinator
- Andrew Holland, Intern with the Town of Clayton

ITEM 5. PUBLIC HEARINGS

Item 5a. Public hearing to receive citizen input for a proposed economic development incentive grant.

Town Manager Steve Biggs stated over the last several weeks staff worked with representatives of Caterpillar for a proposed expansion as Clayton was one of several sites being evaluated. He stated an announcement was made last week

in which Clayton and Johnston County were successful in attracting the new investment. He stated the hearing is being held in accordance with North Carolina General Statute 158-7.1. He added the Town will work with Caterpillar over the next several years to realize \$14.5 million in investment. He stated the Town has agreed to a grant package to help make the investment worthwhile for Caterpillar. He stated the grant package will take the form of a reimbursement for the real property investment for seven years and for the equipment and machinery investment for five years:

Real Property Reimbursement	
Year 1	90%
Year 2	90%
Year 3	90%
Year 4	90%
Year 5	90%
Year 6	80%
Year 7	70%

Equipment and Machinery Reimbursement	
Years 1-5	50%

Town Manager Biggs stated this grant is favorable to the Town and facility as this type of reimbursement is returned to the site. He stated the requirement is the expenditures supporting the value. He stated Caterpillar employs 491 employees at the Johnston County facilities. He stated the economic development incentive grant outlines milestones in which Caterpillar would have to reach with the number of employees: increase to 573 by 2012, increase to 595 by 2013, increase to 618 by 2014, increase to 648 by 2015, and increase to 690 by the end of 2016. He stated this shows a continuous sustained investment and growth in the Clayton facility. He stated representatives from the company are present this evening.

Mayor McLeod stated this item has been noticed as a public hearing.

Rudy Watkins stated he is a representative on behalf of Caterpillar. He stated his job was to identify a financial point to consolidate this type of production and consolidation for a facility. He stated the team - Peggy Anderson and Steve Biggs - did a great job putting together a package for an operation that is sustainable.

Mayor McLeod thanked Caterpillar.

Mayor McLeod closed the public hearing at 7:49 PM.

Mayor Pro Tem Grannis motioned to approve the economic development grant as stated; Councilman Holder seconded the motion. Motion carried unanimously at 7:49 PM.

ITEM 6. OLD BUSINESS

Item 6a. Correction action to PDD 2011-87 (January 3, 2012 – formalize the legislative action).

Town Attorney McConkey stated the hearing held in January was a hybrid hearing. He stated the Council approved the modification to the preliminary plat. He stated the preliminary plat functions as the master plan as it deals with the zoning. He added there is also a need to reflect it has been rezoned and that step was overlooked.

Councilman Lawter questioned if he may vote even though he was not at the January meeting.

Town Attorney McConkey stated in the affirmative.

Councilman Satterfield motioned to approve the planned development rezoning request as presented for 2011-87; Councilman Lawter seconded the motion. Motion carried unanimously.

Item 6b. Fire department staffing report.

Mayor McLeod recognized Fire Chief Barbee is in attendance. It was the pleasure of the Council to adjust agenda and hear this item as Item 6b.

Town Manager Biggs provided an overview of the memorandum on fire department staffing; herewith attached. He stated staff is seeking evaluation of full time engine company, necessity to add an operational command presence in the form of additional staffing, evaluation of the existing shift structure and evaluation of the first responder program. He stated the purpose of this evening's discussion is the addition of an engine company 24 hours a day at station one. He stated in January 2011 an engine company was added at station two. He stated by adding the engine company at station two the Town was successful in improving its response time from nine minutes and 35 seconds to seven minutes and 31 seconds. He stated the Town spent a substantial amount of money for that service. He stated in fire response a better than two minute can make difference in life and death and the amount of property damage. He stated station one has an engine presence Monday thru Friday

from 8 AM to 5 PM. He stated the average response time is an impressive six minutes and 30 seconds. He stated when that is broken down by day of week and hour, the response time increases from six minutes and 30 seconds to nine minutes and 38 seconds outside of the regular staffing time. He stated station one staff believes it is important to have that coverage. He stated a cost analysis for the gross cost to implement the change is \$64,000. He stated for this analysis it is assumed the Town and Claytex Fire District will split the cost 50 - 50. He stated the cost impact for the Town beginning in March would be \$32,000. He referred to the memorandum on items that have realized savings with the net impact on the Town being \$3,000. He stated the \$3,000 impact is incidental to the overall budget. He stated the annualized cost for the program is \$227,000 and the Town's share would be \$65,500 for the next fiscal year. He stated staff is seeking authorization to implement the addition of a full engine company at station one with implementation on March 1. He stated included in the memorandum is consideration of adding command structure in fiscal year 2012-2013 budget. He added consideration of adding a fourth fire fighter position to each engine company would be no sooner than fiscal year 2013-2014. He stated staff did not propose a specific schedule for consideration for the medical responder program and included steps for communication with Johnston County.

Town Manager Biggs stated he is seeking Council authorization of the engine company and the concurrence of the other items within the memorandum.

Councilman Satterfield stated he is ready to make a motion to approve. He added for the discussion with Johnston County on the medical responders, he would like to be present for those meetings and to include Councilman Thompson as well. Councilman Thompson and Mayor Pro Tem Grannis simultaneously seconded the motion. Motion carried unanimously.

Town Manager Biggs stated in 1999 Chief Barbee and he developed a working relationship for recommendations to the fire department. He stated the reason the Clayton Fire Department is highly functional is because of the process for recommendations.

All Council members voted in favor of the motion.

Mayor McLeod expressed appreciation to Fire Chief Barbee and his team for all that was done to get to this point.

Item 6c. Purchasing policy and procedures.

Town Manager Biggs stated this item was discussed at the work session and it is ready for action.

Mayor Pro Tem Grannis stated this policy is streamlined and inclusive.

Mayor Pro Tem Grannis motioned to approve the purchasing policy and procedures as presented. Councilman Satterfield seconded the motion. Motion carried unanimously.

Item 6d. Bid tabulation for the elevated water storage tank project and resolution for elevated water storage tank project.

Town Manager Biggs stated a recommendation of award to Caldwell Tanks Inc in the amount of \$1.847 million for a composite type tank from the consulting engineer is included.

Mayor Pro Tem Grannis acknowledged staff for arriving at acceptance of bids. He stated this is unique because it incorporates the long-term repair and maintenance costs.

Mayor Pro Tem Grannis motioned to approve the recommendation of award to Caldwell Tanks Inc for the elevated water storage tank project as presented; Councilman Lawter seconded the motion. Motion carried unanimously at 8:05 PM.

ITEM 7. NEW BUSINESS

Item 7a. Resolution awarding badge and service sdearm to retiring Sergeant David MacNeal.

Town Manager Steve Biggs stated Officer MacNeal served the Town for a number of years. He stated this is the utmost recognition and honor for a retiring officer.

Councilman Lawter motioned to approve the resolution as presented; Councilman Thompson seconded the motion. Motion carried unanimously at 8:06 PM.

Item 7b. Retirement proclamation – Sergeant David MacNeal.

Mayor Pro Tem Grannis motioned to approve the retirement proclamation as presented; Councilman Holder seconded the motion. Motion carried unanimously at 8:07 PM.

Item 7c. Discussion of video production “Today in America.”

Town Manager Steve Biggs stated Mayor McLeod was approached by a production company for the purpose of creating a promotional video. He stated the production company attempts to identify companies within jurisdictions that they believe are worthy of special recognition. He stated the production company works with the entity to produce a five minute promotion video. He stated the video would air a number of times between six and eleven on Fox Business Network or CNN Headline News at least 19 times. He stated the company did provide references, including Fayetteville, Arkansas. He added Terry Bradshaw is the spokesperson in the promotional video. He stated this is before Council for evaluation as there is a \$19,800 fee.

Mayor McLeod stated this is not budgeted in the current year and he believes the Town needs an economic development video. He stated he believes this will be good for Clayton. He stated what is needed from Council is direction on whether to pursue this item. He added the Town has 100% ownership with script and video. He stated Clayton would be featured in a segment titled “Hidden Gems” for small towns in the USA.

Councilman Satterfield stated this might be a step in the right direction and he would like more information on airing and who is the target audience. He added he does see this as a marketing tool for Clayton.

Mayor McLeod stated this would be a good marketing tool. He added ten years ago the Clayton Center spent \$25,000 on a video as a fund raiser for the Clayton Center. He stated the Town is guaranteed a number of times and slots for airing. He stated the biggest take away is a video for Clayton that can be used for marketing.

Based upon question by Council, Town Manager Biggs stated within the contract is one national airing on either Fox Business Network or Discovery Channel and 19 regional airings on CNN Headline News or regional networks and up to 15 markets. He added the airings would occur between 6 AM and 11 PM eastern standard time.

It was the consensus of the Council to view the Fayetteville, Arkansas “Today in America” video; available at <http://www.youtube.com/watch?v=YnPhdDOiyYU>.

Mayor McLeod stated he liked it because it showed the community through all the seasons. He stated if this is a marketing video his preference is the seasonal look.

Mayor Pro Tem Grannis stated his concerns are when and where it is aired and the money coming out of the reserves. He added he wants is clearly noted that by next budget the money is returned to the reserves. He stated he is in favor of

this as this would be Town property after it is aired.

Councilman Holder stated he hears the Town controls the script and when aired. He questioned what has to be done this evening to move forward with this.

Mayor McLeod stated this evening is for Council discussion and direction.

Councilman Holder motioned to move forward.

Town Manager Steve Biggs stated in the note from Fayetteville, Arkansas, Communications Direction Leslie Smith stated the town had absolute rights to use the video in full for town use.

Mayor Pro Tem Grannis seconded the motion.

Mayor McLeod stated there is a motion for staff to continue talking with the producers of “Today in America.”

Motion carried unanimously.

ITEM 8. STAFF REPORTS

Item 8a. Town Manager

Town Manager Steve Biggs stated no additional report.

Item 8b. Town Attorney

Town Attorney Brenton McConkey stated no additional report.

Item 8c. Town Clerk

Town Clerk Sherry Scoggins stated no additional report.

Item 8d. Other Staff

Downtown Development Coordinator (hereafter DDC) Bruce Naegelen stated the Main Street Conference was awesome. He stated it was a terrific overall experience as the community was involved. He provided an overview of the responsibilities as the host site.

DDC Naegelen expressed his thanks for the agreement to host the conference and the support throughout the conference.

Mayor McLeod stated he received his seventh thank you note from a Siler City attendee. He stated he was asked how to engage the community to create team.

Mayor Pro Tem Grannis stated this would not have been a reality six years ago. He commended all the volunteers, DDA, and staff for a job well done.

Councilman Holder stated he attended all the sessions over the three days and everyone did a great job.

ITEM 9. OTHER BUSINESS

Item 9a. Informal Discussion and Public Comment

No informal discussion and public comment were received.

Item 9b. Council Comments.

Councilman Holder questioned if there will be lights at the dog park.

Town Manager Biggs stated that can be pursued.

Councilman Lawter stated it was considered in the beginning. He stated depending on usage will determine the need.

Town Manager Biggs stated a lay out can be reviewed and a cost proposal brought back.

Councilman Satterfield requested checking with the other Towns.

Mayor Pro Tem Grannis requested researching the feasibility of an additional dog park site.

Mayor McLeod stated there will be a ribbon cutting ceremony for the dog park and the date will be announced.

Councilman Lawter stated with the policy on spending and the recent conference, the Town is fortunate to have staff that is very thrifty and resourceful with tax dollars. He thanked the staff for their hard work.

Mayor McLeod called for a recess at 8:44 PM. Mayor McLeod called the meeting to order at 8:53 PM.

Item 9c. Closed session in accordance with NC GS 143-318.11(a)(3) to consult with the Town Attorney.

Mayor Pro Tem Grannis motioned to go into closed session in accordance with NC GS 143-318.11 (a) (3) to consult with the Town Attorney; Councilman Satterfield seconded the motion. Motion carried unanimously at 8:53 PM.

Mayor Pro Tem Grannis motioned to return to open session; Councilman Lawter seconded the motion. Motion carried unanimously at 9:26 PM.

Item 10. ADJOURNMENT

Councilman Grannis motioned to adjourn; Councilman Satterfield seconded the motion. Motion carried unanimously at 9:27 PM.

Duly adopted by the Town Council this ____ day of February 2012, while in regular session.

ATTEST:

Jody L. McLeod
Mayor

Sherry L. Scoggins, MMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 4a

Meeting Date: 2/20/12

TITLE: INTRODUCTION OF NEW TOWN OF CLAYTON EMPLOYEE (S).

DESCRIPTION: Introduction(s).

RELATED GOAL: Administrative

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Introduction(s).	N/A.

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 4b

Meeting Date: 2/20/12

TITLE: PRESENTATION BY REPRESENTATIVES OF THE CLAYTON VISUAL ARTS REQUESTING THE USE OF HORNE SQUARE FOR THE SATURDAY, JUNE 2, 2012, MILLSTOCK ARTS AND MUSIC FESTIVAL.

DESCRIPTION: The Clayton Visual Arts makes the following requests for the upcoming Saturday, June 2, 2012, Millstock Arts and Music Festival:

- Use of Horne Square from 6 AM to 5 PM; and
- Temporary closure of Lombard Street between the railroad and North Main Street for a sidewalk art contest; and
- Permission to use the Clayton Town logo for an art poster contest and to develop a line of commemorative jewelry.

RELATED GOAL: Create an Alive Downtown

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	N/A.

Sherry Scoggins
Clayton Town Clerk
Clayton Center
111 Second street,
Clayton, NC 27520

Dear Sherry,

Clayton Visual Arts would like to ask permission from the town council for the use of Horne Square on Saturday June 2, 2012 for the Millstock Arts and Music festival from 6:00 AM until 5:00 PM.

We would also like permission to close North Lombard street from Main to the railroad tracks where we will be having a sidewalk chalk art contest.

We used the area last year for our festival and it worked out very well.

Also I would personally like to ask council for permission to use the Clayton Town logo to create a work of art for the poster contest and also to develop a line of commemorative jewelry.

Thank you,

John P. McFadden
Clayton Visual Arts
Millstock Chairman
919-359-3649 store
919-553-7582 Home

A handwritten signature in black ink that reads "John P. McFadden". The signature is written in a cursive, flowing style.

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 4c

Meeting Date: 2/20/12

TITLE: TRAFFIC CALMING STUDY PRESENTATION.

DESCRIPTION: The Town of Clayton, a consultant will provide a PowerPoint presentation on the traffic calming study.

RELATED GOAL: Create an Alive Downtown

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	N/A.

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5a

Meeting Date: 1/17/12

TITLE: PRESENTATION OF NCDOT TRANSPORTATION IMPROVEMENT PROJECT MUNICIPAL AGREEMENT [COUNCIL ACTION REQUESTED].

DESCRIPTION: At the November 7, 2011, Council meeting, the Clayton Town Council approved the Temporary Easement for the NC 42 HWY widening project in front of Fire Station 2.

At the January 3, 2012, Council meeting, Council approved the utility agreement between NCDOT and the Town of Clayton clarifying expectation of each entity for the NC HWY 42 widening project.

NCDOT has contacted the Town and advised that this project requires two agreements: an easement agreement and a Transportation Improvement Project agreement. The easement agreement was approved by Council at its January 3, 2012, Council meeting.

Attached is the Transportation Improvement Project (TIP) Municipal Agreement enabling NCDOT to proceed with the scope of work for the NC 42 HWY widening project. Council action is request for this item.

RELATED GOAL: Administrative

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
12-19-11	Presentation.	Agreement.
01-03-12	Discussion.	Agreement.
02-20-12	Action.	Agreement.

NORTH CAROLINA
JOHNSTON COUNTY

**TRANSPORTATION IMPROVEMENT PROJECT –
MUNICIPAL AGREEMENT**

DATE: 2/23/2011

NORTH CAROLINA DEPARTMENT OF
TRANSPORTATION

TIP #: R-3825 A

AND

WBS Elements: 34552.3.2

TOWN OF CLAYTON

THIS MUNICIPAL AGREEMENT is made and entered into on the last date executed below, by and between the North Carolina Department of Transportation, an agency of the State of North Carolina, hereinafter referred to as the "Department" and the Town of Clayton, a local government entity, hereinafter referred to as the "Municipality".

WITNESSETH:

WHEREAS, the Department has plans to make certain street and highway constructions and improvements within the Municipality under Project R-3825 A, in Johnston County; and,

WHEREAS, the Department and the Municipality have agreed that the municipal limits, as of the date of the awarding of the contract for the construction of the above-mentioned project, are to be used in determining the duties, responsibilities, rights and legal obligations of the parties hereto for the purposes of this Agreement; and,

WHEREAS, this Agreement is made under the authority granted to the Department by the North Carolina General Assembly, including but not limited to, the following applicable legislation: General Statutes of North Carolina, Section 136-66.1, Section 160A-296 and 297, Section 136-18, and Section 20-169, to participate in the planning and construction of a Project approved by the Board of Transportation for the safe and efficient utilization of transportation systems for the public good; and,

WHEREAS, the parties to this Agreement have approved the construction of said Project with cost participation and responsibilities for the Project as hereinafter set out.

NOW, THEREFORE, the parties hereto, each in consideration of the promises and undertakings of the other as herein provided, do hereby covenant and agree, each with the other, as follows:

SCOPE OF THE PROJECT

1. The Project consists of roadway improvements to NC 42 from US 70 in Clayton to 0.31 mile east of SR 1902 (Glen Laurel Rd).

PLANNING, DESIGN AND RIGHT OF WAY

2. The Department shall prepare the environmental and/or planning document, and obtain any environmental permits needed to construct the Project, and prepare the Project plans and specifications needed to construct the Project. All work shall be done in accordance with departmental standards, specifications, policies and procedures.
3. The Department shall be responsible for acquiring any needed right of way required for the Project. Acquisition of right of way shall be accomplished in accordance with the policies and procedures set forth in the North Carolina Right of Way Manual.

UTILITIES

4. The Municipality, without any cost or liability whatsoever to the Department, shall relocate and adjust all utilities in conflict with the Project and shall exercise any rights which it may have under any franchise to effect all necessary changes, adjustments, and relocations of telephone, telegraph, and electric power lines; underground cables, gas lines, and other pipelines or conduits; or any privately - or publicly-owned utilities.
 - A. Said work shall be performed in a manner satisfactory to the Department prior to the Department beginning construction of the Project. The Municipality shall make every effort to promptly relocate said utilities in order that the Department will not be delayed in the construction of the Project.
 - B. The Municipality shall make all necessary adjustments to house or lot connections or services lying within the right of way or construction limits, whichever is greater, of the Project.
 - C. The Department, where necessitated by construction, will make vertical adjustments of two (2) feet or less to the existing manholes, meter boxes, and valve boxes at no expense to the Municipality.
 - D. If applicable, the Department shall reimburse the Municipality in accordance with the Municipally Owned Utility Policy of the Department approved by the Board of Transportation.

- E. If the Municipality requests the Department to include the relocation and/or adjustment of municipally owned utilities in its construction contract provisions, the Municipality shall reimburse the Department all costs associated with said relocation. The current estimated costs of this relocation are \$92,500.00 (estimate based on preliminary plans). Reimbursement will be based on final project plans and actual costs of relocation. If a request is received from the Municipality, a separate Utility Agreement will be prepared to determine the reimbursement terms and an updated cost estimate.

CONSTRUCTION AND MAINTENANCE

5. The Department shall construct, or cause to be constructed, the Project in accordance with the plans and specifications of said Project as filed with, and approved by, the Department. The Department shall administer the construction contract for said Project.
6. It is further agreed that upon completion of the Project, the Department shall be responsible for all traffic operating controls and devices which shall be established, enforced, and installed and maintained in accordance with the North Carolina General Statutes, the latest edition of the Manual on Uniform Traffic Control Devices for Streets and Highways, the latest edition of the "Policy on Street and Driveway Access to North Carolina Highways", and departmental criteria.
7. Upon completion of the Project, the improvement(s) shall be a part of the State Highway System and owned and maintained by the Department.

ADDITIONAL PROVISIONS

8. It is the policy of the Department not to enter into any agreement with another party that has been debarred by any government agency (Federal or State). The Municipality certifies, by signature of this agreement, that neither it nor its agents or contractors are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any Federal or State Department or Agency.
9. To the extent authorized by state and federal claims statutes, each party shall be responsible for its respective actions under the terms of this agreement and save harmless the other party from any claims arising as a result of such actions.

10. All terms of this Agreement are subject to available departmental funding and fiscal constraints.
11. By Executive Order 24, issued by Governor Perdue, and N.C. G.S. § 133-32, it is unlawful for any vendor or contractor (i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor).

IT IS UNDERSTOOD AND AGREED upon that the approval of the Project by the Department is subject to the conditions of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed, in duplicate, the day and year heretofore set out, on the part of the Department and the Municipality by authority duly given.

ATTEST: TOWN OF CLAYTON
BY: _____ BY: _____
TITLE: _____ TITLE: _____
DATE: _____ DATE: _____

"N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this procurement, you attest, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization."

Approved by _____ of the local governing body of the Town of Clayton as attested to by the signature of _____ Clerk of said governing body on _____ (Date)

This Agreement has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

(SEAL)

BY: _____
(FINANCE OFFICER)

Federal Tax Identification Number

Remittance Address:
Town of Clayton

DEPARTMENT OF TRANSPORTATION
BY: _____
DATE: _____

APPROVED BY BOARD OF TRANSPORTATION ITEM O: _____ (Date)

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5b

Meeting Date: 2/20/12

TITLE: ELEVATED WATER STORAGE TANK PROJECT - PRESENTATION OF THE SERIES RESOLUTION AND BOND ORDER [COUNCIL ACTION REQUESTED].

DESCRIPTION: Attached.

RELATED GOAL: Financially Responsible Town Government Providing Quality Service

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
1-17-12	Presentation.	Resolutions (2) & Bond Order.

**Town of Clayton Revenue Bond Anticipation Note
Request for Proposal Bid Summary
Compiled by Local Government Commission**

	Sun Trust	BB&T	RBC	First Citizens
Rate	1.99%	1.45%	1.84%	1.58%
Interest	\$48,145.40	\$35,080.82	\$44,516.35	\$38,225.99
Fee	\$1,600	\$0.00	\$5,000	\$1,600
Total	\$49,745.40	\$35,080.82	\$49,516.35	\$39,825.99

5130 Parkway Plaza Boulevard
 Charlotte, North Carolina 28217
 (704) 954-1700
 Fax (704) 954-1799

February 2, 2012

Mr. Robert McKie
 Finance Director
 Town of Clayton
 Post Office Box 879
 Clayton, North Carolina 27528

Dear Mr. McKie:

Branch Banking and Trust Company (“BB&T”) is pleased to offer this proposal for the financing of the Town’s Water and Sewer System Revenue Bond Anticipation Note, as requested by the Town of Clayton (the “Town”).

- (1) **Project:** Water and Sewer System Revenue Bond Anticipation Note
Construction of an elevated water tank
- (2) **Amount to be financed:** \$1,604,000
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
September 11, 2013	1.45%

Principal and interest shall be due at maturity, as requested.

The financing proceeds shall be deposited on behalf of the Town in a project fund account with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the Town for use on Project costs or interest payments.

The interest rate stated above is valid for a closing not later than 45 days after today. A convenient date and time shall be mutually agreed upon for closing. Closing is contingent upon completing documentation acceptable to BB&T and a commitment letter for the payoff from USDA. The Revenue BAN is a special obligation of the Town payable from the proceeds of the sale of the revenue bond to USDA and the net revenues of the Town’s water and sewer system. BB&T shall provide a list of required documentation for closing should we be the successful proposer. At a minimum, BB&T shall require flood certification, if applicable, copies of the plans and specifications and an estimated expenditure budget two weeks in advance of closing for our review. Additionally, we shall review your most recent financial statements before funding this transaction.

All applicable taxes, permits, costs of counsel for the Town and any other costs shall be the Town’s responsibility and separately payable by the Town. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date without penalty.

The stated interest rate assumes that the Town expects to borrow less than \$10,000,000 in calendar year 2012 and that the Town shall comply with IRS Code Sections 141, 148, 149(e) and Section 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Financing Documents:

It shall be the responsibility of the Town to retain and compensate bond counsel to appropriately structure the Revenue Bond Anticipation Note according to Federal and North Carolina State statutes. BB&T shall also require the Town to provide an unqualified bond counsel opinion. BB&T reserves the right to review the documents and all documentation shall be acceptable to BB&T and its counsel.

* * * * *

BB&T appreciates the opportunity to provide this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

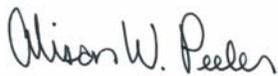
BB&T shall have the right to cancel this offer by notifying the Town of its election to do so (whether or not this offer has previously been accepted by the Town) if at any time prior to the closing there is a material adverse change in the Town's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Town or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to BB&T. If your board adopts this resolution, then BB&T shall not require any further board action prior to closing the transaction.

Please call me at (336) 376-0254 or Louis Loyd at (704) 954-1700 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Alison W. Peeler
Senior Vice President

Enclosure

Resolution Approving Financing Terms

WHEREAS: The Town of Clayton (the "Town") has previously determined to undertake a project for the financing of the Town's Water and Sewer System Revenue Bond Anticipation Note for the construction of an elevated water storage tank for the East Clayton Industrial Area, (the "Project"), and the Town Administrator has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The Town hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated February 2, 2012. The amount financed shall not exceed \$1,604,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.45% and the financing term shall not September 11, 2013.

2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the Town are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as BB&T may request.

3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by Town officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The Town shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The Town hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The Town intends that funds that have been advanced, or that may be advanced, from the Town's general fund, or any other Town fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of Town officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this _____ day of _____, 2012.

By: _____
(Clerk)

By: _____
(Mayor)

SEAL

TOWN OF CLAYTON
Resolution Approving Financing Terms

WHEREAS: The Town of Clayton (the "Town") has previously determined to undertake a project for the financing of the Town's Water and Sewer System Revenue Bond Anticipation Note for the construction of an elevated water storage tank for the East Clayton Industrial Area, (the "Project"), and the Town Manager has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The Town hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated February 2, 2012. The amount financed shall not exceed \$1,604,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.45% and the financing term shall not September 11, 2013.
2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the Town are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as BB&T may request.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by Town officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.
4. The Town shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The Town hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).
5. The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The Town intends that funds that have been advanced, or that may be advanced, from the Town's general fund, or any other Town fund related to the project, for project costs may be reimbursed from the financing proceeds.
6. All prior actions of Town officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Duly approved this ____ day of _____, 2012, while in regular session.

ATTEST:

Jody L. McLeod
Mayor

Sherry L. Scoggins, MMC
Town Clerk

**TOWN OF CLAYTON
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES
OF THE TOWN OF CLAYTON, NORTH CAROLINA IN THE AGGREGATE
PRINCIPAL AMOUNT OF \$1,604,000**

WHEREAS, the Town of Clayton, North Carolina (the “Town”) acting by and through its Town Council (the “Town Council”) has determined that the issuance of the bonds to finance improvements to its water and sewer system including, but not limited to, the construction of an elevated water storage tank, located in the Town of Clayton, Johnston County, North Carolina (the “Project”) will benefit and be in the best interests of the Town; and

WHEREAS, on this day, the Town Council for the Town has adopted a bond order (the “Bond Order”) which authorizes the issuance of certain Bonds and bond anticipation notes in accordance with Section 2.10 thereof; and

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town:

**ARTICLE I
DEFINITIONS**

Section 1.01. Meaning of Words and Terms. Unless otherwise required by the context, capitalized words and terms used herein which are defined in the Bond Order shall have the meanings assigned to them therein, and the following capitalized words and terms shall have the following meanings:

“Bond Order” means the Bond Order adopted by the Town Council on February 20, 2012, authorizing and securing the issuance of Bonds, including the Series 2012 Bond Anticipation Notes, together with all orders amendatory hereof and all orders supplemental hereto as herein permitted.

“Bond Registrar” means the Finance Director of the Town, as designated by Section 2.01.

“Business Day” means a day that is not a Saturday or a Sunday and is a day that the Bond Registrar is open for the conducting of business.

“Closing” means the delivery of and payment for the Notes.

“Closing Date” means the date of the Closing.

“Interest Payment Date” means the date of final maturity of the Notes, which is September 11, 2013.

“Notes” means the \$1,604,000 Town of Clayton, North Carolina Water and Sewer System Revenue Bond Anticipation Notes, Series 2012 issued pursuant to the Bond Order and this Series Resolution.

“Project Fund” means the fund created and held by Branch Banking and Trust Company under the Project Fund Agreement, as set forth in Section 4.01.

“Project Fund Agreement” means the Project Fund Agreement dated as of March 8, 2012, between the Town and Branch Banking and Trust Company.

“Purchaser” means Branch Banking and Trust Company, as the original purchaser of the Notes.

“Rate Adjustment Event” means any determination by the Internal Revenue Service, any federal administrative agency or any court (a) that the Town has taken an action, or failed to take an action, with the result that the interest on the Notes is includable in gross income of the owners thereof for federal income tax purposes, or (b) that the Notes are not a “qualified tax-exempt obligation” within the meaning of Section 265 of the Code as a result of (i) any action the Town takes, or fails to take, or (ii) any representation made by the Town being a misrepresentation.

“Regular Record Date” means the Business Day next preceding any Interest Payment Date.

Section 1.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Series Resolution unless some other reference is indicated.

ARTICLE II AUTHORIZATION, FORM, ISSUANCE AND DELIVERY OF THE NOTES

Section 2.01. Authorization and Issuance of the Notes. The Town hereby authorizes the issuance of the Series 2012 Bond Anticipation Notes designated “Town of Clayton, North Carolina Water and Sewer System Revenue Bond Anticipation Notes, Series 2012” in the aggregate principal amount of \$1,604,000 for the purpose of providing funds, together with any other available funds, to (a) pay the costs of the Project and (b) pay the other costs and expenses incurred in connection with the issuance of the Notes. The Notes shall be issued under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and this Series Resolution, subject to the conditions set forth herein and therein.

The Finance Director of the Town is hereby appointed as Bond Registrar for the Notes pursuant to the provisions of the Bond Order and this Series Resolution.

Section 2.02. Form of Notes. The definitive Notes shall be initially issued as one fully registered note without coupons numbered R-1 in the aggregate principal amount of \$1,604,000, and shall be initially registered in the name of the Purchaser. The definitive Notes shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Bond Order or this Series Resolution. Notwithstanding anything in the Bond Order to the contrary, the Notes

may be transferred in the manner specified in the Bond Order, but may not be exchanged for any denomination other than the outstanding principal amount thereof.

Notwithstanding any other provisions of the Bond Order or this Series Resolution to the contrary, the Bond Registrar shall not register the transfer of the Notes to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission. The provisions of this paragraph may not be amended without the prior written consent of the Commission.

Section 2.03. Details of Notes. The Notes shall be dated the Closing Date, shall bear interest at a rate of 1.45% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), except as provided below, such principal and interest being payable on the final maturity date of September 11, 2013, all as set forth in the form of the Notes included in Exhibit A attached hereto and made a part hereof.

From and after a Rate Adjustment Event, the annualized interest rate used to calculate the interest on the Notes shall change to such rate as the then current Holder of the Notes may reasonably determine shall be appropriate to provide such Holder with the same tax equivalent yield as it enjoyed prior to the Rate Adjustment Event; provided, however, that such Holder shall provide to the Town a description of the methodology used to determine such tax equivalent yield. Upon each Rate Adjustment Event, the amount of interest due on the Note at maturity will be adjusted from and after the date of such Rate Adjustment Event to reflect the new interest rate to be borne by the Notes. The Town shall additionally pay to such Holder or to any prior Holder any taxes, interest, penalties or other charges assessed against or payable by such Holder or prior Holder and attributable to a Rate Adjustment Event, notwithstanding the repayment of the entire principal amount of the Notes or any transfer or assignment of the Notes.

Principal of and interest on the Notes are payable, to such account in the United States as the Holder may designate, by wire transfer or other immediately available funds delivered on the payable date.

Section 2.04. Terms and Condition for Issuance of Notes. The Notes shall be executed substantially in the form and in the manner herein and in the Bond Order set forth and shall be deposited with the Bond Registrar for authentication, but before the Notes shall be authenticated and delivered to the State Treasurer for redelivery to the Purchaser, there shall be filed with the Bond Registrar and the Purchaser, the following:

- (a) copies, certified by the Clerk to be true and correct copies, of the Bond Order and this Series Resolution;
- (b) a certificate of the authorizing the award of the Notes;;
- (c) an opinion of bond counsel to the Town to the effect that the Notes have been validly issued in accordance with the provisions of the Bond Order and this Series Resolution in form and substance satisfactory to the Purchaser;
- (d) an opinion of the counsel to the Town in form and substance satisfactory to the Purchaser and bond counsel to the Town; and

(e) such other documentation or opinions as may reasonably be requested by the Bond Registrar, the Purchaser or bond counsel.

When the documents mentioned in Section 2.08 of the Bond Order and subsections (a) to (c), inclusive, of this Section shall have been filed with the Bond Registrar and the Purchaser, and when the Notes shall have been executed and authenticated as required by the Bond Order and this Series Resolution, the Notes shall be delivered to or upon the order of the State Treasurer for redelivery to or upon the order of the Purchaser, but only upon the deposit with the Bond Registrar of the purchase price of the Notes.

ARTICLE III REDEMPTION OF NOTES

Section 3.01. Redemption of Notes. The Notes shall not be subject to redemption prior to maturity.

ARTICLE IV ACCOUNTS, REVENUES AND FUNDS; OTHER COVENANTS

Section 4.01. Payment of Notes. The Town shall, subject to the provisions of Section 5.04 of the Bond Order, cause the Net Revenues deposited in the Revenue Fund to be used to pay the principal of, premium, if any, and interest on the Notes on each Interest Payment Date or any redemption date for the Notes.

Section 4.02. Establishment of Project Fund; Deposit of Note Proceeds to the Project Fund; Disbursement of Money in Project Fund. Simultaneously with the Closing the Purchaser will deposit the purchase price for the Notes in the Project Fund held by Branch Banking and Trust Company under the Project Fund Agreement. Such funds will be disbursed to pay costs of the Project in accordance with the Project Fund Agreement. If the moneys held in the Project Fund and any other moneys provided by the Town are insufficient to pay all of the costs of the Project and costs and expenses incurred in connection with the issuance of the Notes, the Town shall provide any balance of the funds needed to complete the acquisition, construction and equipping of the Project. Any moneys remaining in the Project Fund after completion of the acquisition, construction and equipping of the Project, as evidenced by a written certificate of completion executed by a Town Representative and delivered to the Purchaser stating that the Project has been completed and there are no mechanic's or other liens against the Project for labor or materials furnished in connection with the Project, may be applied to the repayment of interest on the maturity date of the Notes.

Section 4.03. Investment of Money. Money held for the credit of the Project Fund shall be continuously invested and reinvested by the Town in Qualified Investments to the extent practicable. Any such Qualified Investments shall mature not later than the dates when the money held for the credit of the Project Fund will be required for the purposes intended. The Town shall sell or reduce to cash in a commercially reasonable manner a sufficient amount of such Qualified Investments whenever it is necessary to do so in order to provide money to make any payment from the Project Fund.

Section 4.04. Payment of Principal and Interest and Premium and Pledge of Net Revenues. The Town covenants that it will promptly pay the principal of and the interest on the Notes issued under the provisions of this Series Resolution at the place, on the dates and in the manner provided herein and in the Notes and any premium required for the retirement of the Notes in whole or in part by purchase or redemption of the Notes, according to the true intent and meaning thereof. The Town further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Series Resolution and the Bond Order, or in any Notes executed, authenticated and delivered hereunder or in any proceedings of the Town pertaining thereto. Pursuant to NCGS Section 159-163, the Town hereby pledges as security for the Notes, and grants a charge and lien on, the proceeds of Bonds issued for the Project, and agrees to take such action as may be required to issue the Bonds in order to provide funds to pay the principal of the Notes upon maturity. The Town represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Notes authorized hereby and to pledge the proceeds of Bonds and Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the Notes has been duly and effectively taken; and that such Notes in the hands of the Holders thereof are and will be valid and binding special revenue obligations of the Town payable according to their terms. The Notes shall also be secured pari passu as to the pledge of Net Revenues and shall be entitled to the same benefit and security under the Bond Order as all other Bonds issued or incurred thereunder and then outstanding.

The Town covenants, for the benefit of the owners of the Notes, to act with due diligence and commercial reasonableness in undertaking the Project, and will take such actions as may be reasonably required so that the Bonds are issued in a timely manner.

Section 4.05. Tax Covenants. The Town covenants to do and perform all acts and things permitted by law in order to assure that interest paid on the Notes which is excludable from the gross income of its Holders for federal income taxes on the date of its issuance shall continue to be so excludable.

The Town hereby represents that it reasonably expects that the Town, all entities issuing obligations on behalf of the Town and all subordinate entities of the Town will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds as defined by the Code) during the calendar year that the Notes are being issued. The Town hereby designates the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

ARTICLE V THE TRUSTEE

Section 5.01. Designation of Trustee. The Town may at any time, with the approval of the Commission and the Holder, appoint a Trustee to administer the provisions of the Bond Order and this Series Resolution and may adopt such supplements to the Bond Order and this Series Resolution as shall be necessary or desirable to effectuate such appointment. Such Trustee shall meet the requirements set forth in Section IX of the Bond Order.

**ARTICLE VI
SUPPLEMENTAL RESOLUTIONS**

Section 6.01. Modification Without Consent of Holders. The Town may, from time to time and at any time, without the consent of any Holders of the Notes, execute and deliver such resolutions supplemental hereto (which supplemental resolutions shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Series Resolution and shall not materially and adversely affect the interest of the Holders:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Series Resolution or to modify, alter, amend, add to or rescind, in any particular manner, any of the terms or provisions contained in this Series Resolution, as is substantially consistent with the terms and provisions of this Series Resolution and does not materially and adversely affect the interest of the Holders;

(b) to grant or to confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders;

(c) to add to the covenants and agreements of the Town in this Series Resolution other covenants and agreements thereafter to be observed by the Town or to surrender any right or power herein reserved to or conferred upon the Town; or

(d) to permit the qualification of this Series Resolution under any federal statute now or hereafter in effect or under any state blue sky laws, and, in connection therewith, if the Town so determines, to add to this Series Resolution or any supplemental series resolution such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky laws.

At least thirty (30) days prior to the execution and delivery of any supplemental series resolution for any of the purposes of this Section, the Bond Registrar shall cause a notice of the proposed supplemental series resolution to be mailed first-class, postage prepaid, to the Commission and to the Holders of the Notes. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by the Holders of the Notes. A failure on the part of the Bond Registrar to mail the notice required by this Section shall not affect the validity of such supplemental series resolution.

Notwithstanding the foregoing or anything contained in the Bond Order, so long as Branch Banking and Trust Company is the sole owner of the Note, the Town shall not amend or supplement this Series Resolution without the consent of Branch Banking and Trust Company, and, so long as the Note is the only obligation outstanding under the Bond Order, the Town shall not amend or supplement the Bond Order without the consent of Branch Banking and Trust Company; provided that, the Town may adopt a series resolution authorizing the issuance of revenue bonds to repay the Note without any such consent.

Section 6.02. Modification of Series Resolution With Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of the Notes shall

have the right, from time to time, anything contained in this Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Town of such supplemental series resolutions as shall be deemed necessary or desirable by the Town for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Series Resolution or in any supplemental series resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Holders of the Notes of the execution and delivery of any supplemental series resolution as authorized in Section 601.

The Bond Registrar shall, at the expense of the Town, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed supplemental series resolution to be mailed, postage prepaid, to the Commission and the Holders of the Notes as of the date such notice is mailed. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by such Holders.

Whenever, at any time after the date of the mailing of such notice, the Town receives an instrument in writing purporting to be executed by the Holders of the Notes, which instrument shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Town may adopt such supplemental series resolution in substantially such form, without liability or responsibility to such Holders.

If the Holders of the Notes have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, the Holders shall have no right to object to the adoption of such supplemental series resolutions, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the adoption thereof, or enjoin or restrain the Town from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental series resolution pursuant to the provisions of this Section or Section 601, this Series Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Series Resolution of the Town, the Bond Registrar and the Holders of the Notes shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Series Resolution, as so modified and amended.

Section 6.03. Responsibilities of Town Under this Article. The Town shall be entitled to exercise its discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Town and the rights and interests of the Holders of the Notes.

**ARTICLE VII
MISCELLANEOUS PROVISIONS**

Section 7.01. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Town, the Commission or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given if sent by United States registered or certified mail, return receipt requested, or by national overnight delivery service addressed as follows:

- (a) As to the Town or Bond Registrar --

Town of Clayton, North Carolina
Post Office Box 879
Clayton, North Carolina 27528-0879
Attention: Finance Director

- (b) As to the Local Government Commission --

North Carolina Local Government Commission
325 N. Salisbury Street
Raleigh, North Carolina 27603-1385
Attention: Secretary

- (c) As to the Purchaser –

Branch Banking and Trust Company
5130 Parkway Plaza Boulevard, Building 9
Charlotte, North Carolina 28217
Attention: Governmental Finance – Account Administration

Any such notice, demand or request shall be deemed to be properly given on the date such notice, demand or request is received, as evidenced by the receipt or other tracking information provided by the U.S. Postal Service or the overnight delivery service.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

Section 7.02. Reserved.

Section 7.03. Town, Bond Registrar and Holder Alone Have Rights Under Series Resolution. Except as herein otherwise expressly provided, including, without limitation, nothing in this Series Resolution, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Town, the Bond Registrar and the Holder of the Notes, any right, remedy or claim, legal or equitable, under or by reason of this Series Resolution or any provision being intended to be and being for the sole and exclusive benefit of the Town, the Bond Registrar and the Holder of the Notes.

Section 7.04. Application to the Commission. The Local Government Commission of North Carolina is hereby requested to sell the Notes at private sale and without advertisement pursuant to G.S.159-123 to the Purchaser.

Section 7.05. Effect of Partial Invalidity. In case any one or more of the provisions of this Series Resolution or the Notes shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Series Resolution or the Notes, but this Series Resolution and the Notes shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Series Resolution or the Notes shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Town to the full extent permitted by law.

Section 7.06. Effect of Covenants; Governing Law. All covenants, stipulations, obligations and agreements of the Town contained in this Series Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Town to the full extent permitted by the Constitution and laws of the State. This Series Resolution is executed and delivered with the intent that the laws of the State shall govern this construction.

Section 7.07. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series Resolution, nor shall they affect its meaning, construction or effect.

Section 7.08. Further Authority. The officers, attorneys, employees and other agents of the Town are hereby authorized to do all acts and things required of them by this Series Resolution for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Notes and this Series Resolution.

The Mayor, the Town Manager, the Finance Director and the Clerk, or any of them or their deputies, are further authorized and directed (without limitation except as expressly provided herein) to take such action and to execute and deliver such documents, certificates, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Bond Order and this Series Resolution.

Section 7.09. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Series Resolution is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Series Resolution.

Section 7.10. Series Resolution Effective. This Series Resolution shall take effect upon its adoption.

Duly adopted this day of 2012, while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Sherry L. Scoggins, MMC
Town Clerk

* * * * *

I, Sherry Scoggins, CMC, Clerk for the Town of Clayton, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the Town Council of the Town at a regular meeting duly called and held on February 20, 2012, and that the proceedings of such meeting are recorded in the Minutes of the Town. Pursuant to G.S. § 143-318.12, a current copy of a schedule of regular meetings of the Town Council of the Town is on file in my office.

WITNESS my hand and the official seal of the Town this ____ day of February __, 2012.

Clerk
Town of Clayton, North Carolina

(SEAL)

FORM OF NOTES

R-1

\$1,604,000

United States of America
State of North Carolina

TOWN OF CLAYTON, NORTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE
SERIES 2012

The Town of Clayton, North Carolina (the “Town”), a municipal corporation validly organized and existing under the laws of the State of North Carolina, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to Branch Banking and Trust Company or registered assigns or legal representative, the principal sum of ONE MILLION SIX HUNDRED FOUR THOUSAND DOLLARS (\$1,604,000) in a single payment of principal due on the date of maturity which is September 11, 2013 (the “Maturity Date”), and to pay, but solely from said sources, interest from the date hereof on the unpaid portion of said principal sum until payment thereof (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rate of 1.45% per annum (subject to adjustment as provided below), such interest being payable on the Maturity Date.

The interest so payable and punctually paid or duly provided for on the Maturity Date will be paid to the person in whose name this note is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding such date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this note is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Finance Director of the Town (the “Bond Registrar”), notice whereof being given to the registered owners not less than ten (10) days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the notes (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Bond Order (hereinafter defined). All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Principal of and interest on this are payable, to such account in the United States as the Holder may designate, by wire transfer or other immediately available funds delivered on the payable date. Upon payment in full of principal and interest on this note, the Holder shall mark this note paid in full and shall deliver the note so marked to the Bond Registrar.

From and after a Rate Adjustment Event, the annualized interest rate used to calculate the interest on this note shall change to such rate as the then current Holder of this note may reasonably determine shall be appropriate to provide such Holder with the same tax equivalent yield as it enjoyed prior to the Rate Adjustment Event; provided that such Holder shall provide to

the Town a description of the methodology used to determine such tax equivalent yield. Upon each Rate Adjustment Event, the amount of interest due on this note at maturity will be adjusted from and after the date of such Rate Adjustment Event to reflect the new interest rate to be borne by this note. The Town shall additionally pay to such Holder or to any prior Holder of this note any taxes, interest, penalties or other charges assessed against or payable by such Holder or prior Holder and attributable to a Rate Adjustment Event, notwithstanding the repayment of the entire principal amount of this note or any transfer or assignment of this note.

This note is a duly authorized revenue bond anticipation note of the Town designated "Town of Clayton, North Carolina Water and Sewer System Revenue Bond Anticipation Note, Series 2012" (the "Notes") issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act, an order of the Town adopted on February 20, 2012 (the "Bond Order"), and a Series Resolution adopted on February 20, 2012 (the "Series Resolution"), authorizing the issuance of the Notes. The Notes are being issued in anticipation of the issuance of Bonds issued for the purpose of providing funds, together with any other available funds, to (a) pay the costs of acquiring, constructing and equipping the Project (as defined in the Bond Order and the Series Resolution) and (b) pay the costs and expenses incurred in connection with the issuance of the Bonds. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Bond Order and the Series Resolution.

The Town has not heretofore issued any debt pursuant to the Bond Order. The Bond Order provides for the issuance or incurrence from time to time under the conditions, limitations and restrictions set forth therein of bonds, notes or other evidences of indebtedness secured by a pledge of Net Revenues. The Notes are a special revenue obligation of the Town secured by a pledge, charge and lien on the proceeds of Bonds to be issued for this Project and by a pledge of Net Revenues on a pari passu basis with any Outstanding Bonds hereafter issued or incurred pursuant to the Bond Order. Pursuant to NCGS Section 159-163, the Town hereby pledges as security for the Notes, and grants a charge and lien on, the proceeds of Bonds issued for the Project. The Town is not obligated to pay the principal of or the interest on the Notes except as provided in the Bond Order from the proceeds of Bonds, Net Revenues or certain other monies made available therefor under the Bond Order, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Town is pledged to the payment of the principal of and the interest on the Notes.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the Town and the registered owner of the Notes. Copies of the Bond Order and the Series Resolution are available for inspection by the registered owner of the Notes at all reasonable times at the principal office of the Bond Registrar. By the purchase and acceptance of the Notes, the registered owner hereof signifies assent to all of the provisions of the Bond Order and the Series Resolution.

The Bond Registrar shall keep at its principal office books for the registration of transfer of the Notes. The transfer of the Notes may be registered only upon such books and as otherwise provided in the Bond Order upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for the Notes a new bond registered in the name of

the transferee in an aggregate principal amount equal to the principal amount of the Notes, containing the same principal installments and bearing interest at the same rate. The Notes may not be exchanged for any denomination other than the outstanding principal amount thereof.

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

The principal of the Note is not subject to redemption prior to the stated maturity.

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

Modifications or alterations of the Bond Order and the Series Resolution or in any supplement series resolution thereto may be made only to the extent and in the circumstances permitted by the Bond Order and the Series Resolution, as the case may be.

The Notes, notwithstanding the provisions for registration of transfer stated herein and contained in the Bond Order and the Series Resolution, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. The Notes are issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of the Notes and the execution and delivery of the Bond Order and the Series Resolution have happened, exist and have been performed as so required.

The Notes shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order or the Series Resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Town of Clayton, North Carolina, by order duly passed by its Governing Body, has caused this Note to be manually signed by the Town Manager and the Town Clerk and its official seal to be impressed hereon, all as of the ___ day of March, 2012.

Town Manager

[SEAL]

Town Clerk

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.

Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

The Note is a bond anticipation note of the series designated therein and issued under the provisions of the within mentioned Bond Order and Series Resolution.

By: _____
Bond Registrar

Date of authentication: _____

L.G.C. No. _____

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

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

Dated: _____

In the presence of:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The 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.

TOWN OF CLAYTON

BOND ORDER OF THE TOWN OF CLAYTON, NORTH CAROLINA AUTHORIZING THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS TO PROVIDE FUNDS TO CONSTRUCT IMPROVEMENTS TO ITS WATER AND SEWER SYSTEM, INCLUDING CONSTRUCTION OF AN ELEVATED WATER STORAGE TANK; PROVIDING FOR THE ISSUANCE OF ADDITIONAL REVENUE BONDS FOR VARIOUS PURPOSES; PROVIDING FOR THE ISSUANCE OF REVENUE BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE OF REVENUE BONDS; PROVIDING FOR THE CREATION OF CERTAIN SPECIAL FUNDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE REVENUE BONDS AND NOTES CERTAIN REVENUES OF THE WATER AND SEWER SYSTEM; SETTING FORTH THE RIGHTS AND REMEDIES OF HOLDERS; AND SETTING FORTH THE DETAILS OF CERTAIN RELATED MATTERS

WHEREAS, the Town of Clayton, North Carolina (the “Town”) acting by and through its Town Council (the “Town Council”), is authorized by The State and Local Government Revenue Bond Act, as amended, to issue its revenue bonds to provide moneys for the acquisition, construction, reconstruction, extension, improvement or payment of the cost of one or more revenue bond projects, including water systems or facilities; and

WHEREAS, the Town desires to finance the cost of improvements to its water and sewer system including, but not limited to, the construction of an elevated water storage tank located in the Town of Clayton, Johnston County, North Carolina (the “Project”); and

WHEREAS, the Local Government Commission of North Carolina has approved the application of the Town for the issuance of revenue bonds in an amount not exceeding \$1,604,000 for the purpose of providing funds, together with any other available funds, to pay the costs of the Project and any related financing expenses;

NOW, THEREFORE, BE IT ORDERED by the Governing Body of the Town as follows:

**ARTICLE I
GENERAL PROVISIONS AND DEFINITIONS**

Section 1.01. Contract with Holders. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Bond Order shall be deemed to be and shall constitute a contract between the Town and the Holders from time to time of the Bonds; and the covenants and agreements herein set forth to be performed by or on behalf of the Town shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds so issued or to be issued, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise.

Section 1.02. Definitions. The following capitalized words and terms as used in this Bond Order shall have the following meanings, unless some other meaning is expressly intended:

“Act” means The State and Local Government Revenue Bond Act, constituting Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

“Additional Bonds” means any bonds, notes or other evidences of indebtedness secured by and payable from Net Revenues issued under this Bond Order pursuant to the provisions of Article III.

“Annual Budget” means any budget or amended budget adopted or in effect pursuant to Section 7.07.

“Auditors” means the independent firm of certified public accountants that is employed by the Town to audit the Town’s books and accounts at the end of each Fiscal Year.

“Town Representative” means the Mayor, the Town Manager, the Finance Director and any other person or persons designated to act on behalf of the Town in such capacity by resolution of the Governing Body.

“Bond” or “Bonds” means, collectively, the Initial Bonds and any Additional Bonds, and also includes any bond anticipation note or notes authorized and issued pursuant to Section 2.10.

“Bondholder” or “Holder” or any similar term, when used with reference to a Bond or Bonds means any person who shall be the registered owner of any outstanding Bond or Bonds.

“Bond Order” means this Bond Order, together with all orders amendatory hereof and all orders supplemental hereto as herein permitted.

“Bond Registrar” means the person serving in the capacity of the finance officer of the Town, regardless of any particular title, or any successor registrar for the Bonds as appointed by the Governing Body.

“Clerk” means the Clerk to the Town or his or her designated assistant.

“Commission” means the Local Government Commission of North Carolina.

“Consulting Engineers” means an independent engineer or engineering firm at the time employed by the Town to perform the functions and duties imposed on the Consulting Engineers by this Bond Order.

“Counsel” means an attorney or firm of attorneys selected by the Town.

“Debt Service Requirement” means, with respect to Bonds in any Fiscal Year, the sum of (a) the amount required to pay the interest on the Bonds then outstanding which is payable in such Fiscal Year and (b) the amount required to pay the principal of the Bonds then outstanding which is payable in such Fiscal Year; provided, however, that computation of such amount shall exclude any interest which is funded from proceeds of the Bonds; and provided further that the computation of such amount shall be based on the assumption that (i) the Bonds at the time outstanding will be retired according to their stated maturities or mandatory redemption requirements, (ii) any bond anticipation notes issued pursuant to this Bond Order and maturing during such Fiscal Year will be refunded with Additional Bonds such that the principal amount of such bond anticipation notes is not due and payable by the Town in such Fiscal Year and (iii) if the Bonds bear interest at a variable rate, the rate is the maximum rate.

“Debt Service Reserve Fund” means the fund created and so designated by Section 5.03.

“Debt Service Reserve Fund Requirement” means an amount equal to the maximum Debt Service Requirement for any Fiscal Year.

“Depositary” means any bank or trust company duly authorized under the laws of the United States of America or the State of North Carolina to engage in the banking business within such State

and designated by the Governing Body as a depository of moneys under the provisions of this Bond Order.

“Existing Facilities” means the existing water and sewer system facilities and improvements owned and operated by the Town as of the date of adoption of this Bond Order.

“Finance Director” means the person serving in the capacity of the finance officer of the Town, regardless of any particular title, or the officer succeeding to or exercising his or her principal functions and duties.

“Fiscal Year” means the period of twelve months commencing on July 1 of any year and ending on June 30 of the following year.

“Governing Body” means the governing Council of Councilmember of the Town in which the general legislative powers of the Town shall now or hereafter be vested.

“Initial Bonds” means the Bonds authorized under Section 2.01.

“Issuer Representative” means the Town Manager, the Finance Director and any other person or persons designated to act on behalf of the Town in such capacity by resolution of the Governing Body.

“Mayor” means the Mayor of the Town or the officer succeeding to or exercising his or her principal functions and duties.

“Net Revenues” means the Revenues received by the Town during any period less the Operating Expenses paid by the Town during such Fiscal Year.

“Operating Expenses” means the Town’s reasonable and necessary current expenses of maintaining, repairing and operating the System, including, without limiting the generality of the foregoing, all administrative, general and commercial expenses, insurance and surety bond premiums, payments for the billing and collection of Service Charges, architectural and engineering expenses, fees and expenses of the Bond Registrar and any trustee appointed hereunder, legal expenses, any taxes which may be lawfully imposed on the Town or its income or operations or the property under its control, ordinary and current rentals of equipment or other property, usual expenses of maintenance and repair, and any other current expenses required to be paid by the Town under the provisions of this Bond Order or by law, all to the extent properly and directly attributable to the System, but not including any reserves for operation, maintenance or repair or any allowance for depreciation, amortization, interest or similar charges.

“Project” means Project as defined in the preamble to this Bond Order.

“Qualified Investments” means any investments of political subdivisions of the State permitted under Section 159-30 of the General Statutes of North Carolina, as amended and as may be amended from time to time, or any successor statute.

“Revenue Fund” means the fund created and so designated by Section 5.03.

“Revenues” means all income received by the Town from, in connection with, or as a result of, its ownership or operation of the System, including all moneys received in payment of rates, fees and other charges for the use of and for the services furnished by the System and investment income, but excluding the proceeds of any borrowing for payment of the costs of, or grants or donations intended for, specific System Improvements and also excluding any income received in payment of fees or charges that are intended to be set aside specifically for a particular capital project and that are not available for payment of Operating Expenses or debt service on the Bonds.

“Secretary” means the Secretary of The North Carolina Local Government Commission or any deputy secretary.

“Series Resolution” means the resolution of the Governing Body providing for the issuance of any Bonds and fixing the details thereof.

“Service Charges” means rates, fees and charges, including service, connection and other charges, for the use of, and for the services and facilities furnished or to be furnished by the System, as prescribed or fixed by the Governing Body.

“State” means the State of North Carolina.

“State Treasurer” means the Treasurer of the State of North Carolina or his designated assistant.

“Subordinated Indebtedness” means indebtedness the terms of which shall provide that it shall be subordinate and junior in right of payment to the prior payment in full of the Bonds. For purposes of this Bond Order, obligations or debt instruments issued to the State as part of the State Revolving Loan Program or State Clean Water Bond Program are deemed to be Subordinated Indebtedness. Such Subordinated Indebtedness shall comply with the requirements of Section 11.10 hereof.

“Subordinated Indebtedness Debt Service Requirement” means, with respect to Subordinated Indebtedness in any Fiscal Year, the sum of (a) the amount required to pay the interest on the Subordinate Indebtedness then outstanding which is payable in such Fiscal Year and (b) the amount required to pay the principal of the Subordinated Indebtedness then outstanding which is payable in such Fiscal Year, the computation of such amount to be based on the assumption that (i) the Subordinated Indebtedness at the time outstanding will be retired according to its stated maturity or mandatory redemption requirements and (ii) if the Subordinated Indebtedness bears interest at a variable rate, the rate is the ceiling rate.

“System” means the Existing Facilities, the Project and any System Improvements.

“System Improvements” means any construction, reconstruction, improvement, enlargement, betterment or extension of the System, including all plants, works, instrumentalities and properties relating thereto.

“Town Manager” means the person appointed as Manager of The Town by the Governing Body or the officers succeeding to or exercising his or her functions.

Section 1.03. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “bond”, “owner”, “Holder” and “person” shall include corporations and associations, including public bodies, as well as natural persons. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Bond Order unless some other reference is indicated.

ARTICLE II
**AUTHORIZATION OF PROJECT AND INITIAL BONDS; TERMS,
EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF
BONDS**

Section 2.01. Authorization of Project and Initial Bonds. The Town shall issue, in accordance with and pursuant to the Act and this Bond Order, its water and sewer system revenue bonds in an aggregate principal amount not to exceed \$1,604,000 (the “Initial Bonds”) for the purpose of providing funds, together with any other available funds, to pay the costs of the Project and certain fees and expenses related to the authorization, issuance and sale of the Initial Bonds. The Initial Bonds shall be issued pursuant to the Act, this Bond Order and a Series Resolution authorizing and setting forth the details of the Initial Bonds.

Section 2.02. Character of Bonds. The Bonds shall be special revenue obligations of the Town payable solely from Net Revenues.

Section 2.03. Terms of Bonds. The Bonds are issuable as fully registered bonds without coupons. The Bonds shall be dated, shall bear interest until their payment, such interest to the maturity thereof being payable at such rate or rates and at such time or times, and shall be stated to mature (subject to the right of prior redemption) at such times as set forth in the Series Resolution providing for the issuance of each series of Bonds. Both principal of and interest on the Bonds shall be paid by wire transfer of immediately available funds or by check mailed to the Holder thereof unless otherwise specified in the applicable Series Resolution for such Bonds. Interest shall be sent to the person shown as the Holder of the Bonds on the registration books on the 15th day of the month preceding each interest payment date (whether or not such 15th day is a business day). Each Bond shall be payable with respect to principal, redemption premium if any, and interest, in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The Bonds shall be redeemable prior to their respective maturities as provided in Article IV and in the Series Resolution providing for the issuance of such Bonds.

Section 2.04. Execution of Bonds. Each Bond shall be executed in the name of the Town by manual or facsimile signatures of the Mayor or the Town Manager and the Clerk and the Finance Director (or such other officers of the Town as shall be designated by the Governing Body for such purpose) and shall have impressed or printed thereon the official seal of the Town or a facsimile thereof; provided, however, that at least one manual signature must appear on each Bond (which may be the signature of the Secretary to the Commission’s certificate). Any Bond may be signed, sealed or attested on behalf of the Town by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond or the date of delivery thereof such person shall not have held such office. In case any officer who shall have signed or sealed any of the Bonds shall cease to be such officer of the Town before the Bonds so signed or sealed shall have been delivered, such Bonds may nevertheless be delivered as herein provided as if the person who so signed or sealed such Bonds had not ceased to be such officer.

Section 2.05. Registration and Transfer of Bonds. The Town shall cause books for the registration of and for the registration of transfers of the Bonds as provided in this Bond Order to be kept by the Bond Registrar. The transfer of any Bond shall be registered upon the books kept for the registration of and registration of transfers of Bonds upon surrender thereof to the Bond

Registrar, together with an assignment duly executed by the Holder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Town shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond of the same series registered in the name of the transferee in an aggregate principal amount equal to the unpaid principal amount of such Bond, having maturities corresponding to the principal installments of such Bond and bearing interest at the same rate.

In all cases in which the Bonds shall be transferred hereunder, the Town shall execute, the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Bond Order. The Town and the Bond Registrar may make a charge for every such transfer of Bonds sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such transfer. Neither the Town nor the Bond Registrar shall be required to make any such registration of transfer of Bonds during the fifteen (15) days immediately preceding an interest payment date on the Bonds or in the case of any proposed redemption of Bonds, immediately preceding the date of mailing of notice of such redemption, or after such Bond or any portion thereof has been selected for redemption.

Notwithstanding any other provisions of this Bond Order or any Series Resolution to the contrary, the Bond Registrar shall not register the transfer of any Bond to any person other than a bank, insurance company or similar financial institution or to the United States of America, acting by and through Rural Development, an agency of the United States Department of Agriculture (formerly Farmers Home Administration) ("USDA") unless such transfer has been previously approved by the Commission. The provisions of this paragraph may not be amended without the prior written consent of the Commission.

Section 2.06. Ownership of Bonds. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and the interest on any such Bond shall be made only to the Holder thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid.

Section 2.07. Mutilated, Destroyed, Stolen or Lost Bonds. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Town may prepare and cause to be executed, authenticated and delivered a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond and upon surrender of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon the owner furnishing to the satisfaction of the Bond Registrar, the Commission and the Town evidence that such Bond has been destroyed, stolen or lost, proof of the ownership thereof, a surety Bond or other indemnification instrument in twice the face amount of the Bond or in such other amount required by applicable law, payment of the cost of preparing and issuing any new Bonds, including the reasonable expenses and charges of the Town and the Bond Registrar in connection therewith and evidence of compliance with such other reasonable regulations as the Bond Registrar and Governing Body may prescribe. All Bonds surrendered hereunder shall be surrendered to the Bond Registrar and shall be cancelled. All Bonds issued in accordance with this Section shall be signed by the Mayor and the Clerk (or such other officers of the Town as shall be designated by the Governing Body for such purpose) who are in office at the time and shall contain a recital to the effect that they are issued in exchange for or in place of certain Bonds and are to be deemed a part of the same series as such Bonds.

Section 2.08. Authentication of Initial Bonds. The Initial Bonds shall be executed substantially in the manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication, but prior to or simultaneously with the authentication by the Bond Registrar and delivery of the Initial Bonds by the State Treasurer there shall be filed with the Bond Registrar and delivered to the initial purchaser of the Initial Bonds the following:

(a) copies, certified by the Clerk to be true and correct copies, of this Bond Order and the Series Resolution authorizing and prescribing the details of the Initial Bonds, including form, maturities and redemption provisions;

(b) a certificate of the Commission showing the award of the Initial Bonds and specifying the interest rate or rates thereof;

(c) a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Governing Body directing the authentication of the Initial Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth and

(d) an opinion of Counsel to the effect that the issuance of the Initial Bonds has been duly authorized, executed and delivered by the Town and such other matters as may be requested by the initial purchaser of the Initial Bonds.

When the documents mentioned in clauses (a) to (d), inclusive, of this Section shall have been filed with the Bond Registrar and when the Initial Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall authenticate and deliver the Initial Bonds to or upon the order of the purchasers thereof, but only upon payment to, or upon the order of, the State Treasurer of the purchase price of the Initial Bonds. The Bond Registrar shall be entitled to rely upon the foregoing certificates with respect to the matters contained therein.

The Initial Bonds shall not be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

Section 2.09. Approval of Issuance and Sale of Initial Bonds. None of the Initial Bonds shall be issued unless they are approved and sold by the Commission and until the Secretary shall have endorsed thereon a certificate evidencing approval in accordance with the provisions of the Act.

Section 2.10. Issuance of Revenue Bond Anticipation Notes. The Town is authorized to issue, in anticipation of the receipt of the net proceeds of any Bonds, water and sewer system revenue bond anticipation notes for the purpose of providing funds to pay the cost of the Project or any System Improvements. The payment of the principal of, redemption premium, if any, and interest on such notes shall be secured by a pledge, charge and lien upon the proceeds of any Bonds, if and when issued, and by the pledge of the Net Revenues pursuant to Section 5.01. The Revenues, as received by the Town, shall immediately be subject to the lien of the pledge of the Net Revenues without any physical delivery thereof or further act. All covenants, obligations and agreements of the Town contained in this Bond Order shall be deemed to be covenants, obligations and agreements of the Town with the Holders of any notes hereafter issued.

ARTICLE III ADDITIONAL BONDS

Section 3.01. Refunding of Outstanding Bonds. The Town may, to the extent permitted by the Act and the provisions of this Section, issue, from time to time, bonds, notes and other evidences of indebtedness secured by and payable from Net Revenues (herein referred to as “Additional Bonds”) for the purpose of refunding all or any portion of the Initial Bonds or any Additional Bonds for the purpose of achieving aggregate debt savings; provided, however, that bond anticipation notes issued pursuant to Section 2.10 may be refunded without evidence of aggregate debt savings. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such refunding obligations shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as other Bonds. The Bond Registrar shall not authenticate and deliver any Additional Bonds for this purpose unless theretofore or simultaneously therewith there shall have been filed with the Bond Registrar the following:

(a) a copy, certified by the Clerk to be a true and correct copy, of the Series Resolution authorizing the issuance of the Additional Bonds and prescribing the details thereof;

(b) a certificate of the Commission showing the award of the Additional Bonds and specifying the interest rate or rates thereof;

(c) a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Governing Body directing the authentication of the Additional Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) an opinion of Counsel to the effect that the issuance of the Additional Bonds has been duly authorized, executed and delivered, that all conditions precedent to the delivery of the Additional Bonds have been fulfilled and such other matters as may be requested by the initial purchaser of the Additional Bonds; and

(e) such documents as shall be required by the Bond Registrar to evidence that provision has been satisfactorily made for the redemption of the Bonds to be refunded.

When the documents mentioned in clauses (a) to (e), inclusive, of this Section shall have been filed with the Bond Registrar and when the Additional Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall deliver the Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the State Treasurer of the purchase price of the Additional Bonds.

No Additional Bonds shall be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

Section 3.02. Financing of System Improvements. The Town may, to the extent permitted by the Act and the provisions of this Section, issue Additional Bonds which shall be secured by and payable from the same funds as previously issued Bonds for the purpose of financing System Improvements. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such obligations shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as all other Bonds. The Bond Registrar shall not authenticate and deliver any Additional Bonds for this purpose unless theretofore or simultaneously therewith there shall have been filed with the Bond Registrar, the following:

(a) a copy, certified by the Clerk to be a true and correct copy, of the Series Resolution authorizing the issuance of the Additional Bonds and prescribing the details thereof and providing that the System Improvements to be financed with the proceeds thereof are thereby made a part of the System and that the Revenues of such System Improvements are thereby pledged to the Additional Bonds and as additional security for the outstanding Bonds;

(b) a certificate of the Commission showing the award of the Additional Bonds and specifying the interest rate or rates thereof;

(c) a copy, certified by the Clerk to be a true and correct copy, of the resolution (which may be incorporated in the Series Resolution) of the Governing Body directing the authentication of the Additional Bonds and the delivery thereof to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) an opinion of Counsel to the effect that the issuance of the Additional Bonds has been duly authorized, executed and delivered, that all conditions precedent to the delivery of the Additional Bonds have been fulfilled and such other matters as may be requested by the initial purchaser of the Additional Bonds;

(e) a certificate, signed by a Town Representative stating that (i) all payments required by Section 5.04 to pay debt service and all deposits into the Debt Service Reserve Fund prior to the beginning of the month during which the Additional Bonds are issued have been made and (ii) to his or her knowledge, no event of default shall have occurred and be continuing under this Bond Order;

(f) a certificate, signed by a Town Representative, stating that the Net Revenues for each of the two complete Fiscal Years next preceding the issuance of the proposed Additional Bonds were equal to at least 110% of the Debt Service Requirement on all Bonds then outstanding during each such Fiscal Year, 100% of the amount necessary to pay annual debt service obligations on Subordinated Indebtedness, if any, and 100% of the amount necessary to pay annual debt service obligations coming due in that Fiscal Year with respect to the Town's general obligation bonds and installment financing obligations, if any, used to finance System Improvements; and

(g) a statement, signed by a Town Representative, to the effect that the estimated Net Revenues for each of the first two complete Fiscal Years following the date of issuance of the Additional Bonds will be at least 110% of the Debt Service Requirements on all outstanding Bonds and the proposed Additional Bonds for each such Fiscal Year, 100% of the amount necessary to pay annual debt service obligations on Subordinated Indebtedness, if any, and 100% of the amount necessary to pay annual debt service obligations coming due in that Fiscal Year with respect to the Town's general obligation bonds and installment financing obligations, if any, used to finance System Improvements.

When the documents mentioned in clauses (a) to (g), inclusive, of this Section shall have been filed with the Bond Registrar and when the Additional Bonds shall have been executed and authenticated as required by this Bond Order, the Bond Registrar shall deliver the Additional Bonds to or upon the order of the purchasers thereof, but only upon payment of the purchase price of the Additional Bonds.

No Additional Bonds shall be valid or obligatory for any purpose unless authenticated by the Bond Registrar.

Section 3.03. Approval by Local Government Commission. Additional Bonds shall not be issued unless they are approved and sold by the Commission and until the Secretary shall have endorsed thereon a certificate evidencing approval in accordance with the Act.

Section 3.04. Waiver of Additional Bonds Limitations. The limitations hereinabove set forth with respect to the issuance of Additional Bonds may be waived or modified by the written consent of Holders owning sixty percent (60%) or more of the aggregate principal amount of the outstanding Bonds. No such waiver or modification will be effective without a statement, signed by a Town Representative, to the effect that the estimated Net Revenues for the first two complete Fiscal Years following the date of issuance of the Additional Bonds will be at least 100% of the Debt Service Requirements on all outstanding Bonds and the proposed Additional Bonds for each such Fiscal Year.

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Terms and Conditions. The Bonds, and the respective installments of principal corresponding thereto, shall be subject to redemption, both in whole and in part, at such times and prices, as may be provided by the Series Resolution authorizing the issuance of such Bonds.

Section 4.02. Notice of Redemption. Whenever the Town shall elect to redeem Bonds notice thereof shall be given in the manner provided in the Series Resolution authorizing the issuance of such Bonds.

Section 4.03. Payment of Redeemed Bonds. Notice having been given in the manner provided in this Bond Order and the applicable Series Resolution, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the redemption price set forth in such notice. Upon presentation and surrender of the Bonds so called for redemption at the place of payment specified in such notice, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder or his duly authorized attorney, such Bonds shall be paid at the aforementioned redemption price. In case part but not all of an outstanding bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the applicable redemption price and the Town shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Holder or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a registered Bond of the same series and maturity, bearing interest at the same rate and of any authorized denomination.

If, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed shall be available therefor at the place of payment specified in the notice of redemption, then from and after the redemption date, the Bonds or the installments of principal thereof so called for redemption shall cease to bear interest. All moneys held for the redemption of particular Bond or for the prepayment of particular installments thereof shall be held in trust for the account of the Holders of the Bonds so to be redeemed or prepaid.

If such moneys shall not be so available on the redemption date, the Bonds called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.04. Cancellation of Redeemed Bonds. All Bonds redeemed prior to maturity shall be cancelled forthwith in the manner provided by applicable law.

ARTICLE V REVENUES AND FUNDS

Section 5.01. Pledge of Net Revenues. The Town hereby pledges the Net Revenues to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Net Revenues, as received by the Town, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge shall have priority over any or all other obligations and liabilities of the Town, including any general obligation bonds, or notes issued in anticipation thereof, heretofore or hereafter issued by the Town for the purpose of providing water and sewer systems or facilities and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Town irrespective of whether such parties have notice thereof.

Section 5.02. Rate Covenant. (a) The Town covenants to fix, charge and collect rates, fees, rentals and charges for the use of and for services furnished or to be furnished by the System, and that from time to time and as often as it shall appear necessary, it shall revise such rates, fees, rentals and charges as may be necessary or appropriate, in order that for each Fiscal Year the Net Revenues (calculated in accordance with generally accepted accounting principles) will be not less than one hundred and ten percent (110%) of the Debt Service Requirement for such Fiscal Year and one hundred percent (100%) of the Subordinated Indebtedness Debt Service Requirement for such Fiscal Year and one hundred percent (100%) the amount necessary to meet annual debt service obligations coming due in that Fiscal Year with respect to the Town's general obligation bonds and installment financing obligations, if any, used to finance System Improvements.

(b) In addition to the covenant set forth in subsection (a) above, the Town also covenants to fix, charge and collect rates, fees, rentals and charges for the use of and for the services furnished or to be furnished by the System, and that from time to time and as often as it shall appear necessary, it shall revise such rates, fees, rentals and charges as may be necessary or appropriate, in order that the Revenues will be sufficient in each Fiscal Year (i) to pay Operating Expenses, (ii) to pay the Debt Service Requirements and (iii) to make such other deposits or payments as may be required under the provisions of this Bond Order or any Series Resolution.

(c) The Town covenants that all users will pay for services at the rates, fees and charges established by the Town from time to time in accordance with the Town's customary billing practices and policies.

(d) If the Town fails to comply with the covenants set forth in subsections (a) and (b) above, it shall, within thirty (30) days of the receipt by the Town of the audit report required by Section 7.08, request a Consulting Engineer to make its recommendations, if any, as to a revision of the Town's rates, fees, rentals and charges for the System, its Operating Expenses or the method of operation of the System in order to satisfy the foregoing requirements of this Section. Copies of such request and of the recommendations of the Consulting Engineer, if any, shall be filed by the

Town with the Commission. Promptly upon its receipt of the recommendations of the Consulting Engineer, the Town shall, after giving due consideration to the recommendations, revise its rates, fees, rentals and charges for the System or its Operating Expenses or alter its methods of operation, which revisions or alterations need not comply with the Consulting Engineer's recommendations but which are projected by the Town to result in compliance with the covenants set forth in subsections (a) and (b) of this Section. If the Town shall comply with all of the recommendations of the Consulting Engineer, failure to comply with the provisions of subsections (a) and (b) above shall not constitute an event of default under the provisions of clause (f) of Section 8.01. Compliance with all of the recommendations of the Consulting Engineer shall have no effect on any event of default other than an event of default under the provisions of clause (f) of Section 8.01. In the event of any failure to comply with the provisions of subsections (a) and (b) above and the failure of the Town to comply with all of the recommendations of the Consulting Engineer, and in addition to the remedies elsewhere provided in this Bond Order, the Holders of not less than 50% in aggregate principal amount of the Bonds then outstanding may institute and prosecute in a court of competent jurisdiction an appropriate action to compel the Town to comply with all of the recommendations of the Consulting Engineer in order to satisfy the foregoing requirements of this Section. The Town covenants that it will adopt and charge rates, fees, rentals and charges for the System and revise its Operating Expenses or the method of operation of the System in compliance with any final order, decree or judgment entered in any such proceeding or modification thereof.

(e) Notwithstanding any of the foregoing provisions of this Section, contracts and agreements for the use of the System, or any component thereof, in effect on the date of issuance of the Initial Bonds shall not be subject to revision for purposes of compliance with the covenants set forth in subsections (a) and (b) of this Section except in accordance with their terms. The Town may enter into new contracts or agreements or amend or rescind existing contracts or agreements for the use of the System on such terms and for such periods of time as the Town shall determine to be proper.

(f) The Town also covenants to fix and charge rates, fees, rentals and charges for the System which rates, fees, rentals and charges shall be reasonable and non-discriminatory. Nothing contained in this Section shall obligate the Town to take any action in violation of any applicable requirements imposed by law.

Section 5.03. Creation of Funds. There is hereby created the following designated special funds: (a) "Town of Clayton, North Carolina Water and Sewer Fund" (which is the existing enterprise fund of the Town relating to the System and which shall hereinafter be called the "Revenue Fund"); and the (b) Town of Clayton, North Carolina Water and Sewer System Debt Service Reserve Fund" (hereinafter called the "Debt Service Reserve Fund"). The moneys in each Fund shall be held by the Town in trust with a Depositary and applied as hereinafter provided in this Article. The funds in each Fund are hereby pledged to the payment of principal of, premium, if any, and interest on the Bonds. Each Fund shall be maintained as long as any of the Bonds are outstanding.

Section 5.04. Application of Revenues Received by the Town. (a) All Revenues collected by or on behalf of the Town shall be deposited by the Town with one or more Depositaries as soon as practicable following the receipt thereof and held in the Revenue Fund. The Town shall withdraw and transfer or expend moneys held in the Revenue Fund only for the purposes and in the manner set forth in this Section.

(b) Operating Expenses shall be paid by the Town from, and shall be a first charge and lien against, the Revenue Fund. The Operating Expenses shall be paid from amounts held in the Revenue Fund as the same become due and payable in conformity with the applicable budgetary and payment procedures of the Town.

(c) At such time or times as are specifically provided for herein or in any Series Resolution, the Town shall, after payment of such Operating Expenses then due and payable, withdraw from the Revenue Fund the amount necessary to make the following payments or deposits in the following manner and order:

(i) At such time or times as provided in any Series Resolution, the Issuer shall pay to such persons an amount sufficient for the payment of the principal of, premium, if any, and interest on the Bonds then due and payable; provided, however, that if there shall not be sufficient Net Revenues to satisfy all such deposits and payments, such deposits and payments shall be made to each Holder ratably according to the amount so required to be deposited or paid;

(ii) At such time or times as provided in any Series Resolution, the Issuer shall transfer to the Debt Service Reserve Fund an amount equal to the debt service reserve fund requirement therefor; provided, however, that if there shall not be sufficient Net Revenues to satisfy all such deposits, such deposits shall be made to each such debt service reserve ratably according to the amount so required to be deposited.

(iii) Provided no event of default exists under this Bond Order, if any general obligation debt incurred to finance or refinance all or any part of the System is outstanding, the Issuer may, in its sole discretion, pay interest on and principal of such general obligation debt as the same becomes due and payable.

(iv) Provided no event of default exists under this Bond Order, if any installment purchase, lease purchase, conditional sale or other similar types of debt or obligations incurred to finance or refinance all or any part of the System are outstanding, the Issuer, in its sole discretion, may pay interest on and principal of such debt, or corresponding installment, lease or other similar type payments, as the same become due and payable.

Notwithstanding anything in this subsection (c) to the contrary, failure by the Issuer to make any deposits required by clauses (iii) and (iv) of this subsection (c) shall not in and of itself be an event of default under this Bond Order.

Provided, however, that if the amount so deposited in any month to the credit of any Fund mentioned in Section 5.04 hereof shall be less than the required amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Fund in each month thereafter until such time as such deficiency shall be made up.

(d) At the end of each month, after making all deposits or payments required by this Section (including setting aside sufficient funds to pay principal and interest due on the Bonds on the next interest payment date), the Issuer may transfer any balance remaining in the Revenue Fund to any other fund or account designated by the Issuer to be used for any lawful purpose, including, without limitation, to any capital project fund or capital revenue fund established for the System,

but only if the following conditions are met: (i) no event of default shall exist and be continuing; (ii) in the opinion of the Finance Director of the Issuer, such transfer will not have a material adverse effect on the Issuer's ability over the next twelve calendar months to pay the Operating Expenses, to make all deposits and payments required by this Section and to meet all other financial obligations imposed by this Bond Order or any Series Resolution; and (iii) the cumulative amount so transferred in any Fiscal Year shall not exceed the total amount budgeted to be transferred from the Revenue Fund in such Fiscal Year as shown in the Annual Budget for such Fiscal Year, as amended. Any funds transferred from the Revenue Fund in accordance with this subsection (d), other than transfers made to any fund or account for the payment of the principal of, premium, if any, or interest on the Bonds (including the Debt Service Reserve Fund), shall no longer be subject to the pledge, charge and lien upon the Net Revenues created by this Bond Order.

Section 5.05. Application of Moneys in Debt Service Reserve Fund. Moneys held for the credit of the Debt Service Reserve Fund shall be used for the purpose of paying interest on the Bonds and maturing principal of Bonds whenever and to the extent that the moneys held in the Revenue Fund to pay debt service on the Bonds shall be insufficient for such purpose, and the Town shall transfer funds from the Debt Service Reserve Fund to the Revenue Fund as necessary to make such payments. Any moneys so withdrawn from such Fund shall be restored from available moneys in the Revenue Fund, subject to the same conditions as are prescribed for deposits to the credit of such Fund under the provisions of Section 5.04 hereof. If at any time the moneys held for the credit of the Debt Service Reserve Fund shall exceed the requirement for such Fund under the provisions of clause (b) of Section 5.04 hereof, such excess may be transferred by the credit of the Revenue Fund.

Section 5.06. Unclaimed Moneys. All moneys which the Town shall have withdrawn from the Revenue Fund or shall have received from any other source and set aside for the purpose of paying the principal of, premium, if any, or interest on the Bonds hereby secured, either at the maturity thereof or upon call for redemption shall be held in trust for the respective Holders of such Bonds. Any moneys which shall be set aside and which shall remain unclaimed by the Holders of such Bonds for the period of five years after the date on which such Bonds shall have become payable shall be treated as abandoned property pursuant to the provisions of G.S. 116B-18, and the Town shall report and remit this property to the Escheat Fund according to the requirements of Article 3 of Chapter 116B of the North Carolina General Statutes. Thereafter the Holders of such Bonds shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received without any interest thereon, and the Town shall have no responsibility with respect to such moneys.

Section 5.07. Cancellation. All Bonds paid, redeemed or purchased either at or before maturity, shall, at the direction of the Town, be delivered to the Bond Registrar or to the Town when such payment, redemption or purchase is made and such Bonds shall thereupon be cancelled in the manner provided by applicable law. All Bonds cancelled under any of the provisions of this Bond Order shall be destroyed by the Bond Registrar which shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the Town and the second executed certificate shall be retained by the Bond Registrar.

ARTICLE VI SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 6.01. Security for Deposits. All moneys deposited with the Town or any other Depository designated by the Governing Body hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency shall be continuously secured, for the benefit of the Town and the Holders of the Bonds, in such manner as may then be required by applicable state or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, including applicable regulations of the Commission.

Section 6.02. Investment of Funds. Moneys held for the credit of any fund or account established under this Bond Order or any Series Resolution, including the Revenue Fund, shall, as nearly as may be practicable, be continuously invested and reinvested in Qualified Investments which shall mature, or which 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 or account will be required for the purposes intended. Obligations and certificates of deposit purchased as investments of moneys in any such fund or account shall be deemed at all times to be part of such fund or account, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund or account, and any loss resulting therefrom shall be charged to such fund or account. The Town shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from such fund or account. Neither the Town nor any Town Representative shall be liable or responsible for any loss resulting from any such investment in a Qualified Investment. For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations in which moneys in such fund or account have been invested shall be valued at the fair market value of such investment.

ARTICLE VII PARTICULAR COVENANTS

Section 7.01. Payment of Bonds and Observance of Covenants. The Town covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Bond Order at the places, on the dates and in the manner provided herein and in the Bonds and any premium required for the retirement of the Bonds by purchase or redemption, according to the true intent and meaning thereof. Except as in this Bond Order otherwise provided, the principal, interest and premiums shall be secured solely by the Net Revenues, which are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified. Nothing in the Bonds or in this Bond Order shall be construed as pledging the faith and credit of the Town to payment of the Bonds or as obligating the Town, directly or indirectly or contingently, to levy or to pledge any form of ad valorem tax whatever therefor. The Town covenants that it shall faithfully do and perform and at all times fully observe any and all covenants, undertakings, stipulations and provisions contained herein or in the Bonds.

Section 7.02. Construction of Project and System Improvements. The Town covenants that it will forthwith diligently proceed to complete the Project and any System Improvements in accordance with plans and specifications therefor in conformity with law and all requirements of all governmental authorities having jurisdiction thereover, and that it will complete such construction with all expedition practicable.

The Town further covenants and agrees that it will require each person, firm or corporation with whom it may contract for labor or materials in connection with the construction of the Project

or any System Improvements to furnish a performance bond as required by law to insure completion and performance of such contract, or, in lieu thereof, to deposit with a Depository marketable securities having a market value equal to the amount of such contract and eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States, and to carry such workmen's compensation or employers' liability insurance as may be required by law and such builders' risk insurance, if any, as may be required by law. The Town further covenants and agrees that in the event of any default under any such contract and the failure of the surety to complete the contract, the proceeds of any such performance bond or securities shall forthwith, upon receipt of such proceeds, be applied toward the completion of the contract in connection with which such performance bond or securities shall have been furnished.

Section 7.03. Operation and Maintenance of System. The Town covenants that it shall at all times operate the System properly and in a sound and economical manner, and shall maintain, preserve and keep the System or cause the System to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

Section 7.04. Rules, Regulations and Other Details. The Town covenants that it shall establish and shall enforce reasonable rules and regulations governing the operation, use and services of the System and all other property and assets owned and operated by the Town and that all compensations, salaries, fees and wages paid by the Town in connection with the maintenance, repair and operation of the System shall be reasonable. The Town shall observe and perform or shall cause to be observed and performed all of the terms and conditions contained in the Act, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System and all other property and assets owned and operated by the Town.

Section 7.05. Payment of Lawful Charges. The Town covenants that, from Revenues, it will pay all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon or in respect of the System or upon any part and that, from such Revenues, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon such Revenues; provided, however, that nothing in this Section contained shall require the Town to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 7.06. Insurance and Reconstruction. The Town covenants that it will obtain and maintain insurance, with reasonable terms, conditions, provisions and costs, which the Town determines will afford adequate protection against such risks as are customarily insured against in connection with the operation of sewer systems of the type and size comparable to the System. All such insurance policies shall be carried in an insurance company or companies authorized and qualified under the laws of the State of North Carolina to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of the System shall be deposited with the Town and shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid

out in the manner determined by the Town. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any other available funds of the Town in its sole discretion. The proceeds of all insurance covering loss of Revenues shall be deposited to the credit of the Revenue Fund.

Section 7.07. Annual Budget. The Town covenants that it shall develop an Annual Budget for each Fiscal Year consistent with the budget preparation schedule set forth in the State's applicable fiscal control statutes. If for any reason the Governing Body shall not have adopted the Annual Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force.

The Governing Body may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, but no such amended or supplemental budget shall be effective until it shall be approved in the manner hereinbefore prescribed for the Annual Budget.

The Town covenants that the Operating Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount or incur any obligations for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget.

Section 7.08. Records, Books and Audits. The Town covenants that it will keep each of the funds of the System separate from all other funds of the Town and that it will keep accurate records and accounts of all items of cost and of all expenditures relating to the System and of the Revenues collected and the application of such Revenues. Such records and accounts shall at all times during normal business hours be open to the inspection of the Commission and the Holders of the Bonds.

The Town shall cause its independent certified public accountant to prepare and deliver to the Town within 180 days after the close of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2012, an audit of the Town's books and accounts. Reports of each such audit shall be filed with the Commission and, upon written request to the Finance Director, to each Bondholder and shall be made available for inspection at the office of the Finance Director. Included in each such audit report shall be a calculation of the rate covenant described in Section 5.02 for such Fiscal Year. Each such audit report shall be accompanied by an opinion of the independent certified public accountant stating that the examination of the financial statements was conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly the financial position of the System and the results of its operations and a statement of cash flows for the period covered by such audit report in conformity with generally accepted accounting principles applied on a consistent basis. If for any reason beyond its control, the Town is unable to obtain the foregoing opinion as to compliance with generally accepted accounting principles, the Town shall be deemed to be in compliance with this Section if it is taking all reasonable and feasible action to obtain such opinion in subsequent Fiscal Years, and if, in lieu of a statement as to compliance and conformity, such opinion states the reasons for such noncompliance or non-conformity.

Section 7.09. Sale or Encumbrance. (a) The Town covenants that it will not sell, lease or otherwise dispose of or encumber the System or any part thereof except as expressly permitted by this Section or as agreed to by one hundred percent (100%) of the Holders.

(b) The Town may, from time to time, sell or otherwise dispose of such property forming part of the System, including machinery, fixtures, apparatus, tools, instruments or other

property, as the Governing Body may determine is obsolete or no longer needed for the proper maintenance and operation of such System. The proceeds from any sale, lease or disposition of the System, in whole or in part, shall be applied to the replacement of the properties so sold or otherwise disposed of or shall be deposited in the Revenue Fund or otherwise used to pay or redeem Bonds.

(c) The Town may incur obligations secured by a lien on (a) rolling stock comprising a part of the System without limitation and (b) other property, plant and equipment comprising a part of the System; provided, however, that the principal amount of such obligations outstanding at any one time shall not exceed 20% of the net book value of the property, plant and equipment of the System (not taking into account any outstanding obligations with respect to rolling stock that is a part of the System) as shown on the audited financial statements of the Town for the most recent Fiscal Year for which audited financial statements are available.

Section 7.10. Limitation on Liens. The Town covenants that it will not create or permit to be created any charge or lien on the System or the Net Revenues ranking equally with or prior to the charge or lien on the Net Revenues of the Bonds issued and secured hereunder unless otherwise expressly permitted by this Bond Order or required by applicable law. The Town shall discharge or cause to be discharged, or shall make adequate provision to satisfy and discharge, within sixty (60) days after the same become due and payable, all lawful costs, expenses, liabilities and charges relating to the maintenance, repair, replacement or improvement of the properties constituting the System and the operation of the System and lawful claims and demands for labor, materials, supplies or other objects that might by law become a lien upon the System or the Net Revenues if unpaid. Nothing contained in this Section shall require the Town to pay or cause to be discharged, or make provision for the payment, satisfaction and discharge of, any lien, charge, cost, liability, claim or demand so long as the validity thereof is contested in good faith and by appropriate legal proceedings. The Town may issue Subordinated Indebtedness secured by a charge or lien on the System or Net Revenues that is expressly subordinate to any Bonds issued hereunder.

Section 7.11. Instruments of Further Assurance. The Town covenants that at any and all times it shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further orders, resolutions, acts, conveyances, transfers and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting and confirming all and singular the rights, Net Revenues and other funds hereby pledged or intended so to be, or which the Town may hereafter become bound to pledge or as may be reasonable and required to carry out the purposes of the Bond Order and comply with the Act. The Town further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues and all the rights of the Holders against all claims and demands of all persons whomsoever.

ARTICLE VIII DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an “event of default” hereunder:

(a) payment of the principal of or, premium, if any, on the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on the Bonds shall not be made when the same shall become due and payable; or

(c) final judgment for the payment of money in excess of \$500,000 is rendered against the Town as a result of its ownership, control or operation of the System, and any such judgment is not discharged within one hundred twenty (120) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof;

(d) the Town (i) becomes insolvent or the subject of insolvency proceedings; or (ii) is unable, or admits in writing its inability, to pay its debts as they mature; or (iii) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) files a petition or other pleading seeking reorganization, composition, readjustment, or liquidation of assets, or requesting similar relief; or (v) applies to a court for the appointment of a receiver for it or for the whole or any part of the System; or (vi) has a receiver or liquidator appointed for it or for the whole or any part of the System (with or without the consent of the Town) and such receiver is not discharged within ninety (90) consecutive days after his appointment; or (vii) becomes the subject of an "order for relief" within the meaning of the United States Bankruptcy Code; or (viii) files an answer to a creditor's petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within sixty (60) consecutive days after the same is filed against the Town;

(e) a court of competent jurisdiction assumes custody or control of the Town or of the whole or any substantial part of its property under the provisions of any other law for the relief or aid of debtors, and such custody or control is not terminated within ninety (90) days from the date of assumption of such custody or control; and

(f) the Town defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, this Bond Order or any Series Resolution, and such default continues for thirty (30) days after receipt by the Town of a written notice from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of the Bonds then outstanding specifying such default and requesting that it be corrected; provided, however, that if prior to the expiration of such 30-day period the Town institutes action reasonably designed to cure such default, no "event of default" shall be deemed to have occurred upon the expiration of such 30-day period for so long as the Town pursues such curative action with reasonable diligence.

Section 8.02. Bonds Declared Due and Payable. Upon the happening and continuance of any event of default specified in Section 8.01, then and in every such case, the Holders of a majority in principal amount of the Bonds then outstanding may, by a notice in writing to the Town, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and

payable, anything contained in the Bonds or in this Bond Order to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Order, moneys shall become available to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such Bonds since the last interest payment date), and all other amounts then payable by the Town hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with a Depositary, and every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Bond Order (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section), shall have been remedied to the satisfaction of the Holders, then and in every such case the Holders may, and upon the written request of the Holders of a majority in principal amount of the Bonds not then due by their terms and then outstanding shall, by written notice to the Town, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time moneys are insufficient to pay the interest on or the principal of the Bonds as the same become due and payable, all moneys held in the Revenue Fund, together with any moneys then available or thereafter becoming available for such purpose, after payment of all Operating Expenses then due and payable, shall be applied as provided in Section 11.02.

Section 8.03. Additional Remedies. Upon the happening and continuance of any event of default specified in Section 8.01, then and in every case the Holders may proceed to protect and enforce their rights hereunder and under the laws of the State of North Carolina, including the Act, by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Holders, shall deem most effectual to protect and enforce such rights.

Section 8.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 8.05. Waiver of Default. No delay or omission of the Holders of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Holders of a majority of the Bonds may waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Order or before the completion of the enforcement of any other remedy under this Bond Order, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 8.06. Notice of Default. The Town shall mail to the Commission and to the Holder of each Bond then outstanding written notice of the occurrence of any event of default set forth in Section 8.01 as soon as practical, but in no event later than thirty (30) days, after the Town shall have notice that any such event of default has occurred.

ARTICLE IX THE TRUSTEE

Section 9.01. Designation of Trustee. The Town may at any time, with the approval of the Commission, appoint a Trustee to administer the provisions of this Bond Order and may adopt such supplements to this Bond Order in accordance with Section 9.01 as shall be necessary or desirable to effectuate such appointment.

Any Trustee appointed shall be capable of exercising trust powers in the State, which must be a bank or trust company with a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority, so long as any Bonds are outstanding hereunder. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

ARTICLE X SUPPLEMENTAL ORDERS

Section 10.01. Without Consent of Holders. The Governing Body may amend this Bond Order in any respect without the consent of any Holders of the Bonds prior to the delivery of the Initial Bonds.

The Governing Body may also, from time to time and at any time following delivery of the Initial Bonds, without the consent of any Holders of the Bonds, adopt such orders supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental orders shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Bond Order and shall not materially and adversely affect the interest of the Holders:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Bond Order or in any supplemental order, or

(b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Bond Order other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the Town in this Bond Order other covenants and agreements thereafter to be observed by the Town or to surrender any right or power herein reserved to or conferred upon the Town.

At least thirty (30) days prior to the adoption of any supplemental order for any of the purposes set forth in the clauses (a) through (d) in this Section, the Bond Registrar, at the expense of the Town, shall cause a notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to the Holder of each Bond at the address appearing on the registration books and to the Commission. Such notice shall briefly set forth the nature of the proposed supplemental order and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by all Holders. A failure on the part of the Bond Registrar to mail the notice required by this Section shall not affect the validity of such supplemental order.

Section 10.02. With Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time following delivery of any Bonds, anything contained in this Bond Order to the contrary notwithstanding, to consent to and approve the adoption, of such order or orders supplemental hereto as shall be deemed necessary or desirable by the Governing Body for the purpose of modifying, altering, amending, adding to or rescinding, in particular, any of the terms or provisions contained in this Bond Order or in any supplemental order; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder without the consent of the Holder of such Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon without the consent of the Holder of such Bond, or (c) the creation of a lien upon or a pledge of Revenues or Net Revenues other than the lien and pledge created by this Bond Order without the consent of the Holders of all Bonds outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds outstanding or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental order without the consent of the Holders of all Bonds outstanding.

Section 10.03. Obtaining Consent of Holders. If at any time the Governing Body shall determine that it is necessary or desirable to adopt any supplemental order for any of the purposes of Section 10.02, the Bond Registrar, at the expense of the Town, shall cause notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to each Holder of Bonds at the addresses appearing on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental order and shall state that copies thereof are on file at the principal corporate trust office of the Bond Registrar for inspection by all Holders. The Bond Registrar shall not, however, be subject to any liability to any Holder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental order when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of the first mailing of such notice, the Town shall deliver to the Bond Registrar an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental order described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise,

the Governing Body may adopt such supplemental order in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the adoption of such supplemental order shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such supplemental order, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Governing Body from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental order pursuant to the provisions of this Section, this Bond Order shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Order of the Town, the Bond Registrar and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Bond Order as so modified and amended.

Bonds owned or held by or for the account of the Town shall not be deemed outstanding and shall be excluded for the purpose of any consent or any calculation provided for in this Article.

Bonds delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the Town and Bond Registrar as to such action. If the Town and Bond Registrar shall so determine, new Bonds modified to conform to any such action shall be prepared, authenticated and delivered to the Holder of any Bond then outstanding without cost to such Holder in exchange for and upon surrender of such outstanding Bonds.

Section 10.04. Unanimous Consent of Holders. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Bond Order or any order supplemental hereto and the rights and obligations of the Town and of the Holders of the Bonds may be modified or amended in any respect upon the adoption by the Governing Body of an order to that effect, approved by the Bond Registrar, and the filing with the Governing Body of the written consent of the Commission and the Holders of all the Bonds. No notice to Holders shall be required.

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01. Discharge of Bond Order. If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or shall have been duly called for redemption and the whole amount of the principal and the interest and premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid, then and in that case the right, title and interest of the Holders of the Bonds secured hereby in the Net Revenues and funds mentioned in this Bond Order shall thereupon cease, terminate and become void, and the Town, in such case, may apply any and all balances remaining in any funds or accounts to any lawful purpose of the Town as the Governing Body shall determine; otherwise this Bond Order shall be, continue and remain in full force and effect.

Section 11.02. Payments When Funds are Insufficient. Anything in this Bond Order to the contrary notwithstanding, if at any time moneys are insufficient to pay the interest on or the

principal of the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), all moneys in the Revenue Fund, together with any moneys then available or thereafter becoming available for such purpose, after payment of all Operating Expenses then due and payable, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Order), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article IV.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then the moneys then remaining in and thereafter accruing to the Revenue Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Section 11.03. Effect of Town's Undertakings. All of the covenants, stipulations, obligations and agreements contained in this Bond Order shall be deemed to be covenants, stipulations, obligations and agreements of the Town to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, Council, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

The Town shall have the right to enter into a contract with any public or private agency for the maintenance, operation and improvement of the System for such periods of time and under such terms and conditions which are not inconsistent with the provisions of this Bond Order as the Governing Body shall determine to be in the best interests of the Town and of the Holders of Bonds issued pursuant to the provisions of this Bond Order.

Section 11.04. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Bond Order to be given to or filed with the Town or the Bond Registrar shall be deemed to have been sufficiently given or filed for all purposes of this Bond Order if and when sent by registered or certified mail, return receipt requested, to the Town or the Bond Registrar if addressed to Town of Clayton, North Carolina, Post Office Box 879, Clayton, North Carolina 27528-0879, Attention: Finance Director; and to the Commission, if addressed to the Secretary, Local Government Commission, Albemarle Building, 325 N. Salisbury Street, Raleigh, North Carolina 27603-1385.

Section 11.05. Execution of Instruments by Holders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Bond Order to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Bond Order, and shall be conclusive in favor of the Bond Registrar with regard to any action taken by it under such instrument, if in accordance with the registration books maintained for the bonds.

Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Bond Registrar in pursuance of such request or consent.

Section 11.06. Parties Interested Herein. Except as herein otherwise expressly provided, nothing in this Bond Order expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Town, the Bond Registrar and the Holders of the Bonds issued under and secured by this Bond Order any right, remedy or claim, legal or equitable, under or by reason of this Bond Order or any provision hereof, this Bond Order and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders from time to time of the Bonds issued hereunder.

Section 11.07. Limited Obligations on Bonds. Nothing in the Bonds or in this Bond Order shall be construed as pledging either the faith and credit or the taxing power of the Town for their payment, or to create any debt against the Town except as payable from Net Revenues, or as conveying or mortgaging the System or any part thereof. No Holder of Bonds has the right to compel the exercise of the taxing power of the Town or the forfeiture of any of its property, other than Net Revenues, in connection with any default hereunder.

Section 11.08. No Recourse Against Members, Officers or Employees of the Town or the Commission. No recourse under, or upon, any statement, obligation, covenant or agreement contained in this Bond Order, or in any Bond or bond anticipation note hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Town or the Commission, or by the enforcement of any assessment, or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee of the Town or the Commission, either directly or through the

Town for the payment for or to, the Town or the Commission or any receiver of either of them, or for, or to, any owner or holder of Bonds or bond anticipation notes or otherwise, of any sum that may be due and unpaid upon any such Bond or bond anticipation note. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Town or the Commission or any receiver of either of them, or for, or to, any owner or holder of Bonds, bond anticipation notes or otherwise, of any sum that may remain due and unpaid upon the Bonds or bond anticipation notes hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of this Bond Order and the issuance of the Bonds.

Section 11.09. Severability of Invalid Provisions. In case any one or more of the provisions of this Bond Order or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Bond Order or of the Bonds, but this Bond Order and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Bond Order shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Town to the full extent permitted by law.

Section 11.10. Issuance of Subordinate Obligations and Expenditures for System Improvements. Nothing in this Bond Order express or implied shall be construed as preventing the Town from financing System Improvements (or acquisition or improvement of assets of the Town other than the System) by the issuance of obligations which are not secured under the provisions of this Bond Order or from making expenditures for System Improvements from moneys received by the Town solely for such purpose. Any Subordinate Indebtedness shall include a provision prohibiting acceleration thereof while any Bonds are Outstanding hereunder.

Section 11.11. Applicable Law. This Bond Order is adopted with the intent that the laws of the State of North Carolina shall govern its construction.

Section 11.12. Headings, Etc. Any headings preceding the texts hereof and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Order, nor shall they affect its meaning, construction or effect.

Section 11.13. Officers' Authority. The officers and agents of the Town are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Bond Order for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Bond Order.

Section 11.14. Inconsistent Matters. All orders and resolutions and parts thereof, which are in conflict or inconsistent with any provisions of this Bond Order are hereby repealed and declared to be inapplicable to the provisions of this Bond Order.

Section 11.15. Effective Date. This Bond Order shall be effective immediately upon its adoption.

Duly adopted this _____ day of _____ 2012, while in regular session.

ATTEST:

Jody L. McLeod,
Mayor

Sherry L. Scoggins, MMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5c

Meeting Date: 2/20/12

**TITLE: GO BOND ORDER OPEN SPACE AND PARK DEVELOPMENT -
PRESENTATION OF THE GO BOND ORDER.**

DESCRIPTION: Attached.

**RELATED GOAL: Financially Responsible Town Government Providing Quality
Service**

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	Resolution.

**TOWN OF CLAYTON
RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS,
SERIES 2012 OF TOWN OF CLAYTON, NORTH CAROLINA,
PURSUANT TO THE BOND ORDER HERETOFORE APPROVED AND
PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF**

WHEREAS, the Town Council (the “Council”) for the Town of Clayton, North Carolina (the “Town”) desires to provide for the issuance of general obligation bonds to finance, in part, the acquisition of real property for conservation as open space for recreational and similar uses in the Town; and

WHEREAS, the Bond Order hereinafter described was authorized and adopted by the Council on March 3, 2008; and

WHEREAS, under North Carolina law, such bonds are to be sold at public sale by the North Carolina Local Government Commission after circulation of an official statement with respect to such bonds which describes the terms thereof and the security therefor, including information concerning the Town and its financial resources, and the Council has been provided a draft of such official statement;

NOW, THEREFORE, the Town Council (the “Council”) for the Town of Clayton, North Carolina (the “Town”), meeting in regular session in Clayton, North Carolina, on March 5, 2012, does the following:

BE IT RESOLVED BY THE TOWN COUNCIL FOR TOWN OF CLAYTON, NORTH CAROLINA:

1. The Town shall issue its General Obligation Public Improvement Bonds (the “Bonds”) in an aggregate principal amount shown on Exhibit A, pursuant to and in accordance with the Bond Order entitled:

“BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE TOWN OF CLAYTON IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$4,000,000 FOR THE PURPOSE OF FINANCING, IN PART, THE ACQUISITION OF REAL PROPERTY FOR CONSERVATION AS OPEN SPACE, NATURAL RESOURCES AND SCENIC AREAS, AND THE DEVELOPMENT OF OPEN SPACE FOR RECREATIONAL AND SIMILAR USES IN THE TOWN”

2. The Bonds shall be designated “General Obligation Public Improvement Bonds, Series 2012” and shall be dated April 3, 2012. The Bonds shall mature in annual installments on August 1 in the years and amounts as set forth on Exhibit A, subject to change as hereinafter described. Each Bond shall bear interest at such rate as shall be determined by the Town Finance Director, the Town Manager and the LGC, as hereafter defined, at the time of sale, provided that the true interest cost shall not exceed six percent (6.0 %), payable on August 1, 2012, and semiannually thereafter on each February 1 and August 1.

Initially, one bond certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. So

long as DTC is securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Town Manager determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Town will discontinue the book-entry system with DTC. If the Town fails to identify another qualified securities depository to replace DTC, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates, and registration of transfer of the Bonds will be permitted as described in paragraph 7.

3. The Bonds maturing prior to August 1, 2022, will not be subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2022, will be subject to redemption prior to maturity, at the option of the Town, from any moneys that may be made available for such purpose, either in whole or in part (in multiples of \$5,000 of principal amount) on any date not earlier than August 1, 2021, at the principal amount of the Bonds to be redeemed together with interest accrued thereon to the date fixed for redemption. If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Town in such manner as the Town may determine, provided that DTC and its participants shall determine which Bonds are to be redeemed by lot so long as a book-entry system with DTC is continued.

Notice of redemption shall be given by facsimile transmission, registered or certified mail or overnight express delivery to DTC or its nominee as the registered owner of the Bonds. Such notice shall be sent or mailed not more than 60 nor less than 30 days prior to the date fixed for redemption. The Town will not be responsible for sending or mailing notices of redemption to anyone other than DTC or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption will be sent or mailed to the registered owners not less than 30 days prior to the date fixed for redemption.

4. The Bonds shall be signed by the manual or facsimile signature of the Mayor of the Town, shall be countersigned by the manual or facsimile signature of the Town Clerk and a manual or facsimile of the Town's seal shall be printed or affixed thereon. No Bond shall be valid until it has been endorsed by the manual or facsimile signature of an authorized representative of the North Carolina Local Government Commission (the "LGC").

5. The Bonds shall be in substantially the following form, the terms and requirements of which are incorporated herein by reference:

Unless this Bond is presented by an authorized representative of DTC for registration of transfer, exchange, or payment, with respect to any Bond issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, CEDE & Co., has an interest herein.

REGISTERED

REGISTERED

No. R-___

\$_____

UNITED STATES OF AMERICA

STATE OF NORTH CAROLINA

TOWN OF CLAYTON

General Obligation Public Improvement Bonds, Series 2012

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP NO.</u>
_____%	August 1, 20__	April 3, 2012	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS (\$_____)

The Town of Clayton, North Carolina (the "Town"), for value received, hereby promises to pay, upon surrender hereof to the Town, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above and to pay interest hereon semiannually on each February 1 and August 1 at the annual rate stated above. Interest is payable from April 3, 2012, beginning August 1, 2012. Interest is payable by check mailed to the person shown as owner hereof at his address as it appears on the registration books kept by the Town on the fifteenth day of the month preceding each interest payment date. Principal and interest are payable in lawful money of the United States of America.

This Bond is one of an issue of \$2,000,000 Town of Clayton, North Carolina General Obligation Public Improvement Bonds, Series 2012 of like date and tenor, except as to number, denomination, rate of interest and maturity, and is issued pursuant to the Constitution, the statutes of the State of North Carolina, including The Local Government Bond Act and regulations of the North Carolina Local Government Commission ("LGC"), resolutions of the Town Council (the "Council") for the Town of Clayton, North Carolina (the "Town") and the Bond Order entitled:

"BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE TOWN OF CLAYTON IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$4,000,000 FOR THE PURPOSE

OF FINANCING, IN PART, THE ACQUISITION OF REAL PROPERTY FOR CONSERVATION AS OPEN SPACE, NATURAL RESOURCES AND SCENIC AREAS, AND THE DEVELOPMENT OF OPEN SPACE FOR RECREATIONAL AND SIMILAR USES IN THE TOWN”

which was adopted by the Town on March 3, 2008.

The Bonds maturing prior to August 1, 2022 will not be subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2022 will be subject to redemption prior to maturity, at the option of the Town, from any moneys that may be made available for such purpose either in whole or in part (in multiples of \$5,000) on any date not earlier than August 1, 2021 at the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption. If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot in such manner as the Town may determine; provided, however, that so long as the book-entry system is used for determining beneficial ownership of Bonds, The Depository Trust Company (“DTC”) and its participants shall determine which of the Bonds are to be redeemed by lot.

Notice of redemption shall be given by facsimile transmission, registered or certified mail or overnight express delivery to DTC or its nominee as the registered owner of the Bonds. Such notice shall be sent or mailed not more than 60 nor less than 30 days prior to the date fixed for redemption. The Town will not be responsible for sending or mailing notices of redemption to anyone other than DTC or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption will be sent or mailed to the registered owners not less than 30 days prior to the date fixed for redemption.

If no qualified securities depository is the registered owner of the Bonds, registration of transfer of the Bonds and exchange of certificates thereof may be effected at the office of the Town.

The full faith and credit and taxing power of the Town are hereby irrevocably pledged for the payment of principal of and interest on this Bond.

All acts, conditions and things required by the Constitution and statutes of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and statutes of the State of North Carolina. This Bond shall be governed by the laws of the State of North Carolina.

This Bond shall not be valid until the Town shall have executed the Certificate of Authentication appearing hereon.

IN WITNESS WHEREOF, the Town of Clayton, North Carolina, has caused this Bond to be signed by the manual or facsimile signature of the Mayor to be countersigned by the manual or facsimile signature of the Town Clerk, a manual or facsimile of its seal to be printed or affixed hereon, and this Bond to be dated April 3, 2012.

TOWN OF CLAYTON

(SEAL)

Mayor

Town Clerk

Date Authenticated: _____

L.G.C. No. _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Orders.

TOWN OF CLAYTON, NORTH CAROLINA

By: _____
Town Finance Director

The issue hereof has been approved under the provisions of The Local Government Bond Act of North Carolina.

By: _____
T. Vance Holloman, Secretary
Local Government Commission

6. The full faith and credit and taxing power of the Town are hereby irrevocably pledged for the payment of principal of and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the Council shall levy and collect taxes and raise other revenues for payment of the principal of and interest on the Bonds, as the same become due and payable.

7. The Town shall maintain registration books for the registration of Bonds. If no qualified securities depository is the registered owner of the Bonds, upon surrender of any Bonds at the office of the Town, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Town, the Town shall execute and shall authenticate and deliver in exchange, a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner or his duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Town may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Town shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the registration books on the fifteenth day of the month preceding each interest payment date.

8. The LGC is hereby requested to sell such General Obligation Public Improvement Bonds, Series 2012 by public sale on or about March 13, 2012, pursuant to an Official Statement in substantially the form of the draft presented to the Council, which is hereby approved.

9. The Council covenants on behalf of the Town that so long as any of the installments of principal and interest on the Bonds are outstanding and unpaid, the Town shall not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise cause interest on the Bonds to be includable in the gross income of the holders thereof.

10. The Council hereby covenants that it will not permit the gross proceeds of the Bonds to be used in any manner that would result in either (a) 5% or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, (b) 5% of such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code; provided, however, that if the Council receives an opinion of bond counsel acceptable to the LGC that any such restriction is not required to prevent the interest on the Bonds from being includable in the gross income of the registered owners thereof under existing statutes, the Council need not comply with such restriction.

11. The Town hereby represents that it reasonably expects that the Town, all entities issuing obligations on behalf of the Town and all subordinate entities of the Town will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations (not counting private-activity

bonds except for qualified 501(c)(3) bonds as defined by the Code) during the calendar year that the Bonds are being issued. The Town hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

12. The Town agrees, in accordance with Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) and for the benefit of the registered owners and beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(a) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2012, the audited financial statements of the Town for such Fiscal Year, if available, prepared in accordance with section 159-34 of the General Statutes of North Carolina, as amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the Town for such Fiscal Year to be replaced subsequently by audited financial statements of the Town to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the Town, to the MSRB, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under heading “THE TOWN - Debt Information and - Tax Information” in the Official Statement relating to the Bonds (excluding any information on overlapping or underlying units) and (ii) the combined budget of the Town for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) defeasances of the Bonds;
- (7) rating changes;
- (8) tender offers; and

(9) bankruptcy, insolvency, receivership or similar proceeding by the Town

(d) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Bonds, if material:

(1) non-payment related defaults;

(2) modification to the rights of the beneficial owners of the Bonds;

(3) bond calls, other than bond calls relating to mandatory sinking fund redemption;

(4) release, substitution or sale of any property securing repayment of the Bonds; or

(5) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(6) appointment of a successor or additional trustee or a change in the name of the trustee; and

(7) within ten (10) Business Days following the occurrence of a failure, notice of a failure of the Town to provide required annual financial information described in (a), (b) or (c) above on or before the date specified.

(e) in a timely manner, to the MSRB, notice of a failure of the Town to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the Town fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Town reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Town, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Town;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”) as of the date of the Official Statement relating to the Bonds, after taking into account any

amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the Town (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of this resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this paragraph shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

13. The Mayor or the Town Manager and the Town Clerk are hereby authorized and directed to take all proper steps to have the Bonds prepared and, when they shall have been duly sold by the LGC, to execute the Bonds and to deliver the Bonds to the State Treasurer of North Carolina for delivery to the purchasers thereof.

14. The Mayor and the Town Manager, or either of them, after consultation with the Town Finance Officer, the LGC and the Town's Financial Advisor, are authorized (i) to adjust or eliminate the optional redemption provisions in the Bonds, (ii) to change the dated date of the Bonds to a date later than the dated date herein authorized in order to facilitate the sale and delivery of the bonds, (iii) to change the principal and interest payment dates for the Bonds (so long as such payment dates are semiannual), and (iv) to make changes in the principal amounts of each maturity provided the aggregate total of Bonds issued shall not exceed \$2,000,000 and (v) to make such other adjustments as they shall deem necessary to market the Bonds.

15. The Mayor and the Town Manager, or either of them, are hereby authorized and directed to execute and deliver the Preliminary Official Statement and a form thereof updated with pricing information and other details of the Bonds (the "Final Official Statement" and, together with the Preliminary Official Statement, the "Official Statement"), which shall be in substantially the forms previously submitted, which are hereby approved, with such completions, omissions, insertions, and changes as may be approved by the Mayor or the Town Manager, including such changes as may be required by the LGC, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes.

16. All other actions of officers of the Town in conformity with the purposes and intent of this resolution and in furtherance of the issuance of the Bonds are hereby approved and confirmed.

17. Such officers of the Town as may be requested are hereby authorized and directed to execute appropriate closing papers and certificates, including a certificate setting forth the expected use and investment of the proceeds of the Bonds and covenanting not to use the proceeds of the Bonds in a manner that will violate the provisions of Section 148 of the Code and regulations issued pursuant thereto. Such papers and certificates shall be in such form as may be requested by bond counsel for the Town.

18. This resolution, in particular paragraphs 2, 3, 5 and 7 hereof, constitutes a system of registration for the Bonds pursuant to NCGS § 159E-4.

Town of Clayton, North Carolina
General Obligation Public Improvement Bonds, Series 2012

Maturities

<u>Year</u>	<u>Amount</u>
[2013	\$125,000
2014	125,000
2015	125,000
2016	125,000
2017	125,000
2018	125,000
2019	125,000
2020	125,000
2021	125,000
2022	125,000
2023	125,000
2024	125,000
2025	125,000
2026	125,000
2027	125,000
2028	125,000
TOTAL	\$2,000,000]

**[NOTE: SCHEDULE TO BE FINALIZED PRIOR TO ADOPTION OF RESOLUTION;
MAY BE EXTENDED BEYOND 2028]**

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5d

Meeting Date: 2/20/12

**TITLE: PRESENTATION OF ROLLING STOCK REIMBURSEMENT
RESOLUTION.**

**DESCRIPTION: Attached.
[Rolling stock = vehicles]**

**RELATED GOAL: Financially Responsible Town Government Providing Quality
Service**

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	Resolution.

**TOWN OF CLAYTON
REIMBURSEMENT RESOLUTION**

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
CLAYTON DECLARING ITS INTENTION TO REIMBURSE
ITSELF FROM THE PROCEEDS OF A FUTURE FINANCING
CONTRACT FOR CERTAIN EXPENDITURES MADE AND/OR
TO BE MADE IN CONNECTION WITH THE PURCHASE OF
ROLLING STOCK.**

WHEREAS, the Town of Clayton (the "Town") is a Town organized and existing under the laws of the state of North Carolina; and

WHEREAS, the Town has paid and/or will pay certain expenditures (the "Expenditures") in connection with the purchase of rolling stock (the "Project"); and

WHEREAS, the Town Council of the Town (the "Council") has determined that those moneys previously advanced and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Town for the Expenditures from the proceeds of a future financing contract (the "Contract");

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL AS FOLLOWS:

Section 1. The Council hereby declares the Town's intent to reimburse the Town with the proceeds of the Contract for the Expenditures with respect to the Project made prior to adoption of this resolution and on and after the date hereof. The Town reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Contract.

Section 2. Each Expenditure will be either (a) of a type properly chargeable to a capital account, (b) a cost of issuance with respect to the Contract, or (c) a nonrecurring item that is not customarily payable from current revenues.

Section 3. The maximum principal amount of the Contract expected to be entered into for the Project is \$267,000.

Section 4. The Town will make a reimbursement allocation, which is a written allocation by the Town that evidences the Town's use of proceeds of the Contract to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project are placed in service or abandoned, but in no event more than three years after the date on which the

Expenditure is paid. The Town recognizes that exceptions are available for certain “preliminary expenditures”, and costs of issuance.

Section 5. This resolution shall take effect immediately upon its passage.

Duly resolved this _____ day of _____ 2012, while in regular session.

Jody L. McLeod
Mayor

Attest:

Sherry L. Scoggins, MMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5e

Meeting Date: 2/20/12

**TITLE: PRESENTATION OF ORDINANCE ADOPTING THE 2011 S-7
SUPPLEMENT TO THE TOWN'S CODE OF ORDINANCES.**

**DESCRIPTION: The last supplement to the Town's Code of Ordinances was
2009 S-6 and was adopted on January 4, 2010.**

Supplement 2011 S-7 incorporates the ordinances (new and
revised) adopted by the Council after August 3, 2009, thru
September 6, 2011.

RELATED GOAL: Administrative

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	Ordinance.

**TOWN OF CLAYTON
ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT
TO THE CODE OF ORDINANCES FOR THE TOWN OF CLAYTON**

WHEREAS, American Legal Publishing Corporation of Cincinnati, Ohio, has completed the 2011 S-7 Supplement to the Code of Ordinances of the Town of Clayton, which supplement contains all ordinances of a general nature enacted since the prior supplement to the Code of Ordinances of this municipality; and

WHEREAS, American Legal Publishing Corporation has recommended the revision or addition of certain sections of the Code of Ordinances which are based on or make reference to sections of the North Carolina code; and

WHEREAS, it is the intent of the Town Council to accept these updated sections in accordance with the changes of the law of the State of North Carolina;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Clayton, State of North Carolina:

Section 1. That the 2011 S-7 Supplement to the Code of Ordinances of the Town of Clayton as submitted by American Legal Publishing Corporation of Cincinnati, Ohio, and as attached hereto, is hereby adopted by reference as if set out in its entirety.

Section 2. That this ordinance shall take effect and be in force from and after its date of passage.

Duly adopted this ____ day of ____ 2012, while in regular session.

ATTEST:

Jody L. McLeod
Mayor

Sherry L. Scoggins, MMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5f

Meeting Date: 2/20/12

TITLE: PRESENTATION OF APPLICATIONS FOR RECREATION ADVISORY BOARD.

DESCRIPTION: The attached applications are requests for reappointment for Jenny Gorman and Anthony Stanback. Both are currently serving on the Recreation Advisory Committee. If re-appointed, both would have terms expiring December 31, 2014.

If it is the pleasure of the Council to re-appoint these members, the Recreation Advisory Committee will have two vacant positions [one term expiring 12/31/2012 and one term expiring 12/31/2013].

RELATED GOAL: Administrative

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	Applications (2).



**TOWN OF CLAYTON
CANDIDATE REQUEST FOR APPOINTMENT TO TOWN
BOARD OR COMMITTEE**

The Town of Clayton welcomes and appreciates your interest in serving the Town. This application is designed to gather information to evaluate your qualifications. Candidates may be interviewed prior to appointment.

Please select the Town Board or Committee for which you would like to serve. If requesting consideration for more than one, please submit a separate application.

- Planning & Zoning Board
- Board of Adjustment
- Downtown Development Assoc.
- Clayton Library Board
- Recreation Advisory Committee
- Fire Dept. Advisory Board
- Public Arts Advisory Board

PLEASE NOTE: In accordance with North Carolina law, this application is a public record and will be disclosed upon request and without notice. If there is any information you do not want released to the public, please do not include it.

Please type or use dark ink.

Name: Jenny Gorman

Mailing Address: 561 N. O'Neil St Clayton NC

Physical HOME Address: SAME

Phone Number (HOME): 919 553 4878 (WORK) _____

FAX Number: _____ Mobile Number: 919 427 7821

Email Address: jennygo916@gmail.com

*Sex _____ *Race _____ *Age _____

Employer: Self

Occupation: seamstress

*This information is voluntary and is requested for the sole purpose of assuring that a cross section of the community is appointed; NC GS 143-157.1.

Residency within the Town limits or ETJ (extra territorial jurisdiction) is required for membership on most Council advisory boards.

Length of residence in Clayton: 31 yrs

Do you live in the Clayton Corporate Limits: Yes No ETJ: Yes No

How did you find out about this board or committee? (Please select one)

Newspaper , Email , Internet , Mail , Other Current member

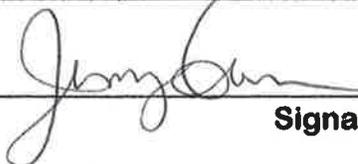
Please provide a brief statement outlining your qualifications and why you wish to serve on the board or committee you have indicated.

Please state why you would be an asset to this board or committee.

Do you anticipate a conflict of interest if asked to serve as a member on the requested board or committee? No () Yes () If Yes, explain:

PLEASE LIST CURRENT AND PREVIOUS SERVICE TO THE COMMUNITY, CIVIC CLUBS, ETC., ACTIVITY AND ANY SPECIAL TALENTS.

Boards/Committees/Civic	From	To
_____	_____	_____
_____	_____	_____
_____	_____	_____


Signature

10/5/11
Date

- Please do not submit resumes or attachments.
- The Candidate Request for Appointment to Town Board or Committee application is a public record.
- Information in the application will be considered in making appointments.
- Candidates may be interviewed prior to appointment.
- If not initially appointed to serve, this application will remain active until August 1 of the following year.

Applications may be returned to the Town Clerk either in person at Town of Clayton, 111 East Second Street, by mail at Town of Clayton, PO BOX 879, Clayton, NC 27528 or by email at sscoggins@townofclaytonnc.org



TOWN OF CLAYTON
CANDIDATE REQUEST FOR APPOINTMENT TO TOWN
BOARD OR COMMITTEE

The Town of Clayton welcomes and appreciates your interest in serving the Town. This application is designed to gather information to evaluate your qualifications. Candidates may be interviewed prior to appointment.

Please select the Town Board or Committee for which you would like to serve. If requesting consideration for more than one, please submit a separate application.

- Planning & Zoning Board
Board of Adjustment
Downtown Development Assoc.
Clayton Library Board
Recreation Advisory Committee
Fire Dept. Advisory Board
Public Arts Advisory Board

PLEASE NOTE: In accordance with North Carolina law, this application is a public record and will be disclosed upon request and without notice. If there is any information you do not want released to the public, please do not include it.

Please type or use dark ink.

Name: ANTHONY STANBACK

Mailing Address: 36 LARSON COURT

Physical HOME Address:

Phone Number (HOME): 919 333 7402 (WORK)

FAX Number: Mobile Number:

Email Address: ASTANBACK@GMAIL.COM

*Sex M *Race B *Age 46

Employer: CISCO SYSTEMS

Occupation: ENGINEER

*This information is voluntary and is requested for the sole purpose of assuring that a cross section of the community is appointed; NC GS 143-157.1.



Clayton - Premier Community for Active Families

Candidate Application for Town Boards & Committees - Page 1 of 2, Revised 03/03/2011

Residency within the Town limits or ETJ (extra territorial jurisdiction) is required for membership on most Council advisory boards.

Length of residence in Clayton: 5 YRS

Do you live in the Clayton Corporate Limits: Yes No ETJ: Yes No

How did you find out about this board or committee? (Please select one)

Newspaper , Email , Internet , Mail , Other _____

Please provide a brief statement outlining your qualifications and why you wish to serve on the board or committee you have indicated. YOUTH DIRECTOR

Please state why you would be an asset to this board or committee. LONG BRINGING YOUTH TOGETHER TO DO POSITIVE THINGS

Do you anticipate a conflict of interest if asked to serve as a member on the requested board or committee? No Yes If Yes, explain:

PLEASE LIST CURRENT AND PREVIOUS SERVICE TO THE COMMUNITY, CIVIC CLUBS, ETC., ACTIVITY AND ANY SPECIAL TALENTS.

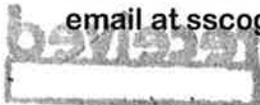
Boards/Committees/Civic	From	To
<u>RECREATION ADVISORY</u>	<u>08</u>	<u>—</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

[Signature]
Signature

8/18/11
Date

- Please do not submit resumes or attachments.
- The Candidate Request for Appointment to Town Board or Committee application is a public record.
- Information in the application will be considered in making appointments.
- Candidates may be interviewed prior to appointment.
- If not initially appointed to serve, this application will remain active until August 1 of the following year.

Applications may be returned to the Town Clerk either in person at Town of Clayton, 111 East Second Street, by mail at Town of Clayton, PO BOX 879, Clayton, NC 27528 or by email at sscoggins@townofclaytonnc.org



**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5g

Meeting Date: 2/20/12

TITLE: PRESENTATION OF RESOLUTION AWARDING BADGE AND SERVICE SIDEARM TO RETIRING OFFICER MARK STRICKLAND.

DESCRIPTION: In accordance with NC GS 20-187.2, the Town respectfully submits this request for retiring Officer Mark Strickland.

Officer Strickland will retire effective March 31, 2012.

RELATED GOAL: Administrative

ITEM SUMMARY:

Date:

Action:

Info. Provided:

2-20-12

Presentation.

Resolution.

**TOWN OF CLAYTON
RESOLUTION AWARDING BADGE AND SERVICE SIDEARM
TO RETIRING OFFICER MARK STRICKLAND**

WHEREAS, NC GS 20-187.2 provides that retiring members of municipal law enforcement agencies may receive, at the time of their retirement, the badge worn or carried by them during their service with the municipality; and

WHEREAS, NC GS 20-187.2 further provides that the governing body of the municipal law enforcement agency may, in its discretion, award to a retiring member the service sidearm of such retiring members; and

WHEREAS, Mark Strickland has served the Clayton Police Department since 2001 and will retire effective March 31, 2012;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Clayton, North Carolina as follows:

The Town Manager or his designee is hereby authorized, in accordance with the provisions of NC GS 20-187.2, to transfer to Officer Mark Strickland the badge worn by him during his service with the Clayton Police Department and his service sidearm, a Smith & Wesson M&P .45 Pistol, Serial # DVY8053.

Duly adopted this ___ day of March 2012, while in regular session.

ATTEST:

Jody L. McLeod
Mayor

Sherry L. Scoggins, MMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5h

Meeting Date: 2/20/12

TITLE: PRESENTATION OF PROCLAMATION FOR ARBOR DAY.

DESCRIPTION: In North Carolina, Arbor Day is celebrated on the first Friday after March 15th.

In 2012, Arbor Day will be celebrated on March 16, 2012.

RELATED GOAL: Administrative

ITEM SUMMARY:

Date:

Action:

Info. Provided:

2-20-12

Presentation.

Proclamation.

**TOWN OF CLAYTON
PROCLAMATION - ARBOR DAY**

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more than one million trees in Nebraska; and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce life-giving oxygen, and provide habitat for wildlife; and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires, and beautify our community; and

WHEREAS, trees, in our town increase property values, enhance the economic vitality of business areas, and beautify our community; and

WHEREAS, trees soften the urban environment and create a sense of joy and spiritual renewal.

NOW, THEREFORE, LET IT BE PROCLAIMED by the Honorable Mayor and Town Council of the Town of Clayton, North Carolina, that March 16, 2012, be recognized as "**Arbor Day**" and we urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and we urge all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

Duly proclaimed this ____ day of March 2012, while in regular session.

Jody L. McLeod,
Mayor

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5i

Meeting Date: 2/20/12

**TITLE: PRESENTATION OF WARRANTY ACCEPTANCE FOR ASPHALT
PAVEMENT AT SPRING BRANCH, PHASE 1.**

DESCRIPTION: Attached.

RELATED GOAL: Administrative

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Presentation.	Memorandum.

TOWN OF CLAYTON OPERATIONS CENTER

"SERVICE"

ELECTRIC SERVICE
(919) 553-1530

VEHICLE MAINTENANCE
(919) 553-1530



"ENVIRONMENT"

PUBLIC WORKS
(919) 553-1530

WATER RECLAMATION
(919) 553-1535

MEMORANDUM

To: Sherry Scoggins, Town Clerk

From: Chris Rowland, Construction Inspector *CR*

Date: January 10, 2012

Cc: Dave DeYoung, Planning Director
Jonathan Barnes, Dalton Engineering

Subject: Spring Branch, Phase 1 Asphalt

The asphalt pavement has been installed within the subject development. Please schedule Council action for the acceptance of this work, subject to a one-year warranty period. Following the warranty period, curb and gutter along with pavement and base course conditions will be evaluated. Any identifiable faults noted at that time shall be corrected by the developer prior to final acceptance.

received
1-11-2012 *CR*

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 7a

Meeting Date: 2/20/12

TITLE: DISCUSSION OF JOHN STREET SEWER PROJECT.

DESCRIPTION:

RELATED GOAL: Financially Responsible Town Government Providing Quality Service

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Discussion.	N/A.

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 7b

Meeting Date: 2/20/12

TITLE: DISCUSSION OF REQUEST FOR ADDITIONAL WASTEWATER ALLOCATION FOR GRIFOLS.

DESCRIPTION: Attached.

RELATED GOAL: Administrative

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
2-20-12	Discussion.	Letter.

GRIFOLS

RECEIVED FEB - 7 2012
Grifols
8368 US 70 Bus. Hwy W
Clayton, NC 27520
USA

www.grifols.com

February 3, 2012

Mr. Steve Biggs
Clayton Town Manager
Town of Clayton
Post Office Box 879
Clayton, North Carolina 27520

Subject: Request for Additional Flow of 100,000 gpd for
Grifols Therapeutics Inc., Industrial Users Permit # 0001-02

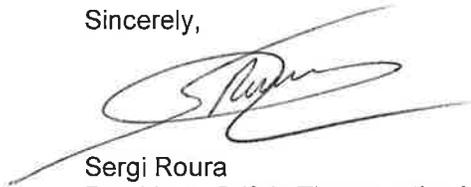
Dear Mr. Biggs:

Grifols Therapeutics Inc., formerly Talecris Biotherapeutics, is hereby requesting a 100,000 gallons per day increase in its permitted maximum daily wastewater flow. This increase would raise the maximum daily wastewater flow to 0.65 million gallons per day. Grifols is requesting this increase because activities associated with its North Fractionation Facility construction, commissioning, and commencement of manufacturing are expected to increase wastewater flow over the next years.

Documentation to show that discharge from the Grifols wastewater pretreatment facility will still meet all other requirements of the Industrial Users Permit is attached.

If you would like to meet about this request or have any questions, you may contact David Auge at 919-359-4375 or Rob Souza at (919) 359-4372.

Sincerely,



Sergi Roura
President, Grifols Therapeutics Inc.

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 9c

Meeting Date: 2/20/12

TITLE: TOWN CLERK

DESCRIPTION: Calendar of Events:

- Board of Adjustment Mtg – Wednesday, February 15, 2012 @ 6 PM
- Council Mtg – Monday, February 20, 2012 @ 7:30 PM
- Planning Board Mtg – Monday, February 27, 2012 @
- Council Retreat – Tuesday, February 28, 2012, 8 AM – 3 PM, Workforce Development Center at 135 Bestwood Drive
- Council Mtg – Monday, March 5, 2012 @ 7:30 PM
- Sunshine Week – March 11 – 17, 2012
- Arbor Day (North Carolina) – Friday, March 16, 2012
- Council Mtg – Monday, March 20, 2012 @ 7:30 PM
- Board of Adjustment Mtg – Wednesday, March 21, 2012 @ 6 PM
- Council Retreat, Follow-up Meeting – Thursday, March 22, 2012, time TBA, Workforce Development Center at 135 Bestwood Drive
- Dog Park Dedication – Sunday, March 25, 2012 @ 2 PM
- Planning Board Mtg – Monday, March 26, 2012 @ 7 PM
- Council Mtg – Monday, April 2, 2012 @ 7:30 PM
- Good Friday Holiday – Friday, April 6, 2012
- Clayton Farm & Community Market [Season Opens] – Saturday, April 14, 2012 at the Town Square from 9 AM to 12 noon
- Council Mtg – Monday, April 16, 2012 @ 7:30 PM
- Board of Adjustment Mtg – Wednesday, April 18, 2012 @ 6 PM
- Planning Board Mtg – Monday, April 23, 2012 @ 7 PM
- Council Mtg – Monday, May 7, 2012 @ 7:30 PM
- Board of Adjustment Mtg – Wednesday, May 16, 2012 @ 6 PM
- Council Mtg – Monday, May 21, 2012 @ 7:30 PM
- Memorial Day Holiday – Monday, May 28, 2012
- Planning Board Mtg – **TUESDAY**, May 29, 2012 @ 7 PM
- Millstock Arts & Music Festival – Saturday, June 2, 2012 @ Horne Square
- Council Mtg – Monday, June 4, 2012
- Town Hall Day – Wednesday, June 6, 2012
- Board of Adjustment Mtg – Wednesday, June 20, 2012 @ 6 PM
- Planning Board Mtg – Monday, June 25, 2012 @ 7 PM
- Independence Day Holiday – Wednesday, July 4, 2012
- NCLM Annual Conference hosted in Charlotte – October 21-23, 2012

Date:
2-20-12

Action:
N/A

Info. Provided:
Calendar of Events