

April 19 2010

The Martin County Board of Commissioners met in Special Session on Monday, April 24 2010 at 6:00 p.m. in the Board Room of the Martin County Governmental Center, 305 East Main Street, Williamston, North Carolina.

**ASSEMBLY**

Vice Chairman Elmo “Butch” Lilley, Commissioners C. Mort Hurst, Tommy W. Bowen and Derek Price, County Manager W. Russell Overman, County Attorney J. Melvin Bowen, and Clerk to the Board Marion B. Thompson were present.

Chairman Ronnie Smith was absent.

Others present: Cindy Ange

Vice Chairman Lilley called the meeting to order around 6:00 p.m. Following the Pledge of Allegiance which was led by Commissioner Hurst, the Invocation was offered by Commissioner Bowen.

**AGENDA APPROVAL**

Commissioner Price made a MOTION, with a SECOND by Commissioner Hurst, to approve the agenda for the special called meeting of the corrected interest rate of 4.125 on the Resolution Providing for the Issuance of General Obligation Bonds – Water District II. The motion was unanimously APPROVED by the Board.

A special meeting of the Board of Commissioners for the County of Martin, North Carolina, as the governing body of the Martin County Water and Sewer District No. 2, in Martin County, North Carolina, was held in the Board Room in the Martin County Governmental Center located at 305 East Main Street, in Williamston, North Carolina, the regular place of meeting, at 6:00 P.M. on April 19, 2010.

Present: Vice Chairman Elmo “Butch” Lilley , presiding, and Commissioners:  
C. Mort Hurst, Tommy Bowen, and Derek Price.

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Absent: Chairman Ronnie Smith

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Commissioner Tommy Bowen introduced the following resolution which was read by its title:

RESOLUTION PROVIDING FOR THE ISSUANCE OF  
\$5,986,000 GENERAL OBLIGATION WATER BONDS, SERIES 2010

BE IT RESOLVED by the Board of Commissioners for the County of Martin, North Carolina, as the governing body of the Martin County Water and Sewer District No. 2, in Martin County, North Carolina:

Section 1. Said Board of Commissioners has determined and does hereby find, declare and represent:

(a) That an order authorizing not exceeding \$12,000,000 Water Bonds of the Martin County Water and Sewer District No. 2, in Martin County, North Carolina, was adopted by the Board of Commissioners for the County of Martin, North Carolina, as the governing body of said District, on February 23, 2000, which order was approved by the vote of a majority of the qualified voters of said District who voted thereon at a referendum duly called and held on May 2, 2000.

(b) That the maximum time period for issuing bonds under said bond order was extended to May 2, 2010 by an order adopted by said Board of Commissioners on March 14, 2007.

(c) That \$5,830,000 of said bonds has been issued as a \$5,196,000 Water Bond, Series 2005A, dated November 7, 2005, and a \$634,000 Water Bond, Series 2005B, dated November 7, 2005, of said District.

(d) That there is outstanding a \$5,986,000 General Obligation Water Bond Anticipation Note of said District, which note is dated November 3, 2009, matures on

April 28, 2010 and was issued in anticipation of the receipt of the proceeds of the sale of a like amount of the balance of said bonds.

(e) That it is necessary at this time to issue \$5,986,000 of the balance of said bonds, all of the proceeds thereof to be applied to the payment of said outstanding note at its maturity.

(f) That the maximum period of usefulness of the water system of said District to be acquired and constructed with the proceeds of said bonds to be issued as hereinafter provided is estimated as a period of forty (40) years and that the date of expiration of said period computed from April 26, 2010, the expected date of said bonds to be issued as hereinafter provided, is April 26, 2050.

Section 2. Pursuant to said order there shall be issued bonds of the Martin County Water and Sewer District No. 2, in Martin County, North Carolina (the "Issuer"), in the aggregate principal amount of \$5,986,000, designated "General Obligation Water Bonds, Series 2010" and dated the date of the delivery thereof

Said bonds (the "bonds") shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) annually, June 1, \$69,000 2012, \$71,000 2013, \$74,000 2014, \$77,000 2015, \$80,000 2016, \$84,000 2017, \$87,000 2018, \$91,000 2019, \$95,000 2020, \$99,000 2021, \$103,000 2022, \$107,000 2023, \$111,000 2024, \$116,000 2025, \$121,000 2026, \$126,000 2027, \$131,000 2028, \$136,000 2029, \$142,000 2030, \$148,000 2031, \$154,000 2032, \$160,000 2033, \$167,000 2034, \$174,000 2035, \$181,000 2036, \$188,000 2037, \$196,000 2038, \$204,000 2039, \$213,000 2040, \$221,000 2041, \$230,000 2042, \$240,000 2043, \$250,000 2044, \$260,000 2045, \$271,000 2046, \$276,000 2047 and 2048 and \$257,000 2049, unless the bonds shall be

awarded to the United States of America, in which event the bonds shall be stated to mature and shall be subject to a right of the United States of America to request that they be refinanced as hereinafter set forth. The bonds shall be issuable in fully registered form in the denomination of \$1,000 or any multiple thereof and shall be numbered.

The bonds shall bear interest at a rate or rates to be determined by the Local Government Commission of North Carolina at the time the bonds are sold, which interest to the respective maturities thereof shall be payable semiannually on June 1 and December 1 of each year; provided, however, that the interest on any bond awarded to the United States of America to the respective maturities of the installments of the principal thereof shall be payable on June 1, 2010 and annually thereafter on the 1st day of June each year. Each bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date in which event it shall bear interest from such interest payment date or (b) authenticated prior to the first interest payment date in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, such bond shall bear interest from the date to which interest has been paid.

The principal of and the interest on the bonds shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of each bond, other than a bond registered in the name of the United States of America, shall be payable to the registered owner thereof or his registered assigns or legal representative at the corporate trust office of the Bond Registrar mentioned hereinafter or such other place as

the Issuer may determine upon the presentation and surrender thereof as the same shall become due and payable.

Payment of the interest on each bond shall be made by the Bond Registrar on each interest payment date to the person appearing on the registration books of the Issuer hereinafter provided for as the registered owner of such bond (or the previous bond or bonds evidencing the same debt as that evidenced by such bond) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed to such person at his address as it appears on such registration books or, in the case of a bond registered in the name of the United States of America, as hereinafter provided. If the United States of America is the registered owner of the bonds, payment of the installments of principal and interest with respect thereto shall be made at the office of such fiscal agent as the United States of America shall designate without presentation or surrender thereof.

Section 3. The bonds maturing prior to June 1, 2020 will not be subject to redemption prior to maturity. The bonds maturing on June 1, 2020 and thereafter will be redeemable, at the option of the Issuer, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than June 1, 2019, at a redemption price equal to 100% of 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 of such maturity to be redeemed shall be selected by lot in such manner as the Issuer in its discretion may determine; provided, however,

that the portion of any bond to be redeemed shall be in the principal amount of \$1,000 or some multiple thereof and that, in selecting bonds for redemption, the Bond Registrar shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by \$1,000. If less than all of the bonds stated to mature on different dates shall be called for redemption, the Issuer shall direct which maturities of the bonds are to be redeemed.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each bond to be redeemed in whole or in part at his address appearing upon the registration books of the Issuer. Failure to mail such notice or any defect therein shall not affect the validity of the redemption as regards registered owners to whom such notice was given as required hereby. Each such notice shall set forth the date designated for redemption, the redemption price to be paid, the maturities of the bonds to be redeemed and, if less than all of the bonds of any one maturity then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such bonds to be redeemed and, in the case of any bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such bond, a new bond or bonds in principal amount equal to the unredeemed portion of such bond will be issued.

The preceding provisions of this Section shall not apply to bonds awarded to the United States of America. If the United States of America is the purchaser of the bonds,

there will be issued a single registered bond as hereinafter provided, which bond may be redeemed, at the option of the Issuer, at any time prior to the maturity of any installment of the principal thereof, either in whole or in part in such order of the maturity dates of the installments of principal as the Issuer shall determine, from any moneys that may be made available for such purpose, at the aggregate principal amount of the installments of principal to be redeemed, together with the interest accrued thereon to the date fixed for redemption, but without any premium.

In case of a redemption of all or any part of a bond awarded to the United States of America, a notice of redemption shall be sent by registered mail, mailed at least forty (40) days prior to the date fixed for redemption, addressed as the United States of America shall initially direct in connection with the issuance of the bonds or to such other address as the United States of America may designate by registered or certified mail forwarded to the Issuer at least fifty (50) days prior to any interest payment date.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar, or at such place as the United States of America may designate in the case of a bond registered in the name of the United States of America, in trust for the registered owners of bonds or portions thereof to be redeemed, interest on the bonds or portions thereof called for redemption shall cease to accrue, such bonds or portions thereof shall cease to be entitled to any benefits or security

under this resolution or to be deemed outstanding, and the registered owners of such bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

If a portion of a bond other than a bond awarded to the United States of America, shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the bond so surrendered, a bond or bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

In the event that an installment of principal of a bond awarded to the United States of America shall be redeemed, the Bond Registrar shall direct the registered owner thereof to evidence such redemption by appropriate notation on the schedule attached to such bond for such purpose.

Section 4. Bonds, upon surrender thereof at the corporate trust office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of bonds of the same maturity (or, in the case of a bond awarded to the United States of America, of bonds having maturities corresponding to the

maturities of the installments of principal of such bond then unpaid), of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

Except as hereinafter otherwise provided, the transfer of any bond may be registered only upon the registration books of the Issuer upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner 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 authenticate and deliver in exchange for such bond a new bond or bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in an aggregate principal amount equal to the unredeemed principal amount of such bond so surrendered, of the same maturity and bearing interest at the same rate. The transfer of a bond awarded to the United States of America may be registered by the registered owner thereof only upon an execution of an assignment thereof duly executed by such registered owner or his attorney or legal representative. Notice of such assignment shall be given promptly by the assignor to the Bond Registrar by registered mail, such notice to be in such form as shall be satisfactory to the Bond Registrar, and upon receipt of such notice such bond shall be registered as to both principal and interest on such registration books in the name of the assignee named in such notice.

In all cases in which bonds shall be exchanged or the transfer of bonds shall be registered hereunder and a new bond or bonds are to be delivered in exchange therefor, the Bond Registrar shall authenticate and deliver at the earliest practicable time bonds in accordance with the provisions of this resolution. All bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar.

The Bond Registrar shall not be required to make any such exchange or registration of transfer of (i) any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or (ii) any bond called for redemption in whole or in part pursuant to Section 3 of this resolution.

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 or redemption price of any such bond and the interest on any such bond shall be made only to or upon the order of the registered owner 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.

The Issuer shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary for the registration, registration of transfer and exchange of bonds within a reasonable time according to then current commercial standards and for the timely payment of principal and interest with respect to the bonds. Branch Banking and Trust Company, in the City of Wilson, North Carolina, is hereby appointed the registrar, transfer agent and paying agent (the "Bond Registrar") for the bonds, subject to the right of the governing body of the Issuer to appoint another Bond Registrar and except as hereinafter provided, and as such shall keep at its corporate trust office the books of the Issuer for the registration, registration of transfer, exchange and payment of the bonds as provided in this resolution. If the United States of America is the purchaser of the bonds, then the Finance Officer of the Issuer shall be the Bond Registrar; provided,

however, that, in the event that a bond registered in the name of the United States of America is assigned, the paying agent with respect to such bond shall be Branch Banking and Trust Company, in the City of Wilson, North Carolina.

Section 5. The bonds shall bear the facsimile signatures of or be executed by the Chairman of said Board of Commissioners and the Clerk to said Board of Commissioners and the corporate seal of the Issuer shall be impressed or a facsimile thereof shall be imprinted on the bonds. The certificate of the Local Government Commission of North Carolina to be endorsed on all bonds shall bear the facsimile signature of or be executed by the Secretary of said Commission and the certificate of authentication of the Bond Registrar to be endorsed on all bonds shall be executed as provided hereinafter.

In case any officer of the Issuer or the Local Government Commission of North Carolina whose facsimile signature shall appear on any bonds shall cease to be such officer before the delivery of such bonds, such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any bond may bear the facsimile signatures of such persons who at the actual time of the execution of such bond shall be the proper officers to sign such bond although at the date of such bond such persons may not have been such officers.

No bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

The bonds, other than a bond registered in the name of the United States of America, and the endorsements thereon shall be in substantially the following forms:

[Front Side of Bond]

No. R-..... \$ .....

...

United States of America

State of North Carolina

County of Martin

MARTIN COUNTY WATER AND SEWER DISTRICT NO. 2

GENERAL OBLIGATION WATER BOND, SERIES 2010

<u>Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Cusip</u>
.....	.....	.....	.....

The Martin County Water and Sewer District No. 2, a body politic and corporate in the County of Martin, North Carolina, is justly indebted and for value received hereby promises to pay to

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or registered assigns or legal representative on the date specified above, upon the presentation and surrender hereof, at the corporate trust office of Branch Banking and Trust Company (the "Bond Registrar"), in the City of Wilson, North Carolina, the principal sum of

..... DOLLARS

and to pay interest on such principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or December 1 to which interest shall

have been paid, in which case from such date, such interest to the maturity hereof being payable on June 1 and December 1 in each year, at the rate per annum specified above, until payment of such principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed to such person at his address as it appears on the bond registration books of said District. Both the principal of and the interest on this bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt payment hereof, both principal and interest as the same shall become due, the faith and credit of said Martin County Water and Sewer District No. 2 are hereby irrevocably pledged.

ADDITIONAL PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

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

IN WITNESS WHEREOF, said Martin County Water and Sewer District No. 2, by resolution of the Board of Commissioners for the County of Martin, North Carolina, as the governing body of said District, has caused this bond to bear the facsimile

signatures of the Chairman of said Board and the Clerk to said Board and a facsimile of its corporate seal to be imprinted hereon, all as of the date of this bond set forth above.

[Facsimile signature]

Chairman

[Facsimile signature]

Clerk

#### CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

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

[Facsimile signature]

Secretary, Local Government Commission



referendum thereon held on May 2, 2000, and a resolution duly passed by said Board (the "Resolution"). The maximum time period for issuing bonds under said order was extended to May 2, 2010 by an order adopted by said Board on March 14, 2007.

The bonds at the time outstanding maturing prior to June 1, 2020 are not subject to redemption prior to maturity. The bonds maturing on June 1, 2020 and thereafter may be redeemed, at the option of said District, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than June 1, 2019, at a redemption price equal to 100% of 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 of such maturity to be redeemed shall be selected by lot in such manner as said District in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$1,000 or some multiple thereof and that, in selecting bonds for redemption, the Bond Registrar shall treat each Bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by \$1,000. If less than all of the bonds stated to mature on different dates shall be called for redemption, the Issuer shall direct which maturities of the bonds are to be redeemed.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, said District shall cause a notice of such redemption to be filed with the Bond Registrar and mailed, postage prepaid, to the registered owner of each bond to be redeemed in whole or in part at his address appearing upon the registration books of said District. On the date

fixed for redemption, notice having been given as aforesaid, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such bonds or portions thereof on such date and, if moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar as provided in the Resolution, interest on the bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner hereof or his legal representative upon the surrender hereof.

The bonds are issuable in fully registered form in the denomination of \$1,000 or any integral multiple thereof. At the corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, bonds may be exchanged for an equal aggregate principal amount of bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its corporate trust office the books of said District for the registration of transfer of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution 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 this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount

equal to the unredeemed principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register any transfer of (i) any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or (ii) any bond called for redemption in whole or in part pursuant to the Resolution.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of North Carolina to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed in regular and due form and time as so required; that provision has been made for the levy and collection of a direct annual tax upon all taxable property within said District sufficient to pay the principal of and the interest on this bond as the same shall become due; and that the total indebtedness of said District, including this bond, does not exceed any constitutional or statutory limitation thereon.

ASSIGNMENT

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

the within bond and all rights thereunder and hereby irrevocably constitutes and appoints

\_\_\_\_\_ attorney

to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

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

Section 6. If the United States of America is the initial purchaser of the bonds, there will be issued a single registered bond of the Issuer of the denomination of \$5,986,000, numbered R-1 and maturing in annual installments on the 1st day of June in the following years and in the following amounts, respectively:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2012	\$69,000	2031	\$148,000
2013	71,000	2032	154,000
2014	74,000	2033	160,000
2015	77,000	2034	167,000
2016	80,000	2035	174,000
2017	84,000	2036	181,000
2018	87,000	2037	188,000
2019	91,000	2038	196,000
2020	95,000	2039	204,000
2021	99,000	2040	213,000
2022	103,000	2041	221,000
2023	107,000	2042	230,000
2024	111,000	2043	240,000
2025	116,000	2044	250,000
2026	121,000	2045	260,000
2027	126,000	2046	271,000
2028	131,000	2047	276,000

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2029	136,000	2048	276,000
2030	142,000	2049	257,000

and bearing interest on the unpaid part of such principal at the rate of four and one hundred twenty-five thousandths per centum (4.125%) per annum until payment thereof.

Such bond and the endorsements thereon shall be in substantially the following forms:

No. R-1 \$5,986,000

REGISTERED BOND WITHOUT COUPONS  
(Registered as to both principal and interest)

United States of America

State of North Carolina

County of Martin

MARTIN COUNTY WATER AND SEWER DISTRICT NO. 2

GENERAL OBLIGATION WATER BOND, SERIES 2010

The Martin County Water and Sewer District No. 2, a body politic and corporate in the County of Martin, North Carolina, is justly indebted and for value received hereby promises to pay to the

UNITED STATES OF AMERICA,  
UNITED STATES DEPARTMENT OF AGRICULTURE,  
RURAL DEVELOPMENT

or registered assigns or legal representative the principal sum of

FIVE MILLION NINE HUNDRED EIGHTY-SIX THOUSAND DOLLARS

in annual installments on the 1st day of June in the following years and amounts:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2012	\$69,000	2031	\$148,000
2013	71,000	2032	154,000
2014	74,000	2033	160,000
2015	77,000	2034	167,000
2016	80,000	2035	174,000
2017	84,000	2036	181,000
2018	87,000	2037	188,000
2019	91,000	2038	196,000
2020	95,000	2039	204,000
2021	99,000	2040	213,000
2022	103,000	2041	221,000
2023	107,000	2042	230,000
2024	111,000	2043	240,000
2025	116,000	2044	250,000
2026	121,000	2045	260,000
2027	126,000	2046	271,000
2028	131,000	2047	276,000
2029	136,000	2048	276,000
2030	142,000	2049	257,000

and to pay interest from the date hereof on the unpaid part of such principal sum at the rate of four and one hundred twenty-five thousandths per centum (4.125%) per annum until payment thereof, such interest to the maturity hereof being payable on June 1, 2010 and annually thereafter on June 1 in each year. The interest so payable on any such interest payment date will be paid to the person in whose name this bond is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Both the principal of and the interest on this bond are payable 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.

During the time that the United States of America is the registered owner of this bond, payment of the installments of principal and interest when due and payable on this

bond shall be made at the office of such fiscal agent as the United States of America shall designate without presentation or surrender hereof and, during any such time as an assignee hereof is the registered owner of this bond, payment of the installments of principal when due and payable on this bond shall be made at the corporate trust office of Branch Banking and Trust Company, in the City of Wilson, North Carolina, upon the presentation and surrender hereof and payment of the interest when due and payable on this bond shall be made by check mailed to such assignee at his address as it appears on the bond registration books of said District hereinafter mentioned without the presentation or surrender hereof. Upon receipt of said payments of principal and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar hereinafter mentioned and said District shall be fully discharged of its obligation on this bond to the extent of the payment so made. Upon final payment this bond shall be surrendered to the Bond Registrar for cancellation.

For the prompt payment hereof, both principal and interest as the same shall become due, the faith and credit of said Martin County Water and Sewer District No. 2 are hereby irrevocably pledged.

This bond is duly authorized and issued under and pursuant to The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, an order which was adopted by the Board of Commissioners for the County of Martin, North Carolina, as the governing body of said District, on February 23, 2000, which order was approved by the qualified voters of said District at a referendum thereon held on May 2, 2000 and a resolution duly passed by said Board, for the purpose of providing funds, with any other available funds, for acquiring and

constructing a water system of said District. The maximum time period for issuing bonds under said order was extended to May 2, 2010 by an order adopted by said Board on March 14, 2007.

At the office of the Bond Registrar, in the manner and subject to the conditions provided in said resolution, this bond may be exchanged for an equal aggregate principal amount of bonds having maturities corresponding to the maturities of the installments of principal of this bond then unpaid, issuable in fully registered form in the denomination of \$1,000 or any integral multiple thereof and bearing interest at the same rate.

This bond is registered as to both principal and interest in the name of the United States of America on books of said District kept by the Finance Officer of said District as Bond Registrar, and the transfer hereof may hereafter be registered by the registered owner hereof only upon an execution of an assignment hereon duly executed by such registered owner or his attorney or legal representative. Notice of such assignment shall be given promptly by the assignor to the Bond Registrar by registered mail, such notice to be in such form as shall be satisfactory to the Bond Registrar, and upon receipt of such notice this bond shall be registered as to both principal and interest on such registration books in the name of the assignee named in such notice.

This bond or any part hereof at the time outstanding may be redeemed, at the option of said District, at any time prior to the maturity of any installment of the principal hereof, either in whole or in part in such order of the maturity dates of the installments of principal as said District shall determine, from any moneys that may be made available for such purpose, at the aggregate principal amount of the installments of principal to be

redeemed, together with the interest accrued thereon to the date fixed for redemption, but without any premium.

On the date designated for redemption, notice having been given and moneys for payment of the redemption price being held in trust for such purpose, all as provided in said resolution, this bond or part hereof shall become and be due and payable, and the interest on this bond or part hereof so redeemed shall cease to accrue.

The Bond Registrar shall not be required to exchange or register any transfer of (i) any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or (ii) any bond called for redemption in whole or in part pursuant to said resolution.

To the extent permitted by the Constitution and laws of the State of North Carolina, if at any time it shall appear to the United States of America while it is the registered owner of this bond that said District is able to refinance the installments of principal hereof then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, then said District will, upon request of the United States of America, apply for and accept such loan in sufficient amount to repay the United States of America and will take all such actions as may be required in connection with such loan.

It is hereby certified and recited that all acts, conditions, and things required by the Constitution and laws of North Carolina to happen, exist, and be performed precedent to and in the issuance of this bond have happened, exist, and have been performed in

regular and due form and time as so required; that provision has been made for the levy and collection of a direct annual tax upon all taxable property within said District sufficient to pay the principal of and the interest on this bond as the same shall become due; and that the total indebtedness of said District, including this bond, does not exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, said Martin County Water and Sewer District No. 2, by resolution of the Board of Commissioners for the County of Martin, North Carolina, as the governing body of said District, has caused this bond to be executed by the Chairman of said Board and the Clerk to said Board and the corporate seal of said District to be impressed hereon, all as of the \_\_\_\_\_ day of April 2010.

\_\_\_\_\_  
[Manual  
signature] \_\_\_\_\_  
Chairman

\_\_\_\_\_  
[Manual  
signature] \_\_\_\_\_  
Clerk

#### CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

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

\_\_\_\_\_  
[Manual signature] \_\_\_\_\_  
Secretary, Local Government Commission

#### CERTIFICATE OF AUTHENTICATION

This bond is issued under the provisions of the within-mentioned resolution.

Finance Officer  
as Bond Registrar

By \_\_\_\_\_ [Manual  
signature] \_\_\_\_\_

Date of authentication: \_\_\_\_\_

ASSIGNMENT

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

the within bond and all rights thereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney

to register the transfer of said bond on the books kept for registration thereof, with full  
power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

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

[The following is to be on a separate sheet.]

SCHEDULE "A"

Principal Installments Paid  
in Advance of Maturity Dates

<u>Principal Date</u>	<u>Due Amount</u>	<u>Principal Payment</u>	<u>Balance</u>	<u>Date Paid</u>	<u>Name of Bond Registrar, Authorized Official and Title</u>
_____	\$ _____	\$ _____	\$ _____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Section 7. To the extent permitted by the Constitution and laws of the State of North Carolina, if the United States of America is the initial purchaser of the bonds and if at any time it shall appear to the United States of America while it is the registered owner of the bonds that the Issuer is able to refinance the installments of principal thereof then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, then the Issuer will, upon request of the United States of America, apply for and accept such loan in sufficient amount to repay the United States of America and will take all such actions as may be required in connection with such loan.

Section 8. The Issuer covenants that, to the extent permitted by the Constitution and laws of the State of North Carolina, it will comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), except to the extent that the Issuer obtains an opinion of bond counsel to the effect that noncompliance would not result in interest on the bonds being includable in the gross income of the owners of the bonds for purposes of federal income taxation.

Section 9. The Issuer hereby further finds, declares and represents that (a) it reasonably expects that it, all subordinate entities thereof and all entities which issue obligations on behalf of the Issuer (all within the meaning of Section 265(b)(3)(E) of the Code) will not issue in the aggregate more than \$30,000,000 of tax-exempt obligations (not counting private-activity bonds and certain refunding bonds as provided in Section 265(b)(3)(C)(ii) of the Code) during calendar year 2010 and (b) no entity has been or will be formed or availed of to avoid the limits described above. In addition, the Issuer hereby designates each of the bonds as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

Section 10. The Local Government Commission of North Carolina is hereby requested to sell the bonds at private sale without advertisement to any purchaser or purchasers thereof, at such prices as said Commission determines to be in the best interest of the Issuer, subject to the approval of the Chairman of said Board of Commissioners; provided, however, that the purchase price of the bonds is at least \$5,986,000 plus 100% of any accrued interest and that the maximum interest rate does not exceed six per centum (6%) per annum.

Section 11. The Chairman of said Board of Commissioners is hereby authorized to approve the purchase price of the bonds and the rate of interest on the bonds in connection with the private sale of the bonds, subject to the provisions of Section 9 of this resolution.

Section 12. If the bonds are awarded to a purchaser other than the United States of America, the bonds will be delivered in such authorized denominations and registered in such names as the purchaser may request no later than five days prior to the

date of their delivery. If the purchaser fails to submit such information by the required time, then a single bond will be issued for each maturity date registered in the name of the purchaser or the senior manager of the bidding group constituting the purchaser.

Section 13. If the bonds are awarded to a purchaser other than the United States of America, there shall be printed on the reverse of each of the bonds the legal opinion of Robinson, Bradshaw & Hinson, P.A., bond counsel to the Issuer, with respect to the validity of the bonds, and there shall be printed immediately following such legal opinion a certificate bearing the facsimile signature of the Chairman of said Board of Commissioners, said certificate to be in substantially the following form:

I HEREBY CERTIFY that the foregoing is a true and correct copy of the legal opinion on the bonds therein described which was manually signed by Robinson, Bradshaw & Hinson, P.A., Charlotte, N.C., and was dated as of the date of delivery of and payment for said bonds.

\_\_\_\_\_  
[Facsimile  
signature]

Chairman of the Board of Commissioners  
for the County of Martin, North Carolina, as  
the governing body of the Martin County  
Water and Sewer District No. 2, in Martin  
County, North Carolina

Section 14. The officers, agents and employees of the Issuer are hereby authorized and directed to do all acts and things required of them by the provisions of the bonds and this resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein and herein and (without limitation except as may be expressly set forth herein) to take such other actions and to execute and deliver such other documents, certificates, undertakings, agreements or other instruments as they,

with the advice of counsel, may deem necessary or appropriate to effectuate the transactions contemplated thereby and hereby.

Section 15. The resolution entitled: “RESOLUTION PROVIDING FOR THE ISSUANCE OF \$5,986,000 GENERAL OBLIGATION WATER BONDS, SERIES 2010” that was passed by said Board of Commissioners on April 14, 2010 is hereby repealed.

Section 16. This resolution shall take effect upon its passage.

Thereupon Commissioner C. Mort Hurst moved the passage of the foregoing resolution entitled: “RESOLUTION PROVIDING FOR THE ISSUANCE OF \$5,986,000 GENERAL OBLIGATION WATER BONDS, SERIES 2010”, and Commissioner Price seconded the motion and the resolution was passed by the following vote:

Ayes: Commissioners Elmo "Butch" Lilley, C. Mort Hurst, Tommy Bowen, Derek Price

Noes: None

## **ADJOURNMENT**

With no further business to discuss, Commissioner Price made a MOTION, with a SECOND by Commissioner Bowen, to adjourn the meeting. The motion was unanimously APPROVED, and the meeting was adjourned at 6:05 p.m.

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Elmo "Butch" Lilley, Vice Chairman

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Marion B. Thompson, Clerk to the Board