

**Bond Order and Series Resolution authorizing the issuance of up to \$8,500,000 in water and sewer revenue bonds for the Thompson Building Renovation and Expansion Project**

***Introduction --***

The Town has committed to renovate and expand the Adron F. Thompson Building. This project is planned to include a new welding shop, stockroom for inventory, additional office space, storage and restrooms.

By a resolution adopted on February 9, 2026, the Town made a preliminary determination to issue revenue bonds to finance some of the project costs. Revenue bonds are not secured by the Town’s taxing power or any physical collateral, but instead by a pledge of the net operating revenues of the Town’s water and sewer system. The Town has issued revenue bonds before to fund water and sewer projects.

The Town has applied to the North Carolina Local Government Commission for its approval of the revenue bonds, and the Commission has approved the Town’s application. The Board now desires to adopt a bond order to authorize formally the issuance of Town revenue bonds for the projects, and to approve by resolution substantially final financing documents and other details of the financing.

**BE IT ORDERED by the Board of Commissioners of the Town of Hillsborough, North Carolina, as follows:**

1. There are hereby ordered to be issued by the Town, pursuant to the North Carolina Local Government Revenue Bond Act, a series of combined utility systems revenue bonds (the “2026 Bonds”) in an amount not to exceed \$8,500,000 to pay capital costs of water and sewer system improvements, and in particular costs of the Thompson Building project, together with related financing and other necessary or incidental project costs.

2. The 2026 Bonds will be special obligations of the Town, secured by a pledge of the net receipts of the Town’s water and sewer system. The principal of, and interest and any premium on, the 2026 Bonds shall be payable solely from the sources pledged to the payment. Neither the faith and credit nor the taxing power of the Town

or any other governmental entity shall be pledged for the payment of the principal of, or interest or any premium on, the 2026 Bonds, and no owner of the 2026 Bonds shall have the right to compel the exercise of the taxing power of any governmental entity in connection with any default on the 2026 Bonds.

3. The Town will issue the 2026 Bonds as “Additional Bonds” as provided in the Town’s existing Master Trust Agreement (the “Master Agreement”) for revenue bonds dated May 1, 2018. The Master Agreement sets the overall legal framework for all Town revenue bonds, including prior revenue bonds, the 2026 Bonds and any future revenue bonds.

**BE IT RESOLVED by the Board as follows:**

**A. Sale of the 2026 Bonds** – Webster Public Finance Corporation (the "Lender") has submitted a proposal to purchase the proposed 2026 Bonds. Town staff recommends that the Board accept the proposal, and the Board accepts the proposal. The Town asks the LGC to sell the 2026 Bonds to the Lender at a private sale, substantially in accordance with this resolution and the Lender's financing proposal dated January 29, 2026.

**B. Approval of Supplemental Agreement; Direction To Execute Agreement** – The Town will issue the 2026 Bonds to the Lender pursuant to a Third Supplemental Trust Agreement (the “Supplemental Agreement”) in substantially the form of the draft dated February 24, 2026 presented to this meeting, to be entered into by and between the Town and U.S. Bank Trust Company, National Association, as trustee. The Supplemental Agreement sets the terms specifically applicable to the 2026 Bonds, including the interest rate and the payment and prepayment provisions. The Supplemental Agreement will be dated, for identification purposes, as of March 1, 2026.

The Board authorizes the Mayor and the Town Manager, or either of them, to execute and deliver the Supplemental Agreement in its final form. The Supplemental Agreement in its final form must be in substantially the form presented, with such changes as the Mayor or the Town Manager may approve. The execution and delivery by an authorized Town officer will be conclusive evidence of that officer’s approval of any changes.

The Supplemental Agreement in its final form, however, must be consistent with the financing plan described in this resolution and must provide (a) for the principal amount of the 2026 Bonds not to exceed \$8,500,000, (b) for the 2026 Bonds to be issued initially as a single, fully registered bond, (c) for an annual interest rate not to exceed 4.38% (in the absence of a default or a change in tax status, substantially as described in the draft Supplemental Agreement), and (d) for a financing term not to extend beyond December 31, 2046.

**C. *Officers To Complete Closing*** - The Board authorizes the Town Manager, the Finance Director and all other Town officers and employees to take all proper steps to complete the financing in cooperation with the Lender and in accordance with this resolution.

The Board authorizes the Town Manager to hold executed copies of all financing documents authorized or permitted by this resolution in escrow on the Town's behalf until the conditions for their delivery have been completed to that officer's satisfaction, and then to release the executed copies of the documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the Board specifically authorizes the Town Manager to (a) to approve and enter into additional agreements to carry out the financing contemplated by this resolution, including agreements for the custody of proceeds of the 2026 Bonds and agreements for appropriate professional services, and (b) to approve changes to any documents previously signed by Town officers or employees, provided that the changes do not conflict with this resolution or substantially alter the intent from that expressed in the form originally signed. The Town Manager's authorization of the release of any document for delivery will constitute conclusive evidence of that officer's approval of any changes.

In addition, the Board authorizes the Town Manager and the Finance Director to take all appropriate steps for the efficient and convenient carrying out of the Town's on-going responsibilities with respect to the financing. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under this resolution or otherwise with respect to the Master Agreement, the Supplemental Agreement or the 2026 Bonds.

**D. Resolutions as to Tax Matters** -- The Town will not take or omit to take any action the taking or omission of which will cause the 2026 Bonds to be "arbitrage bonds," within the meaning of Section 148 of the "Code" (as defined below), or "private activity bonds" within the meaning of Code Section 141, or otherwise cause interest on the 2026 Bonds to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Town will comply with any Code provision that may require the Town at any time to pay to the United States any part of the earnings derived from the investment of the financing proceeds. In this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, and includes applicable Treasury regulations.

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

Approved this 9th day of March of the year 2026.

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Mark Bell, Mayor  
Town of Hillsborough