



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Ratings:
Moody's: 
S&P: 
(See "RATINGS" herein)

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2020

NEW ISSUE - Book-Entry Only

This Official Statement has been prepared by the Local Government Commission of North Carolina and the Town of Apex, North Carolina (the "Town") to provide information in connection with the sale and issuance of the bonds offered hereby (collectively, the "Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed investment decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety. Capitalized terms used on this cover page have the meanings given in this Official Statement.

**[\$[29,425,000]*
Town of Apex, North Carolina
Taxable General Obligation Refunding Bonds
Series 2020**

Dated: Date of delivery

Due: As shown on inside cover page

Tax Treatment

In the opinion of Bond Counsel, under existing law, interest on the Bonds will not be excluded from gross income of the owners thereof for federal income tax purposes and will be fully subject to federal income taxation. In the opinion of Bond Counsel, under existing law, interest on the Bonds will be exempt from all State of North Carolina income taxes. See "TAX TREATMENT" herein.

Redemption

The Bonds will be subject to optional redemption at the times and price set forth herein.

Security

The Bonds will constitute general obligations of the Town, secured by a pledge of the faith and credit and taxing power of the Town.

Interest Payment Dates

June 1 and December 1, beginning June 1, 2021.

Denominations

\$5,000 or any integral multiple thereof.

Expected Closing/Settlement

November 17, 2020.

Bond Counsel

Womble Bond Dickinson (US) LLP, Raleigh, North Carolina.

Financial Advisor

Davenport & Company LLC, Charlotte, North Carolina.

Sale Date

October 27, 2020.

Sale of Bonds

Pursuant to sealed bids in accordance with the Notice of Sale.

The date of this Official Statement is October __, 2020

* Preliminary; subject to change.

MATURITY SCHEDULE*

**[\$29,425,000]*
Town of Apex, North Carolina
Taxable General Obligation Refunding Bonds
Series 2020**

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield¹</u>	<u>CUSIP⁺</u>
2022	[\$ 365,000			
2023	1,480,000			
2024	1,510,000			
2025	1,535,000			
2026	1,565,000			
2027	1,615,000			
2028	1,745,000			
2029	1,810,000			
2030	1,880,000			
2031	1,945,000			
2032	2,000,000			
2033	2,080,000			
2034	2,135,000			
2035	2,640,000			
2036	2,580,000			
2037	2,540,000]			

* Preliminary; subject to change as provided in the Notice of Sale.

¹ Information obtained from the underwriters of the Bonds.

+ CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Bonds only at the time of issuance of the Bonds and neither the Town, the Underwriters, nor their agents make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Bonds.

TOWN OF APEX, NORTH CAROLINA

Town Council

Jacques Gilbert Mayor
Nicole Dozier Mayor Pro-Tempore

Brett Gantt
Audra Killingsworth
Terry Mahaffey
Cheryl Stallings

Town Staff

Drew Havens Town Manager
Marty Stone Assistant Town Manager
Shawn Purvis Assistant Town Manager
T. Vance Holloman Finance Director
Donna Hosch Town Clerk
Laurie Hohe Town Attorney

FINANCIAL ADVISOR

Davenport & Company LLC
Charlotte, North Carolina

BOND COUNSEL

Womble Bond Dickinson (US) LLP
Raleigh, North Carolina

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**STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION**

GREGORY C. GASKINS
DEPUTY TREASURER
SHARON EDMUNDSON
DEPUTY TREASURER

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is intended to furnish information in connection with the public invitation for bids for the purchase of \$[29,425,000]* Taxable General Obligation Refunding Bonds, Series 2020 (the “Bonds”) of the Town of Apex, North Carolina (the “Town”).

The information furnished herein includes a brief description of the Town and its economic condition, government, debt management, tax structure, financial operations, budget, pension plans and contingent liabilities. The Town has assisted the North Carolina Local Government Commission (the “Commission”) in gathering and assembling the information contained herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date thereof. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

This Official Statement is deemed to be a final official statement with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), except, when it is in preliminary form, for the omission of certain pricing and other information to be made available by the successful bidder or bidders for the Bonds to the Commission. In accordance with the requirements of the Rule, the Town has agreed in resolution adopted by the Town Council of the Town authorizing the sale and issuance of the Bonds to certain continuing disclosure obligations. See “CONTINUING DISCLOSURE” herein.

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Commission, a division of the Department of State Treasurer of the State of North Carolina (the “State”), is a State agency that supervises the issuance of the bonded indebtedness of all units of local government and assists these units in the area of fiscal management. Appendix A hereto contains additional information concerning the Commission and its functions.

THE BONDS

Description

The Bonds will be dated their date of delivery and will bear interest from their date, payable on each June 1 and December 1, beginning June 1, 2021, at the interest rates set forth on the inside cover page of this Official Statement. The Bonds will mature on June 1, subject to prior redemption as described below, in the years and principal amounts set forth on the inside cover page of this Official Statement. Payment of interest will be made by the Bond Registrar on each interest payment date to the registered owner of the Bonds (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bonds) 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.

The Bonds will be issuable as fully registered bonds in a book-entry system maintained by The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Purchases and transfers of the Bonds may be made only in authorized denominations of \$5,000 and or integral multiples thereof in accordance with the practices and procedures of DTC. See Appendix F hereto for a description of DTC and the book-entry only system for the Bonds.

Redemption Provisions

The Bonds maturing on or prior to June 1, 2030 will not be subject to redemption prior to maturity. The Bonds maturing on June 1, 2031 and thereafter will be subject to redemption, at the option of the Town, 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, 2030, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the dated 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 Town may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. So long as a book-entry system with DTC is used for determining beneficial ownership of the Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the Bonds within such maturity are to be redeemed by lot. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof of each maturity to be redeemed shall be called in such manner as the Town may determine.

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 Town 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 to his address appearing upon the registration books of the Town, provided that such notice to Cede & Co. shall be given by certified or registered mail or otherwise as prescribed by DTC. 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 properly given.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Town on or prior to the redemption date of moneys sufficient to pay the redemption price of and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that

such notice contains such a condition and moneys sufficient to pay the redemption price of and interest on such Bonds are not received by the Town on or prior to the redemption date, the redemption shall not be made and the Town shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

On the date fixed for redemption, notice having been given as hereinabove described, 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 and Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in trust for the registered owners of the Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue, and such Bonds or portions thereof shall cease to be entitled to any benefits or security under the resolution providing for their issuance 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 such redemption date. If a portion of a Bond shall have been selected for redemption, a new Bond or Bonds of the same maturity, of any authorized denomination or denominations and bearing interest at the same rate shall be delivered for the unredeemed portion of the principal amount of such Bond.

Authorization and Purpose

The Bonds are being issued pursuant to the provisions of the Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina (the "Act"), a bond order duly adopted by the Town Council of the Town on September 15, 2020, which bond order has taken effect, and a resolution duly adopted by the Town Council of the Town on October 6, 2020. The Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) refund certain outstanding general obligation bonds of the Town as described under "THE REFUNDING PLAN" herein and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Bonds.

Security

The Bonds are general obligations of the Town. The Town is authorized and required by law to levy on all real and tangible personal property taxable by the Town such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

THE REFUNDING PLAN

A portion of the proceeds of the Bonds will be used, together with other available funds, to refund the Town's outstanding General Obligation Wastewater System Bonds, Series 2012, dated June 19, 2012, and stated to mature on June 1, 2023 to 2037, inclusive (the "Refunded Bonds"). Such funds will be used to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the "Government Obligations") which will be held in trust by Truist Bank, as escrow agent, pursuant to an Escrow Deposit Agreement between the Town and such escrow agent. The Government Obligations will mature at such times and in such amounts and will bear interest payable at such times and in such amounts so that sufficient funds will be available, together with amounts deposited with such escrow agent and held uninvested as cash, to pay when due the redemption price of and interest on the Refunded Bonds to and including their redemption date. Such escrow agent will apply the maturing principal of and interest on the Government Obligations and such cash to the payment of the redemption price of and interest on the Refunded Bonds when the same becomes due and payable. The Refunded Bonds will be redeemed on June 1, 2022 at a redemption price equal to 100% of the principal amount thereof, plus

accrued interest thereon to such redemption date. The County has given the escrow agent irrevocable instructions (effective upon the issuance of the Bonds) to call the Refunded Bonds for redemption on such redemption date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

THE TOWN

General Description

The Town is located in southwest Wake County (the “County”) in the eastern region of the State’s Piedmont area, approximately 10 miles west of the City of Raleigh, the State Capital. The Town has authority over 37.29 square miles, including its corporate limits of 24.01 square miles and its extraterritorial jurisdiction area of 13.28 square miles. The Town is the 17th largest municipality in the State based on population as of July 1, 2019.

The Town is empowered by State statute to levy an annual ad valorem property tax on the appraised value of all taxable real and tangible personal property located within the Town’s corporate limits. The Town has traditionally limited extensions of its corporate limits to voluntary annexations requested by property owners. By conducting an ongoing planning and programming process, the Town strives to keep pace with the growth and development of the community. This is accomplished through implementing sound and orderly expansions of its corporate limits.

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the Town to be as follows:

<u>1990</u>	<u>2000</u>	<u>2010</u>
4,973	20,212	37,476

The North Carolina Office of State Budget and Management has estimated the population of the Town to be as follows (latest data available):

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
43,407	46,673	48,435	52,842	61,212

The Town currently has a population of approximately 66,500 as estimated by the Town’s Planning Department.

Per capita income data for the County, the State and the United States are presented in the following table (separate data for the Town are not available):

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	\$51,073	\$40,064	\$47,658
2015	53,706	41,851	48,978
2016	54,584	42,651	49,870
2017	55,860	44,180	51,885
2018	59,014	46,117	54,446

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

Commerce and Industry

The Town is located approximately 13 miles from Research Triangle Park (“RTP”), a major employment center in the State and one of the largest planned research parks in the country. Comprised of approximately 300 businesses spread over 7,000 acres, it is estimated that the businesses in RTP employ more than 65,000 full-time and contracted workers. The Town is considered an attractive residential option for those employed in RTP, and residential housing represents approximately 80% of the Town’s ad valorem tax base.

Strong residential construction has continued to be accompanied by an increase in commercial activity that is primarily comprised of retail shopping centers, restaurants and office space. As of August 31, 2020, the Town has issued 22 building permits for new office, retail and industrial projects approved for construction to be located in the Town. To complement the residential and commercial growth, the Town established and funded an Economic Development Department in 2014. The Department consists of a Director, a Downtown & Small Business Development Coordinator and a Program Support Specialist. The Department recruits, retains and expands business and industry in the Town, develops industrial sites and industrial facilities, and fosters entrepreneurship and small business development as part of the Town’s overall economic development strategy. In 2019, as a result of the Department’s efforts, the Town had three industries expand, accounting for the creation of approximately 115 new jobs, and graduated 23 new entrepreneurs/small business owners from a business training and mentoring program called “LaunchAPEX.” Over 40 industries are located in the Town, ranging from advanced manufacturing and processing to research and development and information technology. These industries are located primarily along the corridors of U.S. Highway 1 and N.C. Highway 55. There is land zoned for industrial use that is still available in those areas for future development. The Town also has an option to purchase a 120-acre site to develop a new industrial or business park in the same area.

The Town’s downtown commercial district offers many shopping and dining options. In late 2019, the Town adopted a “Downtown Plan and Parking Study” that will help guide increased pedestrian, open space and business opportunities over the next 20 years. The Town continues to see a steady stream of renovations to older buildings that are being converted into small specialty shops on the first floor and office space on the second floor. In 2019, with assistance from the Town, a new co-working facility opened in downtown, allowing flexible and collaborative work space. The downtown area provides an eclectic blend of restaurants, galleries and boutiques. The Town’s original Town Hall, which was built in 1912, has been converted into the Halle Cultural Arts Center. This facility draws citizens to the downtown area for performances by local artists and various other events.

The following table lists by name, product or service and approximate number of employees, the major employers in the Town:

<u>Company or Institution</u>	<u>Product or Service</u>	<u>Approximate Number of Employees</u>
Wake County Public School System	Education	1,779
Town of Apex	Government	506
Dell Technologies Inc.	Computers	500
Apex Tool Group	Linear Measuring Tools	425
Bland Landscaping	Commercial Landscaping	325
Costco	Retail	290
ATI Industrial Automation	Robotic Manufacturing	275
Super Target	Retail	250
Walmart	Retail	243
Lowe's Home Improvement	Retail	220
Tipper Tie, Inc.	Packaging Equipment	136
Polyzen	Medical Device Manufacturing	100
Recovery Logistics	Business Continuity Operations	100

Source: Town of Apex Economic Development Department (Fall 2020).

Total taxable sales for the County for the five fiscal years ended June 30, 2016 through 2020 are shown in the following table:

<u>Fiscal Year Ended or Ending June 30</u>	<u>Total Taxable Sales</u>	<u>Increase Over Previous Year</u>
2016	\$14,319,129,427	7.7 %
2017	15,964,857,938	11.5
2018	18,273,741,182	14.5
2019	19,711,357,427	7.9
2020	20,128,769,992	2.1

Source: North Carolina Department of Revenue, Sales and Use Tax Division. Separate data for the Town are not available. See "Recent Developments – COVID-19" for more information on the Town's response to the pandemic.

Construction activity in the Town for the past five calendar years and for a portion of 2020 is indicated by the following table, which shows the number and value of building permits issued by the Town:

<u>Calendar Year</u>	<u>Commercial/Industrial</u>		<u>Residential</u>		<u>Total Value</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2015	24	\$67,851,606	683	\$139,655,841	\$207,517,447
2016	30	44,362,306	962	209,159,863	253,522,169
2017	32	28,414,436	1,421	286,682,066	315,096,502
2018	62	82,100,181	1,711	386,690,935	468,791,116
2019	38	41,665,279	1,828	371,273,112	412,938,391
2020 (8 months)	16	36,570,850	900	191,241,760	227,812,610

Source: Town Construction Management Department as of August 31, 2020.

Employment

The North Carolina Department of Commerce, Division of Labor and Economic Analysis has estimated the percentage of unemployment in the Town to be as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	4.0%	3.8%	3.3%	3.4%	3.1%
February	4.0	3.7	3.4	3.2	2.9
March	3.8	3.5	3.3	3.2	3.5
April	3.6	3.0	2.8	2.8	9.1
May	3.6	3.3	2.8	2.9	8.9
June	3.8	3.4	3.2	3.1	5.2
July	3.7	3.6	3.1	3.3	5.8
August	3.8	3.6	3.0	3.2	4.7
September	3.5	3.1	2.6	2.7	N/A
October	3.6	3.1	2.7	2.7	
November	3.6	3.3	2.7	2.7	
December	3.6	3.0	2.8	2.5	

Source: North Carolina Department of Commerce; Labor and Economic Analysis Division.

For calendar year 2019, the Town's unemployment rate averaged 3.0%, as compared to 3.3% for the County, 3.9% for the State and 3.7% for the United States.

Government and Major Services

GOVERNMENT STRUCTURE

The Town operates under the Council-Manager form of government. The governing body is composed of a Mayor and a five-member Town Council, elected on a nonpartisan, at-large basis for staggered four-year terms in odd numbered years. The Town Council appoints the Town Manager, enacts all general and technical ordinances, including budgetary appropriations within a balanced budget, establishes a tax rate for the supported Town programs and originates general management policies as recommended by the Town Manager. The Town Manager directs daily operations of the Town through two Assistant Town Managers and department heads appointed by the Town Manager.

EDUCATION

The County has a consolidated public school system with 191 schools, serving approximately 161,907 students and employing approximately 19,385 full-time employees. There are twelve schools within the Town limits that provide a K-12 education to over 13,000 students.

The Town has no financial responsibility for any part of the consolidated school system. The school system budget is approved and funded by the Board of Commissioners of the County with revenues derived from the County, the State and the federal government.

The following table shows the number of schools and average daily membership (ADM) for the County's consolidated public school system:

<u>School Year</u>	<u>Elementary (K-5)</u>			<u>Middle (6-8)</u>			<u>Secondary (9-12)</u>		
	<u>Schools¹</u>	<u>Classrooms²</u>	<u>ADM*</u>	<u>Schools¹</u>	<u>Classrooms²</u>	<u>ADM*</u>	<u>Schools¹</u>	<u>Classrooms²</u>	<u>ADM*</u>
2015-2016	106	4,659	73,699	37	2,180	35,914	28	2,446	47,739
2016-2017	110	4,855	74,572	38	2,235	35,900	29	2,420	49,055
2017-2018	112	4,895	74,604	40	2,328	37,132	31	2,443	50,021
2018-2019	114	5,067	72,760	41	2,386	37,732	32	2,549	49,979
2019-2020	117	5,159	72,965	42	2,443	38,290	32	2,699	50,652

*ADM — Average Daily Membership (using 20th day enrollment for fiscal years 2016-2020), is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The memberships are used as a basis for teacher allotments and for distribution of State funds.

Source: North Carolina State Board of Education Statistical Division and Wake County Public School System.

There are presently five colleges and universities and one community college located in the County. North Carolina State University, located within 15 miles of the Town, is the largest higher education institution in the County and is a part of the University of North Carolina system. North Carolina State University has approximately 36,000 students, a faculty of 2,300 and 7,000 additional employees. Three universities (Saint Augustine's University, Shaw University and William Peace University) and one college (Meredith College) are private institutions of higher education located in the County. Wake Technical Community College is a part of the State system of community colleges and operates in ten locations within the County, serving approximately 74,000 students annually.

TRANSPORTATION

The State and the Town have continued to add and improve transportation facilities in, around and through the Town to manage traffic growth and enhance the quality of life through connectivity. The primary State-maintained highways crossing the Town include U.S. Highway 1, U.S. Highway 64 and N.C. Highway 55. In December 2012, the 12.6-mile extension of N.C. Highway 540 known as the Western Wake Freeway opened. The Western Wake Freeway is an all-electronic toll road that includes five interchanges within the Town and provides a high-speed alternative for traveling to RTP, Interstate Highway 40 and communities north and west of the Town. The Western Wake Freeway project cost approximately \$446.5 million and was the first modern toll road in the State. It was financed with a combination of toll road revenue bonds, additional debt financing provided by the United States Department of Transportation and contributions from the State. The Town has no financial responsibility for the Western Wake Freeway or other State-maintained highways located in the Town's corporate limits.

The Town is responsible for the expansion, maintenance and improvements to the local street system, including all public sidewalks. Improvements to the local street system are funded with current revenues, including the Town's proportionate share of State funding produced by a tax on motor fuel sales. As of July 2020, the Town maintained approximately 216 miles of streets. The Town's recent main street priority has been the construction and expansion of the Apex Peakway, which circles the Town's downtown area within the borders of U.S. Highway 1 and U.S. Highway 64, crossing NC Highway 55 twice. Approximately 5.5 miles of the Apex Peakway are currently open to traffic, with approximately 0.5 miles remaining to be constructed in order to complete the six-mile loop.

The Raleigh-Durham International Airport (“RDU”), operated by the Raleigh-Durham Airport Authority, is located approximately 12 miles from the Town. RDU is currently served by eight major air carriers, one foreign flag carrier and four regional airlines. RDU served approximately 14.2 million passengers in 2019, as compared to 12.8 million passengers in 2018. Due to the effects of COVID-19, passenger counts and services offered at the airport are significantly less in 2020 than they were in 2019. It is unknown when, or if, the passenger counts and services will return to pre-COVID-19 levels. The Airport has two parallel runways of 10,000 feet and 7,500 feet, and a cross-wind general aviation runway of 3,500 feet. An air cargo complex houses five cargo carriers. Two passenger terminals provide a total of 45 aircraft gates and over 1.2 million square feet of terminal space. The Town has no financial responsibility for RDU.

The nearest passenger rail station, served by Amtrak, is located in the Town of Cary, less than seven miles from the Town. The Town is crossed southwest to northeast by rail lines owned and operated by CSX Transportation Corporation. Amtrak passenger rail service also runs along that same rail corridor to the Cary station. The freight-only line turns west toward the City of Durham north of Town. Local bus service within the Town and to designated commuter points in RTP, the Town of Cary and the City of Raleigh is provided by GoTriangle, a regional public transportation authority. GoTriangle is funded from rider fares, motor vehicle registration fees, a 5% tax on rental vehicles and a voter-approved one-half cent sales tax levied in Durham, Orange, and Wake Counties for transit purposes. The Town has no financial responsibility for GoTriangle. On-demand transit service is also available in the Town through the GoWake Access rural transportation program operated by the County.

MEDICAL AND HEALTH RELATED FACILITIES

Town residents have access to emergency medical care through WakeMed’s Apex Healthplex, a 90,000 square-foot facility featuring a stand-alone, 24-hour full-service emergency department. The Town is also served by WakeMed Cary Hospital, a regional satellite hospital of WakeMed. This facility, located within one mile of the Town’s corporate limits, has 178 beds and also offers a 24-hour emergency department. The WakeMed Cary Hospital is part of the total 941-bed capacity of WakeMed, which includes the central WakeMed in Raleigh and several other regional satellite hospitals. UNC Rex Hospital, which has a 660-bed capacity, and Duke Raleigh Hospital, which has a 186-bed capacity, also operate in the County. The Town has no financial responsibility for any of these hospital or medical facilities.

PARKS, RECREATION AND CULTURAL RESOURCES

The Town’s Parks, Recreation and Cultural Resources Department offers a wide variety of activities for all ages. Even with no programs being offered in April and May and significantly reduced programs in March and June of 2020 due to COVID-19, during the fiscal year ended June 30, 2020, approximately 50,000 participants took part in programs and activities either sponsored or co-sponsored by the Town. As expected, the Department has not yet offered any in-person programs or classes in the current fiscal year. The COVID-19 pandemic has resulted in lower registrations for certain youth programs, but the fall adult team sport, softball, maintains the same participation as last year. To accommodate the Town’s active and diverse population, the Department currently manages 12 Town-owned parks, utilizes five public school campuses, maintains approximately 16 miles of public greenway trails, operates a 45,000 square-foot Community Center, and operates an 11,500 square-foot Performing and Cultural Arts Center. The Town also manages over 400 acres of active parkland, 163 acres of undeveloped park land, and approximately 49 acres of open space. Construction is currently underway for two of the Town’s 2017 bond-financed projects: Pleasant Park, a 92-acre multi-use park facility scheduled to open in the fall of 2021 and the Apex Senior Center, a 29,500 square-foot addition to the Apex Community Center scheduled to open in the spring of 2021.

In addition, by the end of calendar year 2020, the Town hopes to begin construction on portions of Middle Creek and Beaver Creek Greenways.

PUBLIC SERVICE ENTERPRISES

The Town provides water, sanitary sewer and electric service to its customers in the Town and surrounding areas. See “Recent Developments – COVID-19” below for additional discussion related to the Town’s pandemic response.

Water System

The Town’s water distribution system has been in operation since 1923 and presently serves approximately 22,721 meters. The Town’s drinking water source is the B. Everett Jordan Reservoir, more commonly known as Jordan Lake, which lies approximately ten miles west of the Town in eastern Chatham County. Jordan Lake is a surface water supply developed and managed by the U.S. Army Corps of Engineers and is part of the Cape Fear River basin. Drinking water is produced at the Cary/Apex Water Treatment Facility, a plant co-owned by the Town and the Town of Cary and located in the western part of the County. This facility is able to treat up to 56 million gallons per day (“MGD”). The Town’s share of the treatment capacity is 23%, or 12.88 MGD. Average daily usage by the Town’s water customers is currently about 4.0 MGD. This facility has received the Directors Award of recognition from the Partnership for Safe Drinking Water, an association of water utilities and government, for going far beyond federal requirements in an effort to achieve excellence in water quality.

Sanitary Sewer System

The Town’s sanitary sewer system serves approximately 21,900 customers. Wastewater is treated at two wastewater treatment plants – the Apex Water Reclamation Facility (“WRF”) and the Western Wake Regional WRF. The Apex WRF opened in 1988 and was expanded in 1998. This facility is designed to treat 3.6 MGD of sewage, and the average daily flow at this facility is currently 1.3 MGD. This facility has been cited as consistently meeting or exceeding all applicable environmental standards.

The Western Wake Regional WRF opened in 2014 and is jointly owned by the Towns of Apex, Cary and Morrisville. This facility has a capacity of 18 MGD, and the Town's share of such capacity is 34%, or 6.12 MGD. Currently, the average daily flow allocable to the Town is 2.5 MGD. The Town’s portion of the cost of the Western Wake Regional WRF and associated lines and pump stations is approximately \$80 million and was paid from general obligation bond proceeds, State clean water revolving loan proceeds and other available funds of the Town.

Electric System

The Town’s electrical distribution system has been in operation since 1917. The system serves approximately 24,555 meters over approximately 690 miles of lines. The Town’s average daily consumption is approximately 1,602,006 kilowatt-hours.

The Town and 31 other North Carolina municipalities are members of the North Carolina Eastern Municipal Power Agency (the “Power Agency”), a joint agency of the State. On July 31, 2015, the Power Agency completed the sale of its electric generating assets to Duke Energy Progress for approximately \$1.25 billion. The proceeds of the sale, along with other available funds (including the proceeds of \$421 million of revenue bonds issued by the Power Agency), were used to retire the Power Agency’s existing outstanding debt of \$1.8 billion. The revenue bonds issued by the Power Agency had a 10-year maturity and are secured by revenues received pursuant to power purchase agreements

between the Agency and its members. The Town's share of the Power Agency's revenue bond debt is 1.1218%. The gross purchases of power by the Town for the fiscal year ended June 30, 2020 totaled \$27,658,546.

The Town, together with the other 31 Power Agency participants (the "Participants"), is also a member of ElectriCities of North Carolina, Inc. ("ElectriCities"), a joint municipal agency serving the interests of municipal electric systems. There are currently 91 members of ElectriCities, including municipalities and university systems from North Carolina, South Carolina and Virginia.

The Power Agency and its Participants, including the Town, are facing a changing and challenging electric utility industry. The most significant of those changes and challenges being increased competition, in both wholesale and retail markets and the greater use of alternative and renewable energy resources and demand response. In addition, the industry faces challenges due to greater public and regulatory agency awareness and concern regarding the siting and construction of new generation and transmission facilities; the need to improve security against natural and manmade threats to physical and cyber security, including protection of critical infrastructure facilities from damage or attack; and concerns about employee safety and environmental factors such as air, water quality and land use. The Power Agency and its Participants continue to take steps to address these challenges, including the investigation of alternative sources of power supply and opportunities to sell power, as well as the implementation and promotion of demand-side management programs and innovative rate structures. Currently the State does not have retail competition, and the potential for customer choice is minimal. The Town offers a coincident peak rate to large general service customers. The Town does not make transfers from its Electric Fund to the General Fund or any other funds.

OTHER SERVICES

The Town provides police services to its residents with 96 sworn officers and provides fire protection services to its citizens through its own 88-member municipal fire department with assistance from volunteers. The Town has budgeted \$25,619,972 for the fiscal year ending June 30, 2021 to fund the Town's Police Department and Fire Department. The Fire Department is also funded in part by County appropriations.

The Town has a contract with Waste Industries, Inc. for collection and disposal of refuse at the County landfill, which expires on June 30, 2026. Waste Industries, Inc. has provided such service to the Town for over 20 years, and the Town expects to continue this relationship when the current contract expires.

Debt Information

LEGAL DEBT LIMIT

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, allowing for the issuance of all presently authorized bonds, including those being offered by this Official Statement, the Town has the statutory capacity to incur additional net debt in the approximate amount of \$527,585,229 as of June 30, 2020. For a summary of certain constitutional, statutory and administrative provisions governing or relating to the incurrence of debt by units of local government of the State, see Appendix B hereto.

OUTSTANDING GENERAL OBLIGATION DEBT

Principal Outstanding as of June 30,

<u>Purpose</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Refunding	\$ 4,020,000	\$ 4,600,000	\$ 3,985,000	\$ 5,810,000
Parks and Recreation	6,175,000	24,500,000	23,662,765	52,699,995
Street and Sidewalks	3,900,000	6,575,000	6,167,235	2,850,005
Sanitary Sewer	<u>32,205,000</u>	<u>31,410,000</u>	<u>30,555,000</u>	<u>29,640,000¹</u>
Total	<u>\$46,300,000</u>	<u>\$67,085,000</u>	<u>\$64,370,000</u>	<u>\$91,000,000</u>

¹ A portion of these bonds will be refunded from the proceeds of the Refunding Bonds now being offered. See "THE REFUNDING PLAN" herein.

Latest Bonds Issued:

2017-18	\$23,000,000 General Obligation Public Improvement Bonds, Series 2018, 13.22 years average weighted maturity, 3.0048% true interest cost.
	\$1,105,000 General Obligation Refunding Bonds, Series 2018, 5.65 years average weighted maturity, 2.2754% true interest cost.
2019-20	\$1,800,000 General Obligation Parks and Recreation Bonds, Series 2020A, 1.49 years average maturity, 0.5027% true interest cost.
	\$28,000,000 General Obligation Parks and Recreation Bonds, Series 2020B, 11.07 years average maturity, 1.6699% true interest cost.
	\$2,445,000 General Obligation Refunding Bonds, Series 2020, 5.03 years average maturity, 0.8182% true interest cost.

GENERAL OBLIGATION DEBT RATIOS

<u>At June 30</u>	<u>Total GO Debt</u>	<u>Assessed Valuation</u>	<u>Total GO Debt to Assessed Valuation</u>	<u>Population</u>	<u>Total GO Debt Per Capita</u>
2016	\$48,460,000	\$5,282,037,180	0.92%	46,673 ¹	\$1,038
2017	46,300,000	6,018,731,843	0.77	48,435 ¹	956
2018	67,085,000	6,460,057,106	1.04	52,842 ¹	1,277
2019	64,370,000	7,082,297,591	0.91	61,212 ¹	1,107
2020 ⁶	91,000,000	7,882,315,357	1.15	63,500 ⁵	1,433
After Bonds Now Offered are Issued	\$92,855,000 ^{2,3}	\$10,209,900,000 ⁴	0.91%	66,500 ⁵	\$1,396

¹ Estimate of the North Carolina Office of State Budget and Management.

² Does not include the Refunded Bonds as described under “THE REFUNDING PLAN” herein.

³ The principal amount of the Refunding Bonds now being offered is subject to change.

⁴ Estimated based on latest revaluation effective January 1, 2020.

⁵ Estimate of the Town Planning Department.

⁶ Unaudited.

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GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULES

Fiscal Year Ending June 30 th	Utility Debt ¹		Other Debt ¹		Total Debt ¹		[Bonds Now Offered
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest	Refunding Bonds ²
2021	\$ 980,000	\$ 2,041,125	\$ 3,205,000	\$ 5,407,403	\$ 4,185,000	\$ 7,448,528	—
2022	1,045,000	2,086,525	3,215,000	5,283,256	4,260,000	7,369,781	\$ 365,000
2023	1,115,000	2,135,625	3,215,000	5,138,506	4,330,000	7,274,131	1,480,000
2024	1,185,000	2,161,025	3,225,000	5,011,606	4,410,000	7,172,631	1,510,000
2025	1,260,000	2,176,775	3,225,000	4,874,056	4,485,000	7,050,831	1,535,000
2026	1,340,000	2,193,775	3,020,000	4,531,206	4,360,000	6,724,981	1,565,000
2027	1,420,000	2,233,575	3,025,000	4,391,206	4,445,000	6,624,781	1,615,000
2028	1,575,000	2,345,975	3,030,000	4,250,956	4,605,000	6,596,931	1,745,000
2029	1,665,000	2,388,725	3,205,000	4,288,956	4,870,000	6,677,681	1,810,000
2030	1,760,000	2,433,775	3,110,000	4,062,506	4,870,000	6,496,281	1,880,000
2031	1,855,000	2,475,975	3,110,000	3,939,406	4,965,000	6,415,381	1,945,000
2032	1,955,000	2,501,775	3,295,000	4,001,306	5,250,000	6,503,081	2,000,000
2033	2,080,000	2,548,575	3,525,000	4,132,456	5,605,000	6,681,031	2,080,000
2034	2,185,000	2,570,375	3,395,000	3,911,606	5,580,000	6,481,981	2,135,000
2035	2,740,000	3,037,975	3,395,000	3,822,275	6,135,000	6,860,250	2,640,000
2036	2,740,000	2,928,375	3,395,000	3,732,944	6,135,000	6,661,319	2,580,000
2037	2,740,000	2,835,900	3,395,000	3,643,613	6,135,000	6,479,513	2,540,000
2038			3,395,000	3,551,900	3,395,000	3,551,900	
2039			1,490,000	1,555,188	1,490,000	1,555,188	
2040			1,490,000	1,523,525	1,490,000	1,523,525	
Totals	\$29,640,000	\$41,095,850	\$61,360,000	\$81,053,876	\$91,000,000	\$122,149,728	\$29,425,000]

¹ Includes the Refunded Bonds being refunded with proceeds of the Refunding Bonds now being offered. See “THE REFUNDING PLAN” herein. Totals may not foot due to rounding.

² Preliminary; subject to change as described in the Notice of Sale. Principal only.

GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u>	<u>Bonds Now Offered</u>	<u>Balance</u>
Streets and Sidewalk Refunding	11/03/2015	\$12,000,000	--	\$12,000,000
Refunding	03/06/2018	345,000	--	345,000 ²
Refunding	04/07/2020	755,000	--	755,000 ²
Refunding	10/06/2020	<u>32,000,000</u>	<u>29,470,000</u>	<u>2,530,000</u> ^{1,2}
		<u>\$45,100,000</u>	<u>\$29,470,000</u>	<u>\$15,630,000</u>

¹ Preliminary; subject to change as described in the Notice of Sale.

² The Town does not intend to issue the remaining authorized and unissued Refunding Bonds.

GENERAL OBLIGATION DEBT INFORMATION FOR OVERLAPPING UNIT AS OF JUNE 30, 2020

<u>Unit</u>	2019 <u>Estimated Population</u> ¹	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>GO Debt Authorized and Unissued</u>		<u>Total GO Debt</u>		<u>Total GO Debt Per Capita</u>
				<u>Utility</u>	<u>Other</u>	<u>Utility</u>	<u>Other</u>	
Wake County	1,085,297	\$153,525,122,082	\$.7207	\$—	\$980,140,000	\$—	\$1,565,999,132 ²	\$1,443

¹ Estimate of North Carolina Office of State Budget and Management.

² Does not include refunded bonds.

OTHER LONG-TERM COMMITMENTS

The Town has entered into various installment financing agreements for land, buildings and equipment payable through the fiscal year ending June 30, 2032. The following sets forth the future payments under those agreements:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,856,252	\$ 464,291	\$ 2,320,543
2022	1,863,252	415,265	2,278,517
2023	1,870,251	366,048	2,236,299
2024	1,876,251	316,643	2,192,894
2025	1,885,251	267,076	2,152,327
2026	1,893,251	217,267	2,110,518
2027	1,900,251	167,240	2,067,491
2028	1,850,546	117,026	1,967,572
2029	771,547	67,866	839,417
2030	771,551	47,841	819,392
2031	771,551	27,815	799,366
2032	<u>413,793</u>	<u>7,789</u>	<u>421,583</u>
Total ¹	<u>\$17,723,752</u>	<u>\$2,482,167</u>	<u>\$20,205,919</u>

¹ Totals may not foot due to rounding.

The Town also has several outstanding state revolving loans for various water and sewer infrastructure projects, which are secured solely by water and sewer revenues. Debt service requirements through the final maturity in the fiscal year ending June 30, 2034 total \$14,289,625, and debt service requirements for the fiscal year ending June 30, 2021 total \$1,1146,950.

Additionally, the Town has issued electric system revenue bonds to finance improvements to its electric system, which are secured solely by electric system revenues. Debt service requirements through the final maturity in the fiscal year ending June 30, 2040 total \$14,758,262, and debt service requirements for the fiscal year ending June 30, 2021 total \$1,250,224.

See the Notes to Financial Statements in Appendix D for additional information relating to the Town’s long-term commitments.

DEBT OUTLOOK

In addition to the current issuance of Refunding Bonds now being offered, the Town anticipates issuing \$12,000,000 General Obligation Street and Sidewalk Bonds in the fiscal year ending June 30, 2022. This will exhaust the remainder of the Town’s voter authorized Street and Sidewalk Bonds.

Tax Information

GENERAL INFORMATION

	<u>Fiscal Year Ended or Ending June 30,</u>			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020³</u>
Assessed Valuation:				
Assessment Ratio ¹	100%	100%	100%	100%
Real Property ²	\$5,290,258,644	\$5,733,300,011	\$6,282,148,101	\$6,973,692,317
Personal Property	694,373,489	688,913,253	760,616,680	868,318,227
Public Service Companies ³	<u>34,099,710</u>	<u>37,843,842</u>	<u>39,532,810</u>	<u>40,304,813</u>
Total Assessed Valuation	\$6,018,731,843	\$6,460,057,106	\$7,082,297,591	\$7,882,315,357
Rate per \$100	.38	.38	.415	.415
Levy ⁴	\$ 22,975,312	\$ 24,664,825	\$ 29,496,802	\$ 32,711,609

¹ Percentage of assessed value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by North Carolina Property Tax Commission.

³ Unaudited.

⁴ Includes discoveries and penalties

Note: The next property tax valuation will become effective with the fiscal year 2021 tax levy. The total assessed valuation for 2020-21 is estimated at \$10,209,900,000 and the Town tax rate is 38¢.

TAX COLLECTIONS

<u>Fiscal Year Ended June 30</u>	<u>Prior Years' Levy Collected</u>	<u>Current Year's Levy Collected</u>	<u>Percentage of Current Year's Levy Collected</u>
2016	\$30,806	\$20,645,326	99.9%
2017	6,599	22,953,997	99.9
2018	12,519	24,631,157	99.9
2019	24,554	29,465,485	99.9
2020	16,794	32,599,124	100.0

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2019-20

<u>Name</u>	<u>Type of Enterprise</u>	<u>Assessed Valuation</u>	<u>Tax Levy</u>	<u>Percentage of Total Valuation</u>
CSP Community Owner LLC	Rental Property	\$ 94,209,277	\$ 390,969	1.20%
Beaver Creek Crossings Owner LLC	Real Estate	60,247,793	250,028	0.76
CRLP Creekside Hills Dr. LLC	Rental Property	34,856,268	144,654	0.44
JHG VBS I LLC	Real Estate	34,560,754	143,427	0.44
CFK Apex Land Co. LLC	Real Estate	33,740,578	140,023	0.43
G&I IX of Lake Cameron LLC	Real Estate	30,025,246	124,605	0.38
Bell HNW Exchange Apex LLC	Real Estate	29,981,710	124,424	0.38
EMC Corporation	Real Estate	29,696,071	123,239	0.38
Beaver Creek Crossing LLC	Real Estate	29,013,660	120,407	0.37
HH Trinity Apex Investments	Real Estate	<u>26,967,080</u>	<u>111,913</u>	<u>0.34</u>
Totals		\$403,298,437	1,673,689	5.12%

2019-2020 Budget Commentary

General Fund – In the fiscal year ended June 30, 2020 (unaudited), 102% of General Fund budgeted revenues were received and 87% of General Fund budgeted expenditures were incurred. The Town's current year property tax revenues at June 30, 2020 were 100% of the amount budgeted for the fiscal year and they exceeded prior year collections by 11%. Despite the effects of COVID-19, sales tax distributions to the Town for the fiscal year ended June 30, 2020 were 10.3% more than the prior fiscal year. Permits and fees revenues were 105% of budget for the fiscal year. The General Fund budget also included appropriations of \$5.5 million for capital outlay to address capital needs created by the Town's continued strong growth rate.

Utility Funds – Total sales revenues in the Town's Electric Fund were 98% of total amount budgeted for the fiscal year. Charges for water and sewer services were 93% of the total amount budgeted for the fiscal year. Sewer charges were increased by 4.1% for the fiscal year ended June 30, 2020. **[Any increase contemplated in 2021?]** The Town is in the process of constructing a new electric substation and is planning other capital improvements for the electric system, and \$22.8 million has been appropriated by the Town for such purpose. The Water and Sewer Fund has appropriated \$32.8 million from operations and reserves for capital outlay.

2020-2021 Budget Outlook

General Fund – Due to a revaluation effective January 1, 2020, the tax base for the Town increased by over \$2.3 billion (approximately 29.57%) for the fiscal year ending June 30, 2021. Property tax revenues are budgeted at 20% higher than the prior year, in part because of the higher

tax base and in part because the tax rate exceeds the revenue neutral rate. For the first two months of the fiscal year, property tax collections have increased 74% over the prior year. Due to the potential impacts of COVID-19 on the local economy, the Town has cautiously budgeted sales tax at 4.5% less than prior year actual revenues. Appropriations of \$4.1 million for capital outlay were included in the General Fund.

Utility Funds – The Town did not budget a significant increase in user charges in the Electric Fund over the prior year and the electric rate remained unchanged. Charges for water and sewer services were budgeted at a slight decrease from the prior year, but as of August 31, 2020, 19% of those revenues have been recognized. Though water rates remained the same, sewer charges increased by 4.5% for the fiscal year ended June 30, 2021. To accommodate area growth, the Town has appropriated \$21.6 million and \$31.2 million in the Electric and Water and Sewer Funds, respectively, to fund capital improvements.

Pension Plans

The following information on the Town's pension plans is presented on the calendar year basis, whereas the information in the footnotes to the audited financial statements included in Appendix D hereto is presented on the fiscal year basis.

The Town participates in the North Carolina Local Governmental Employees' Retirement System (the "System"). The System is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute 6% of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate, uniform for all employers for the fiscal year ended June 30, 2020 was 8.95% of eligible payroll for general employees and 9.70% of eligible payroll for law enforcement officers. For the fiscal year ending June 30, 2021, the contribution rate is 10.15% of eligible payroll for general employees and 10.90% of eligible payroll for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of service or at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

For information concerning the Town's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina, see the Notes to the Town's audited financial statements included in Appendix D hereto.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Comprehensive Annual Financial Report ("CAFR") for the State. Please refer to the State's CAFR for additional information.

Other Post-Employment Benefits

In addition to providing pension benefits, the Town has elected to provide post-employment health benefits to retirees of the Town who were hired prior to July 1, 2020 and who have at least 15 years of creditable service with the Town. The Town subsidizes the cost of the health insurance premiums for the retiree as follows:

- 15-19 years of service: 50% subsidy
- 20-24 years of service: 75% subsidy
- 25 + years of service: 100% subsidy

When a retiree reaches age 65, the retiree enrolls in Medicare Part A and B and pays the cost. The Town provides Medicare supplemental insurance for the retiree and subsidizes the cost of the Medicare supplement (as shown above) not to exceed the Town's monthly premium contribution toward employee health insurance coverage. Also, those eligible retirees can purchase coverage for their dependents at the Town's group rates if the dependents were on the group plan prior to retirement. Currently, 48 retirees are eligible for post-employment health benefits and there are 445 active plan members. Employees hired on or after July 1, 2020 are not eligible for post-employment health benefits.

As of June 30, 2019, the Town established a trust to fund its post-employment health benefits. For the fiscal year ended June 30, 2020, the Town contributed \$504,835 to the trust. The Town's actuarially determined contribution for that period was \$3,077,653. The Town's net other post-employment benefit ("OPEB") liability as of June 30, 2020 was \$41,183,061.

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost sharing plan funded on a one year-term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. The Town considers these contributions to be immaterial.

Contingent Liabilities

Plaintiffs allege that the Town exceeded its statutory and constitutional authority to enact certain provisions of the plaintiff's zoning ordinance and in doing so, has inversely condemned plaintiff's property and taken all economic viable uses of the subject property. The Town believes this action is without merit and intends to vigorously defend against this lawsuit, but the outcome is unknown at this time.

Except as described above, the Town has no litigation pending which, in the opinion of the Town Attorney, would materially and adversely affect the Town's ability to meet its financial obligations. Furthermore, the Town Attorney knows of no other contingent liabilities which would materially and adversely affect the Town's ability to meet its financial obligations.

Recent Developments – COVID-19

As has been widely reported, in early 2020, a worldwide pandemic associated with the Coronavirus emerged. General responses to manage the pandemic have included many extraordinary measures designed to reduce physical human interactions, including the temporary suspension of a

wide range of events and activities that involve gatherings of people and the temporary closing of many institutions and commercial establishments. This pandemic has also created, or is expected to create, a crisis in the health care delivery system across the globe. The Town is actively tracking and planning for further financial impacts of the Coronavirus pandemic and has proactively implemented measures to reduce expenditures as needed.

Despite the pandemic, the two main sources of revenue for the General Fund, property and sales tax collections, for the fiscal year ended June 30, 2020 were above the prior year's collections by 10%. The Town operates a Water and Sewer Fund and an Electric Fund. The Town Council temporarily forbade, among other things, disconnecting service for non-payment and applying late fees to customers with past-due balances accrued during the pandemic through December 31, 2020. Delinquent balances subject to disconnection for non-payment totaled only 2% of total service charges. Because both funds have adequate reserves and a strong net position, the Town does not anticipate problems making debt service payments for any outstanding debt or meeting other financial obligations in these funds as a result of compromised cash flow. As of August 31, 2020, the Town has not experienced any material changes in budgeted revenues or expenditures. Some appropriations in the 2021 fiscal year budget have been delayed until the Town sees the effects of the pandemic on revenues. However, it is not possible at this time to predict the overall short-term or long-term impact of this pandemic on the Town's operations or financial condition.

CONTINUING DISCLOSURE

In the resolution adopted by the Town authorizing the issuance of the Bonds, the Town has undertaken, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each fiscal year of the Town, beginning with the fiscal year ending June 30, 2020, 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 it may be amended from time to time, or any successor statute, or if such audited financial statements of the Town are not available by seven months from the end of such fiscal year, 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, beginning with the fiscal year ending June 30, 2020, (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 the headings "THE TOWN - Debt Information and - Tax Information" (excluding any information on overlapping units) in this Official Statement 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) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

- (6) adverse tax opinions, the issuance by the Internal Revenue Service 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;
- (7) modification to the rights of the beneficial owners of the Bonds, if material;
- (8) bond calls, **[other than pursuant to mandatory sinking fund redemption,]** if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Town;
- (13) 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, if material;
- (14) appointment of a trustee or a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect beneficial owners of the Bonds, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County, any of which reflect financial difficulties; and

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

All information provided to the MSRB as described above shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The Town may meet the continuing disclosure filing requirements described above by complying with any other procedure that may be authorized or required by the United States Securities and Exchange Commission.

“Financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

At present, Section 159-34 of the General Statutes of North Carolina requires the Town’s financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The resolution adopted by the Town authorizing the issuance of the Bonds provides that 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 of the Bonds 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.

Pursuant to such resolution, the Town has reserved 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 this Official Statement, 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 of the Bonds, 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 such resolution, as it may be amended from time to time, at the time of such amendment.

In the event that the Town makes such a modification, any annual financial information containing modified operating data or financial information is required to 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 undertakings described above will 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.

To the best of the Town’s knowledge, the Town has complied in all material respects with previous undertakings under Rule 15c2-12 for the past five years.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is included in Appendix E hereto.

TAX TREATMENT

General

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Bonds by original purchasers of the Bonds who are “U.S. Holders” (hereinafter defined). This summary (a) is based on certain relevant provisions of the by the Internal Revenue Code of 1986, as amended (the “Code”), under existing law and are subject to change at any time, possibly with retroactive effect; (b) assumes that the Bonds will be held as “capital assets;” and (c) does not discuss all of the United States federal income tax consequences that may be relevant to an owner of the Bonds in light of its particular circumstances, such as the Medicare tax under Section 1411 of the Code, or to owners of the Bonds subject to special rules, such as insurance companies, certain plans subject to Section 4975 of the Code, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons or entities holding the Bonds as a position in a “hedge” or “straddle,” or owners whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, or owners who acquire Bonds in the secondary market.

Owners and prospective purchasers of the Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Bonds, as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

The term “U.S. Holder” means a beneficial owner of a Bond that is (a) a citizen or resident of the United States, (b) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source or (d) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law, interest on the Bonds will not be excluded from gross income of the owners thereof for federal income tax purposes and will be fully subject to federal income taxation. In the opinion of Bond Counsel, under existing law, interest on the Bonds will be exempt from all State of North Carolina income taxes.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption or other disposition (which would include a legal defeasance) of a Bond, an owner of such Bond generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such owner’s adjusted tax basis in the Bond. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if such Bond has been held for more than one year at the time of sale, exchange, redemption or other disposition. An owner’s adjusted tax basis in a Bond generally will equal the cost of such Bond to the owner, increased by any original issue discount included in income and decreased by the amount of any payments other than “qualified stated interest payments” received and amortized bond premium taken with respect to such Bond.

The Town may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Bonds to be deemed to be no longer outstanding under the resolution authorizing the Bonds (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed

exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Bonds subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the accrual of original issue discount, on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Such payments will be subject to backup withholding, except in the case of certain “exempt payees” as defined in the Code, if the owner of a Bond (a) fails to furnish to the Town such owner’s social security number or other taxpayer identification number (“TIN”), (b) furnished the Town an incorrect TIN, (c) fails to report properly interest, dividends or other “reportable payments” as defined in the Code or (d) under certain circumstances, fails to provide the Town with a certified statement, signed under penalty of perjury, that the TIN provided to the Town is correct and that such owner is not subject to backup withholding. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Service.

Future Law Changes

No assurance can be given that future legislation or changes to law, including amendments to the Code, or interpretations thereof if enacted into law, will not contain provisions or produce results which could, directly or indirectly, affect federal or state tax treatment of interest on the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of the adequacy of the maturing principal amounts of the Government Obligations and interest earned thereon, together with any cash in the related escrow fund, to pay the redemption price of and interest on the Bonds to be Refunded as such payments become due and payable are being verified by Bingham Arbitrage Rebate Services, Inc.

RATINGS

Moody’s Investors Service and S&P Global Ratings have given the Bonds ratings of and , respectively. Those ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained only from the respective organization providing such rating. Certain information and materials not included in this Official Statement were furnished to such organizations. There is no assurance that such ratings will remain in effect for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any downward revision or withdrawal of a rating may have an adverse effect on the market prices of the Bonds.

FINANCIAL ADVISOR

Davenport & Company LLC has acted as financial advisor to the Town in connection with the sale and issuance of the Bonds.

UNDERWRITING

The underwriters of the Bonds are _____.¹ Such underwriters have jointly and severally agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds. If all of the Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, such underwriters anticipate total underwriters' discount of \$_____.¹ The public offering prices or yields of the Bonds may be changed from time to time by such underwriters.

¹ Information provided by the underwriters of the Bonds.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

Reference herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

The execution of this Official Statement has been duly authorized by the Local Government Commission of North Carolina and the Town Council of the Town.

NORTH CAROLINA LOCAL GOVERNMENT
COMMISSION

By

Greg C. Gaskins
Secretary of the Commission

TOWN OF APEX, NORTH CAROLINA

By

Jacques Gilbert
Mayor

By

Drew Havens
Town Manager

By

T. Vance Holloman
Finance Director