

**A RESOLUTION OF THE BOARD OF ALDERMEN OF THE TOWN OF NORTH TOPSAIL BEACH, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF A VARIABLE RATE SPECIAL OBLIGATION BOND (FEMA GRANTS PROJECT), SERIES 2022C**

**WHEREAS**, the Town of North Topsail Beach, North Carolina (the “*Town*”) is authorized by Article 7A of Chapter 159 of the General Statutes of North Carolina (the “*Applicable Statute*”) to issue its special obligation bonds for beach erosion control and flood and hurricane works provided in a municipal service district; and

**WHEREAS**, the Board of Aldermen of the Town (the “*Board*”) has created a Municipal Service District (the “*District*”), in accordance with Article 23 of Chapter 160A of the North Carolina General Statutes, in which the Town has determined to construct certain beach erosion control and flood and hurricane protection works, as further described in the FEMA Grants described below; and

**WHEREAS**, the Board previously determined that it was in the best interest of the Town to approve the issuance of special obligation bonds through the adoption of a bond order on February 3, 2022 (the “*2022A Bond Order*”) and issue its Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2022A (the “*2022A Bond*”) pursuant to the Applicable Statute and the 2022A Bond Order;

**WHEREAS**, the proceeds of the 2022A Bond were used to finance the costs of the first segment of Phase 5 of certain beach erosion control and flood and hurricane protection works to be constructed in a municipal service district in the Town related to the repair of damage from Hurricanes Florence and Dorian, which includes the excavation, transport, placement, and grading of approximately 289,000 cubic yards of beach quality sand along approximately 12,175 feet of the Town’s shoreline (the “*2022A Project*”);

**WHEREAS**, the Board has determined there is a present need to issue its Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2022C (the “*2022C Bond*”) pursuant to the Applicable Statute to finance the costs of the second segment of Phase 5 of beach erosion control and flood and hurricane protection works related to the repair of damage from Hurricanes Florence and Dorian, which includes the excavation, transport, placement, and grading of approximately 290,000 cubic yards of beach quality sand along approximately 6,800 feet of the Town’s shoreline (the “*2022C Project*”);

**WHEREAS**, the 2022C Project will be funded by grants to the Town on a reimbursement basis from the U.S. Department of Homeland Security’s Federal Emergency Management Agency (FEMA) (the “*FEMA Grants*”) which are administered by the North Carolina Department of Public Safety – Emergency Management Division (the “*NC Emergency Management Division*”) and certain matching funds provided by the State of North Carolina (the “*State*”) related to the repair of damage from Hurricanes Florence and Dorian; and

**WHEREAS**, the Board adopted a “Bond Order Authorizing the Issuance of a Special Obligation Bond of the Town of North Topsail Beach, North Carolina (FEMA Grants Project)” (the “*2022C Bond Order*”) on October 5, 2022 providing for the issuance of the 2022C Bond to be secured by the sources set forth in the 2022C Bond Order; and

**WHEREAS**, the Board has determined that it is necessary and advisable at this time to issue the 2022C Bond in an aggregate principal amount not to exceed \$8,300,000 to provide interim financing for (1) the 2022C Project and (2) the costs of issuing the 2022C Bond; and

**WHEREAS**, PNC Bank, National Association (the “*Purchaser*”), has agreed to purchase the 2022C Bond as set forth in its Term Sheet dated August 22, 2022 (the “*Term Sheet*”); and

**WHEREAS**, the Town has applied to the Local Government Commission of North Carolina (the “*Commission*”) for approval of its application relating to the 2022C Bond as required by Section 159-146(k) of the Applicable Statute and of the issuance and private sale of the 2022C Bond, which approvals are expected to be granted at the Commission’s meeting on October 4, 2022 (the “*Commission Approval*”); and

**WHEREAS**, the Board now desires to provide for the terms, form and issuance of the 2022C Bond in an amount not to exceed \$8,300,000; and

**WHEREAS**, the Board has determined that the Town will issue the 2022C Bond on or about October 12, 2022 (the “*Closing Date*”) pursuant to a Bond Purchase Agreement to be dated its date of delivery on or about October 12, 2022 (the “*Purchase Agreement*”), between the Commission and the Purchaser and approved by the Town; and

**WHEREAS**, the Board desires to incorporate in this Resolution, to the extent applicable and unless manifestly inappropriate, the provisions of the 2022C Bond Order, including definitions;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF NORTH TOPSAIL BEACH, NORTH CAROLINA, AS FOLLOWS:**

**Section 1. Acceptance of Term Sheet, Issuance of Bond.** The Town hereby accepts and approves the Term Sheet offered by the Purchaser; provided, however, such Term Sheet shall not represent the final terms of the transaction, which shall be only in the 2022C Bond Order, this Resolution, the 2022C Bond and any closing documents. The Term Sheet is not incorporated herein. The Town shall issue in accordance with and pursuant to the Applicable Statute, the 2022C Bond Order, and this Resolution, its 2022C Bond in an aggregate principal amount not to exceed \$8,300,000 for the purpose of providing funds, together with other available funds, to finance (1) the 2022C Project and (2) the costs of issuing the 2022C Bond. The period of usefulness of the capital projects to be financed by the issuance of the 2022C Bond is not less than five years, computed from the date of the issuance of the 2022C Bond. The Town will set forth the final aggregate principal amount of the 2022C Bond in a closing certificate delivered upon the execution and delivery of the 2022C Bond.

**Section 2. Form of Bond.** The 2022C Bond shall be issued in fully registered form. The 2022C Bond shall be issued as a single bond, shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The Finance Officer, or her designee, is hereby appointed to be the registrar of the 2022C Bond (the “*Registrar*”) and is hereby directed to maintain the appropriate registration records with respect thereto.

**Section 3. Details of Bond.** (a) The 2022C Bond shall be dated the date of its issuance, shall bear interest at the applicable Interest Rate set forth herein, and shall be stated to mature (subject to the right of prior redemption) on the Maturity Date. The 2022C Bond shall initially bear interest at the Initial Term Interest Rate from the date of issuance to the First Expiration Date.

(b) The Town shall give the Purchaser written notice not less than 60 days before the First Expiration Date if the Town wishes to extend to the Second Term Period. Such notice shall be substantially in the form set forth in Exhibit B attached hereto. The Purchaser shall provide the Town with written notice of the interest rate to be in effect during the Second Term Period (the “*Second Term Interest Rate*”) no later than 30 days prior to the First Expiration Date. After the Purchaser has notified the Town of the Second Term Interest Rate, the Town shall provide the Purchaser written notice no less than 15 days prior to the First Expiration Date as to whether it will (i) exercise the option to extend, or (ii) repay the 2022C Bond in

full on the First Expiration Date, such notice to be substantially in the form set forth in Exhibit C attached hereto.

The Second Term Period shall begin on the date immediately following the First Expiration Date. During the Second Term Period, the 2022C Bond shall bear interest at the Second Term Interest Rate to the Second Expiration Date.

(c) The Town shall give the Purchaser written notice not less than 60 days before the Second Expiration Date if the Town wishes to extend to the Third Term Period. Such notice shall be substantially in the form set forth in Exhibit B attached hereto. The Purchaser shall provide the Town with written notice of the interest rate to be in effect during the Third Term Period (the “*Third Term Interest Rate*”) no later than 30 days prior to the Second Expiration Date. After the Purchaser has notified the Town of the Third Term Interest Rate, the Town shall provide the Purchaser written notice no less than 15 days prior to the Second Expiration Date as to whether it will (i) exercise the option to extend, or (ii) repay the 2022C Bond in full on the Second Expiration Date, such notice to be substantially in the form set forth in Exhibit C attached hereto.

The Third Term Period shall begin on the date immediately following the Second Expiration Date. During the Third Term Period, the 2022C Bond shall bear interest at the Third Term Interest Rate to the Maturity Date.

(d) If a Determination of Taxability or Event of Taxability occurs with respect to the 2022C Bond, as such terms are hereinafter defined, then the 2022C Bond will bear interest during the Taxable Period at the Taxable Rate. In such event, the Town also shall be required to pay to the Purchaser all amounts, if any, which may be necessary to reimburse the Purchaser for any interest, penalties or other charges assessed by the Internal Revenue Service and the Department of Revenue of the State of North Carolina against the Purchaser by reason of the Purchaser’s failure to include the interest on the 2022C Bond in its gross income for income tax purposes. The Town shall pay to the Purchaser the Taxable Rate notwithstanding any transfer by the Purchaser or payment or redemption by the Town prior to the date such Determination of Taxability was made.

(e) As used in this section and the 2022C Bond:

“*Determination of Taxability*” means a determination that the interest on the 2022C Bond is included in gross income of the Purchaser for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (a) the date on which the Purchaser is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, as a consequence of an Event of Taxability, the interest on the 2022C Bond is included in the gross income of the Purchaser for federal income tax purposes; (b) the date on which the Town receives notice from the Purchaser that the Purchaser has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Purchaser which asserts, in effect, that interest on the 2022C Bond received by the Purchaser is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability; (c) the day on which the Town is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on the 2022C Bond is included in the gross income of the Purchaser for federal income tax purposes as a result of an Event of Taxability; or (d) the day on which the Town is advised in writing by counsel to the Purchaser that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Town has been given written notice and an opportunity to participate and defend that interest on the 2022C Bond is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability.

“*Event of Taxability*” means any event, occurrence or situation resulting from an action, or failure to act, by the Town, the effect of which is to cause the interest on the 2022C Bond to be includible in the gross income of the Purchaser for federal income tax purposes.

“*Event of Default*” means the occurrence of any of the following: (a) failure to make a payment of principal of the 2022C Bond when due; (b) failure to make a payment of interest on the 2022C Bond when due; (c) failure to deposit any proceeds of the FEMA Grants to the Sinking Fund established pursuant to Section 5; or (d) the Town shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the 2022C Bond, the 2022C Bond Order or this Resolution on the part of the Town to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring same to be remedied shall have been given to the Town by the Purchaser.

“*Expiration Date*” means the First Expiration Date or the Second Expiration Date, as applicable.

“*First Expiration Date*” means October 12, 2023.

“*Initial Term Interest Rate*” means, with respect to each Interest Payment Date during the Initial Term Period, a per annum rate of interest equal to 4.34%.

“*Initial Term Period*” means the period beginning on the date of issuance and ending on the First Expiration Date.

“*Interest Rate*” means (a) the Initial Term Interest Rate during the Initial Term Period, (b) the Second Term Interest Rate during the Second Term Period, (c) the Third Term Interest Rate during the Third Term Period, and (d) the Taxable Rate during the Taxable Period.

“*Maturity Date*” means October 12, 2025.

“*Second Expiration Date*” means October 12, 2024.

“*Second Term Interest Rate*” means a per annum rate of interest to be in effect during the Second Term Period, to be determined by the Purchaser based upon market conditions existing at the time of the First Expiration Date and taking into account the duration of the Second Term Period. In no event will the Second Term Interest Rate exceed 12.00%.

“*Second Term Period*” means the period beginning on the date immediately following the First Expiration Date and ending on the Second Expiration Date.

“*Third Term Interest Rate*” means a per annum rate of interest to be in effect during the Third Term Period, to be determined by the Purchaser based upon market conditions existing at the time of the Second Expiration Date and taking into account the duration of the Third Term Period. In no event will the Third Term Interest Rate exceed 12.00%.

“*Third Term Period*” means the period beginning on the date immediately following the Second Expiration Date and ending on the Maturity Date.

“*Taxable Rate*” means the taxable equivalent rate to the then applicable Interest Rate on the 2022C Bond.

“*Taxable Period*” means the period beginning on the date of a Determination of Taxability and ending on the date (if any) the Determination of Taxability is no longer in effect.

(f) Principal on the 2022C Bond shall be payable on the First Expiration Date (if applicable), the Second Expiration Date (if applicable) and the Maturity Date in an amount equal to the amount on deposit in the Sinking Fund established pursuant to Section 5; provided that if no money is on deposit in the Sinking Fund on the First Expiration Date or Second Expiration Date, as applicable, no amount of principal on the 2022C Bond will be payable on such date. In the event that the Town does not exercise its option to extend to the Second Term Period or the Third Term Period as provided in subsection (b) or (c) above, then all remaining principal on the 2022C Bond shall be due and payable on the First Expiration Date or the Second Expiration Date, as applicable. If the Town only extends to the Second Term Period, all principal on the 2022C Bond will be payable on the Second Expiration Date. If the Town extends to the Third Term Period, all principal on the 2022C Bond will be payable on the Maturity Date.

(g) The 2022C Bond shall be subject to optional redemption prior to its stated maturity at the option of the Town in whole (but not in part) on any date upon giving the Purchaser not less than 15 Business Days prior written notice thereof and as provided in this subsection (g). The redemption price of such 2022C Bond shall be equal to 100% of the principal amount of the 2022C Bond, plus interest accrued to the redemption date, plus, if so required by the Purchaser as compensation for the costs of the 2022C Bond being redeemed, an amount equal to the Cost of Redemption. “*Cost of Redemption*” means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the redemption date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be redeemed, and (c) the number of years, including fractional years, from the redemption date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) “*Selected Interest Rates*.” For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the redemption date shall be deemed the discount rate. A “*Business Day*” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial lenders are authorized or required to be closed for business in Raleigh, North Carolina.

The Purchaser shall provide the Town with a written statement explaining the calculation of the Cost of Redemption due, if any, which statement shall, in absence of manifest error, be conclusive and binding on the Town.

(h) Notwithstanding the provisions of subsection 3(g), in addition to the amounts required to be paid with respect to the 2022C Bond from the Sinking Fund pursuant to subsection 3(f), the Town has the right to redeem the 2022C Bond, in part, on each Expiration Date, without payment of any Cost of Redemption. The Town will give the Purchaser not less than 15 days prior written notice of its intention to make a redemption under this subsection (h).

(i) Interest on the outstanding principal amount of the 2022C Bond shall be payable on each January 12, April 12, July 12, and October 12, beginning January 12, 2023 (each, an “*Interest Payment Date*”) until all principal has been paid in full. Interest on the 2022C Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. In the event of a late payment, interest shall continue to accrue on the principal balance outstanding at the interest rate applicable to the 2022C Bond. If any payment of interest on the 2022C Bond is more than five days late, or any payment of principal is not paid when due, or upon the occurrence of any other Event of Default by the Town hereunder, then interest shall accrue at the Default Rate described below until the default is cured. Principal of, premium, if any, and interest on the 2022C Bond shall be payable to the registered owner appearing on the registration records

of the Registrar by wire transfer or by check, mailed to such registered owner at its address as it appears on such registration books and shall be received by the registered owner on the date such payment is due.

(j) The “*Default Rate*” shall be the greater of (A) the sum of the Prime Rate plus 300 basis points (3.00%), (B) the sum of the Overnight Bank Funding Rate plus 350 basis points (3.50%), and (C) 7.00%. The “*Overnight Bank Funding Rate*” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“*NYFRB*”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Purchaser for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Purchaser at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Town. “*Prime Rate*” shall mean the rate publicly announced by the Purchaser from time to time as its prime rate. The Prime Rate is determined from time to time by the Purchaser as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Purchaser to any particular class or category of customers. If and when the Prime Rate or the Overnight Bank Funding Rate changes, the Default Rate will change automatically without notice to the Town, effective on the date of any such change; provided that in no event shall the Default Rate exceed 20% per annum or the maximum allowable legal interest rate.

(k) The Town may modify the provisions of this Section 3 pursuant to a closing certificate delivered in connection with the execution and delivery of the 2022C Bond with the consent of the Purchaser.

***Section 4. Security for the Bond.*** The 2022C Bond shall be a special obligation of the Town and the principal of, redemption premium, if any, and interest on the 2022C Bond shall be payable solely from the sources identified in the 2022C Bond Order, the 2022C Bond, and amounts on deposit in the Loan Fund and Sinking Fund created pursuant to Section 5 herein. The uses of the sources set forth in the 2022C Bond Order, the 2022C Bond, and this Resolution do not constitute a pledge of the Town’s taxing power and the Town is not obligated to pay the principal of, interest, or any premium on, the 2022C Bond except from the sources identified in the 2022C Bond Order, the 2022C Bond, and this Resolution.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST, OR ANY PREMIUM ON, THE 2022C BOND, AND NO OWNER OF THE 2022C BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON.**

***Section 5. Application of the Bond Proceeds; Creation of Funds.*** On or before the date of the initial issuance of the 2022C Bond, the Town will create an account with the Purchaser known as the “North Topsail Beach FEMA Beach Nourishment 2022C Loan Fund” (the “*Loan Fund*”). On the Closing Date, the Purchaser shall deposit the 2022C Bond proceeds into the Loan Fund. The money in the Loan Fund will be invested, with the approval of the Town, in investments authorized by Section 159-30 of the General Statutes of North Carolina. Amounts in the Loan Fund shall be applied solely to pay for the costs of the 2022C Project and the costs of issuing the 2022C Bond in accordance with the provisions below. The Town must receive prior approval from the Purchaser for disbursements from the Loan Fund. The

Purchaser agrees to approve requests for disbursements upon receipt of the following from the Town: (1) a Request for Disbursement on the form attached hereto as Exhibit D and (2) a copy of the documents being submitted to the NC Emergency Management Division for disbursement of the FEMA Grants for the reimbursement of the project expenses for which the disbursement is being made.

On or before the date of the initial issuance of the 2022C Bond, the Town will create an account with the Purchaser known as the “North Topsail Beach FEMA Beach Nourishment 2022C Sinking Fund” (the “*Sinking Fund*”). The Town will cause to be deposited (by direct deposit to the extent practicable) in the Sinking Fund all money received from the NC Emergency Management Division as reimbursement for costs of the 2022C Project under the FEMA Grants. The money in the Sinking Fund will be invested, at the direction of the Town, in investments authorized by Section 159-30 of the General Statutes of North Carolina. As long as the 2022C Bond is outstanding, funds in the Sinking Fund will be used solely for the purpose of paying principal on the 2022C Bond on the applicable Expiration Date or Maturity Date. When the 2022C Bond is no longer outstanding, the Town may use the money in the Sinking Fund for any lawful purpose.

**Section 6. Execution of the Bond.** The 2022C Bond, issued as a single bond, shall be executed in the name of the Town by manual signatures of the Town’s Mayor or the Town Manager and the Town Clerk, or their designees, and the Certificate of Approval of the Commission shall bear a facsimile or manual signature of the Secretary of the Commission or her designated assistant.

**Section 7. Private Sale of Bond.** The Board requests that the Commission sell the 2022C Bond at private sale without advertisement to the Purchaser in the form of a single registered bond initially bearing interest at the Initial Term Interest Rate and containing such provisions as set forth above and in the Purchase Agreement, between the Commission and the Purchaser and approved by the Town. The Town hereby approves the draft of the Purchase Agreement presented at this meeting and hereby authorizes and directs the Mayor, the Town Manager, the Finance Officer, the Deputy Finance Officer, and the Town Clerk (individually or collectively, the “*Authorized Officers*”), or their designees, as appropriate, to execute and deliver such Purchase Agreement in such final form that they, with the advice of counsel, deem appropriate.

**Section 8. Authorization for Delivery of Bond.** The Authorized Officers are hereby authorized and directed to cause the 2022C Bond to be prepared and, when it shall have been duly sold by the Commission, to execute the 2022C Bond and deliver the same to the Purchaser.

**Section 9. Arbitrage and Tax Covenants.** The Town covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of interest on the 2022C Bond and, if it should take or permit, or omit to take or cause to be taken, any such action, the Town will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The Town acknowledges that the continued exclusion of the 2022C Bond from the owner’s gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code.

The Town covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2022C Bond or other funds under its control to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2022C Bond to be “*arbitrage bonds*” for purposes of Section 148 of the Code. The Town covenants that it will comply with the investment instructions in the Tax Certificate executed and delivered with respect to the 2022C Bond.



**Section 10. Authorization for Other Acts.** The Authorized Officers are further authorized and directed to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the 2022C Bond Order and this Resolution. The Town approves the form and content of the Purchase Agreement, and the Purchase Agreement is in all respects authorized, approved and confirmed. The Authorized Officers are hereby authorized, empowered and directed to execute and deliver the Purchase Agreement, including necessary counterparts, in substantially the form and content of the Purchase Agreement made available to the Board, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Town's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Purchase Agreement made available to the Board. Such officers are hereby directed to take all actions necessary to effectuate the transaction set forth above, including taking any such actions or making any such changes as may be required by the Commission Approval, as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed, and for the on-going administration of the 2022C Bond Order, this Resolution and the 2022C Bond.

**Section 11. Transfer Restrictions.** Notwithstanding any other provisions of the 2022C Bond Order or this Resolution to the contrary, the 2022C Bond shall not be transferred to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission.

The Purchaser or its assignees may assign or reassign all or any part of the 2022C Bond, including the assignment or reassignment of any partial interest through the use of certificates evidencing participation interests in the 2022C Bond, or making the 2022C Bond part of a pool of obligations without the consent of the Commission, so long as such assignment or reassignment is to (i) a bank, insurance company or similar institution or any other entity approved by the Commission; or (ii) a trustee for the purpose of issuing certificates of participation or other forms of certificates evidencing an undivided interest in the 2022C Bond, provided such certificates are sold only to a bank, insurance company or similar financial institution or other entity approved by the Commission.

Any reference to the Purchaser in this Resolution will include its successors or assigns made in accordance herewith.

The provisions of this paragraph may not be amended without the prior written consent of the Commission.

**Section 12. Reporting Requirements for the Town.** The Town hereby covenants to provide to the Purchaser at the same time the Town provides its annual audited financial statements to the Commission, but in no event later than 210 days after the end of the Town's fiscal year, the Town's annual audited financial statements. The Town shall also provide such other financial information and operating reports as may be reasonably requested by the Purchaser.

**Section 13. Supplemental Resolutions; Additional Parity Indebtedness.** The Town may adopt resolutions supplemental hereto; provided, however, the Purchaser's prior written consent shall be required for any supplemental resolution that affects the terms or tax treatment of the 2022C Bond. The Town may not issue indebtedness that is on parity with the 2022C Bond without the written consent of the Purchaser.

**Section 14. Governing Law.** This Resolution and the 2022C Bond are governed by and to be construed in accordance with the laws of the State of North Carolina.



**Section 15. Dispute Resolution.**

(a) *Arbitration of Disputes.* The Town and the Purchaser shall submit any and all disputes arising out of or relating to the 2022C Bond, a default thereunder or an Event of Default under this Resolution (a “*Dispute*”) to binding arbitration pursuant to and in accordance with the AAA Commercial Arbitration Rules and, where applicable, the Supplementary Rules for Large, Complex Commercial Disputes, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Such arbitration shall be conducted in a mutually acceptable location. Except as expressly set forth below, the procedures specified herein shall be the sole and exclusive procedures for the resolution of Disputes; provided, however, that the Town or the Purchaser may seek provisional or ancillary remedies, such as preliminary injunctive relief, from a court having jurisdiction, before, during or after the pendency of any arbitration proceeding. The institution and maintenance of any action for such judicial relief, or pursuit of provisional or ancillary remedies, shall not constitute a waiver of the right or obligation of any party to submit any claim or dispute to arbitration. Nothing herein shall in any way limit or modify any remedies available to the Purchaser under this Resolution or the 2022C Bond or otherwise at law or in equity.

(b) *Motion Practice.* In any arbitration hereunder, the arbitrator(s) shall decide any pre-hearing motions which are substantially similar to pre-hearing motions to dismiss for failure to state a claim or motions for summary adjudication.

(c) *Discovery.* Discovery shall be limited to the pre-hearing exchange of all documents which the Town and the Purchaser intend to introduce at the hearing and any expert reports prepared by any expert who will testify at the hearing.

(d) *Sequential Hearing Days.* At the administrative conference conducted by the American Arbitration Association (the “AAA”), the Town and the Purchaser and the AAA shall determine how to ensure that the hearing is started and completed on sequential hearing days. Potential arbitrators shall be informed of the anticipated length of the hearing and they shall not be subject to appointment unless they agree to abide by the parties’ intent that, absent exigent circumstances, the hearing shall be conducted on sequential days.

(e) *Award.* The award of the arbitrator(s) shall be accompanied by a statement of the reasons upon which such award is based.

(f) *Fees and Expenses.* The Town and the Purchaser shall each bear equally all fees and costs and expenses of the arbitration, and each shall bear its own legal fees and expenses and the costs of its experts and witnesses; provided, however, that if the arbitration panel shall award to a party substantially all relief sought by such party, then, notwithstanding any applicable governing law provisions, the other party shall pay all costs, fees and expenses incurred by the prevailing party and such costs, fees and expenses shall be included in such award.

(g) *Confidentiality of Disputes.* The entire procedure shall be confidential and none of the parties nor arbitrator(s) may disclose the existence, content, or results of any arbitration hereunder without the written consent of all parties to the Dispute, except (i) to the extent disclosure is required to enforce any applicable arbitration award or may otherwise be required by law and (ii) that either party may make such disclosures to its regulators, auditors, accountants, attorneys and insurance representatives. No conduct, statements, promises, offers, views, or opinions of any party involved in an arbitration hereunder shall be discoverable or admissible for any purposes in litigation or other proceedings involving the parties to the Dispute and shall not be disclosed to anyone not an agent, employee, expert, witness, or representative for any of such parties.

(h) **CLASS ACTION WAIVER.** THE TOWN HEREBY WAIVES, WITH RESPECT TO ANY DISPUTE: (I) THE RIGHT TO PARTICIPATE IN A CLASS ACTION, PRIVATE ATTORNEY GENERAL ACTION OR OTHER REPRESENTATIVE ACTION IN COURT OR IN ARBITRATION, EITHER AS A CLASS REPRESENTATIVE OR CLASS MEMBER; AND (II) THE RIGHT TO JOIN OR CONSOLIDATE CLAIMS WITH CLAIMS OF ANY OTHER PERSON. The foregoing waiver is referred to herein as the “class action waiver”. The Purchaser and the Town agree that no arbitrator shall have authority to conduct any arbitration in violation of the class action waiver or to issue any relief that applies to any person or entity other than the Town and/or the Purchaser individually. The parties acknowledge that this class action waiver is material and essential to the arbitration of any claims and is non-severable from this Dispute Resolution section. If the class action waiver is voided, found unenforceable, or limited with respect to any claim for which the Town seeks class-wide relief, then this Dispute Resolution section (except for this sentence) shall be null and void with respect to such claim, subject to the right to appeal the limitation or invalidation of the class action waiver. However, this Dispute Resolution section shall remain valid with respect to all other claims and Disputes. The parties acknowledge and agree that under no circumstances will a class action be arbitrated.

(i) **Applicability of Federal Arbitration Act.** The 2022C Bond and related documents, including the Purchase Agreement, evidence transaction(s) in interstate commerce, and thus the Federal Arbitration Act governs the interpretation and enforcement of this Dispute Resolution section.

**Section 16. Repealer.** All orders and resolutions and parts of orders and resolutions in conflict with this Resolution, if any, excluding the 2022A Bond Order and the 2022C Bond Order, shall be and the same are hereby repealed to the extent the conflict exists.

**Section 17. Effectiveness of Resolution.** This resolution shall be effective immediately upon its adoption by the Board.

STATE OF NORTH CAROLINA            )  
  )  
COUNTY OF ONSLOW                    )            SS:

I, MELINDA MIER, Town Clerk of the Town of North Topsail Beach, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “**A RESOLUTION OF THE BOARD OF ALDERMEN OF THE TOWN OF NORTH TOPSAIL BEACH, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF A VARIABLE RATE SPECIAL OBLIGATION BOND (FEMA GRANTS PROJECT), SERIES 2022C**” adopted by the Board of the Town of North Topsail Beach, North Carolina, at a meeting held on the 5<sup>th</sup> day of October, 2022.

***WITNESS*** my hand and the corporate seal of the Town of North Topsail Beach, North Carolina, this the \_\_\_\_ day of October, 2022.

[SEAL]

\_\_\_\_\_  
Melinda Mier  
Town Clerk  
Town of North Topsail Beach, North Carolina

**EXHIBIT A**

**FORM OF 2022C BOND**

**THIS BOND IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS DESCRIBED HEREIN.**

**No. RC-1**

**\$ \_\_\_\_\_**

**UNITED STATES OF AMERICA  
STATE OF NORTH CAROLINA  
TOWN OF NORTH TOPSAIL BEACH, NORTH CAROLINA**

**VARIABLE RATE SPECIAL OBLIGATION BOND (FEMA GRANTS PROJECT),  
SERIES 2022C**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
<b>Variable</b>	<b>October 12, 2025</b>	<b>October 12, 2022</b>

**REGISTERED OWNER: PNC BANK, NATIONAL ASSOCIATION**

**PRINCIPAL SUM: \_\_\_\_\_ AND NO/100 DOLLARS**

*THE TOWN OF NORTH TOPSAIL BEACH, NORTH CAROLINA* (the “Town”) acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner named above, on the Maturity Date specified above, on surrender hereof, the Principal Sum shown above and to pay to the Registered Owner hereof interest thereon from the date of this Bond until it shall mature at the applicable interest rate per annum set forth in the issuance resolution adopted by the Board of Aldermen of the Town (the “Board”) on October 5, 2022 and effective on the date of its adoption related to this Bond (the “Issuance Resolution”), such interest to be payable on each January 12, April 12, July 12, and October 12, beginning January 12, 2023, until the Maturity Date or earlier date on which all principal is paid. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. In the event of a late payment, interest shall continue to accrue on the principal balance outstanding at the applicable interest rate per annum set forth in the Issuance Resolution. If any payment of interest on this Bond is more than five days late, or any payment of principal is not paid when due, or upon the occurrence of any other Event of Default by the Town under the Issuance Resolution, then interest shall accrue at the Default Rate described below until the default is cured. Principal of and interest on this Bond are payable in immediately available funds to the Registered Owner. All capitalized terms used in this Bond and not otherwise defined herein has the definition assigned to it in the Issuance Resolution.

The Default Rate shall be the greater of (A) the sum of the Prime Rate plus 300 basis points (3.00%), (B) the sum of the Overnight Bank Funding Rate plus 350 basis points (3.50%), and (C) 7.00%. The “Overnight Bank Funding Rate” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“NYFRB”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Purchaser for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Purchaser at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be

less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Town. “*Prime Rate*” shall mean the rate publicly announced by the Purchaser from time to time as its prime rate. The Prime Rate is determined from time to time by the Purchaser as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Purchaser to any particular class or category of customers. If and when the Prime Rate or the Overnight Bank Funding Rate changes, the Default Rate will change automatically without notice to the Town, effective on the date of any such change; provided that in no event shall the Default Rate exceed 20% per annum or the maximum allowable legal interest rate.

This Bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina, a “Bond Order Authorizing the Issuance of a Special Obligation Bond of the Town of North Topsail Beach, North Carolina (FEMA Grants Project)” (the “*Bond Order*”), adopted by the Board on October 5, 2022 and effective on the date of its adoption, and the Issuance Resolution. This Bond is being issued to provide funds to construct the second segment of Phase 5 of beach erosion control and flood and hurricane protection works related to the repair of damage from Hurricanes Florence and Dorian, which includes the excavation, transport, placement, and grading of approximately 290,000 cubic yards of beach quality sand along approximately 6,800 feet of the Town’s shoreline in the District (as defined in the Issuance Resolution) and to pay issuance costs relating to this Bond.

If a Determination of Taxability or Event of Taxability occurs with respect to this Bond, as such terms are hereinafter defined, then this Bond will bear interest during the Taxable Period at the Taxable Rate. In such event, the Town also shall be required to pay to the Purchaser all amounts, if any, which may be necessary to reimburse the Purchaser for any interest, penalties or other charges assessed by the Internal Revenue Service and the Department of Revenue of the State of North Carolina against the Purchaser by reason of the Purchaser’s failure to include the interest on this Bond in its gross income for income tax purposes. The Town shall pay to the Purchaser the above mentioned Taxable Rate notwithstanding any transfer by the Purchaser or payment or redemption by the Town prior to the date such Determination of Taxability was made.

“*Determination of Taxability*” means a determination that the interest on this Bond is included in gross income of the Purchaser for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (a) the date on which the Purchaser is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, as a consequence of an Event of Taxability, the interest on this Bond is included in the gross income of the Purchaser for federal income tax purposes; (b) the date on which the Town receives notice from the Purchaser that the Purchaser has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Purchaser which asserts, in effect, that interest on this Bond received by the Purchaser is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability; (c) the day on which the Town is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on this Bond is included in the gross income of the Purchaser for federal income tax purposes as a result of an Event of Taxability; or (d) the day on which the Town is advised in writing by counsel to the Purchaser that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Town has been given written notice and an opportunity to participate and defend that interest on this Bond is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability.

“*Event of Taxability*” means any event, occurrence or situation, resulting from an action, or failure to act, by the Town, the effect of which is to cause the interest on this Bond to be includible in the gross income of the Purchaser for federal income tax purposes.

This Bond shall be subject to optional redemption prior to its stated maturity at the option of the Town in whole (but not in part) on any date upon giving the Purchaser not less than 15 Business Days prior written notice thereof and as provided in this paragraph. The redemption price of such Bond shall be equal to 100% of the principal amount of this Bond, plus interest accrued to the redemption date, plus, if so required by the Purchaser as compensation for the costs of this Bond being redeemed, an amount equal to the Cost of Redemption. “*Cost of Redemption*” means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the redemption date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be redeemed, and (c) the number of years, including fractional years, from the redemption date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) “*Selected Interest Rates.*” For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the redemption date shall be deemed the discount rate. A “*Business Day*” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial lenders are authorized or required to be closed for business in Raleigh, North Carolina.

Notwithstanding the provisions in the preceding paragraph, in addition to the amounts required to be paid with respect to this Bond from the Sinking Fund set forth below, the Town has the right to redeem this Bond, in part, on each Expiration Date, without payment of any Cost of Redemption. The Town will give the Purchaser not less than 15 days prior written notice of its intention to make a redemption under this paragraph.

Principal on this Bond shall be payable on the First Expiration Date (if applicable), the Second Expiration Date (if applicable) and the Maturity Date in an amount equal to the amount on deposit in the Sinking Fund established pursuant to the Issuance Resolution; provided that if no money is on deposit in the Sinking Fund on the First Expiration Date or Second Expiration Date, as applicable, no amount of principal on this Bond will be payable on such date. In the event that the Town does not exercise its option to extend to the Second Term Period or the Third Term Period as provided in the Issuance Resolution, then all remaining principal on this Bond shall be due and payable on the First Expiration Date or the Second Expiration Date, as applicable. If the Town only extends to the Second Term Period, all principal on this Bond will be payable on the Second Expiration Date. If the Town extends to the Third Term Period, all principal on this Bond will be payable on the Maturity Date.

This Bond shall be a special obligation of the Town and the principal of, and interest and premium on, such Bond shall be secured solely by the sources set forth in the Bond Order (such sources being defined herein as the “*Pledged Sources*”), which are as follows:

(i) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Florence - FEMA-DR-4393-NC (Hurricane Florence), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants, for which the Town requested reimbursement for expenses related to the 2022C Project;

(ii) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Dorian - FEMA-

DR-4465-NC (Hurricane Dorian), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants, for which the Town requested reimbursement for expenses related to the 2022C Project;

(iii) amounts on deposit in the North Topsail Beach FEMA Beach Nourishment 2022C Loan Fund and North Topsail Beach FEMA Beach Nourishment 2022C Sinking Fund created in accordance with the Issuance Resolution;

(iv) one or more additional sources of funds identified by the Board in future proceedings of the Board, so long as (a) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (b) the pledge of such sources is first approved by the Local Government Commission of North Carolina as set forth in Article 7A of Chapter 159 of the General Statutes of North Carolina.

The uses of the Pledged Sources do not constitute a pledge of the Town's taxing power and the Town is not obligated to pay the principal of, or interest or any premium on, this Bond except from the sources set forth in the Bond Order and above.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST OR ANY PREMIUM ON, THIS BOND, AND NO OWNER OF THIS BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON.**

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

This Bond is not valid or obligatory for any purpose until the certification hereon has been signed by an authorized representative of the Local Government Commission.

This Bond shall not be transferred to any person other than a bank, insurance company or similar financial institution unless such transfer is permitted pursuant to the Issuance Resolution.

*IN WITNESS WHEREOF*, the Town has caused this Bond to bear the signatures of the Mayor and the Town Clerk of the Town, each acting on behalf of the Town and this Bond to be dated as of the Dated Date above.

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Melinda Mier  
Town Clerk

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Joann McDermon  
Mayor

Date of Execution: October 12, 2022



The issue hereof has been approved by the Local Government Commission pursuant to Section 159-146(k) of the General Statutes of North Carolina, as amended.

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Secretary of the Local Government Commission

**FORM OF ASSIGNMENT**

**ASSIGNMENT**

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

---

(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification or  
Social Security Number of Assignee)

---

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

---

Attorney to register the transfer of the within Bond on the records kept for registration thereof,  
with full power of substitution in the premises.

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

Signature guaranteed by:

---

**NOTICE:** Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program (“*Stamp*”) or similar program.

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**NOTICE:** The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

**TRANSFER FEE MAY BE REQUIRED**

**EXHIBIT B**

[To be placed on Town’s Letterhead]

**NOTICE OF INTENT TO EXTEND 2022C BOND**

[Date]

PNC Bank, National Association  
301 Fayetteville Street  
Suite 2100  
Raleigh, NC 27601  
Attention: Kyle Huber

Pursuant to the terms and conditions of the Issuance Resolution (the “*Issuance Resolution*”) adopted by the Board of Aldermen of the Town of North Topsail Beach, North Carolina (the “*Town*”) on October 5, 2022 in connection with the issuance of the Town’s Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2022C (the “*2022C Bond*”), the Town hereby notifies PNC Bank, National Association (the “*Purchaser*”) of its intent to extend the 2022C Bond to the [Second/Third] Term Period, which shall end on [\_\_\_\_\_, 20\_\_]. Terms used herein but not defined herein shall have the meanings given to such terms in the Issuance Resolution.

Please provide the [Second/Third] Term Interest Rate to apply during the [Second/Third] Term Period no less than 30 days before the [First/Second] Expiration Date as set forth in the Issuance Resolution. The Town will notify the Purchaser in writing no less than 15 days before the [First/Second] Expiration Date whether it will extend the 2022C Bond.

**TOWN OF NORTH TOPSAIL BEACH,  
NORTH CAROLINA**

By: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT C**

[To be placed on Town’s Letterhead]

**NOTICE OF EXTENSION OF 2022C BOND**

[Date]

PNC Bank, National Association  
301 Fayetteville Street  
Suite 2100  
Raleigh, NC 27601  
Attention: Kyle Huber

Pursuant to the terms and conditions of the Issuance Resolution (the “*Issuance Resolution*”) adopted by the Board of Aldermen of the Town of North Topsail Beach, North Carolina (the “*Town*”) on October 5, 2022 in connection with the issuance of the Town’s Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2022C (the “*2022C Bond*”), the Town hereby notifies PNC Bank, National Association (the “*Purchaser*”) that it will extend the 2022C Bond to the [Second/Third] Term Period. Terms used herein but not defined herein shall have the meanings given to such terms in the Issuance Resolution.

The Town will apply the amount on deposit in the Sinking Fund, which is equal to \$\_\_\_\_\_, on the upcoming Expiration Date to pay a portion of the outstanding principal amount of the 2022C Bond pursuant to Section 3(f) of the Issuance Resolution.

**TOWN OF NORTH TOPSAIL BEACH,  
NORTH CAROLINA**

By: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**

**REQUEST FOR DISBURSEMENT  
(Disbursement Number \_\_\_\_\_)**

The **TOWN OF NORTH TOPSAIL BEACH, NORTH CAROLINA** (the “Town”) hereby requests a disbursement in the amount of \$\_\_\_\_\_ from the Loan Fund created under the Issuance Resolution adopted by the Board of Aldermen of the Town on October 5, 2022 (the “*Issuance Resolution*”) related to its Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2022C (the “*2022C Bond*”), which was issued by the Town and delivered to **PNC BANK, NATIONAL ASSOCIATION** (the “*Purchaser*”), dated October 12, 2022. Capitalized words and terms used herein without definition shall have the respective meanings assigned to them in the 2022C Bond and the Issuance Resolution.

In order to make the requested disbursement, the Town hereby represents and agrees as follows:

1. The disbursement hereby requested is for the approved 2022C Project.
2. No Event of Default exists under the Issuance Resolution or the 2022C Bond and no event has occurred which with the passage of time, notice or both would constitute an Event of Default.
3. The approval of this Request for Disbursement by the Purchaser will not be deemed to be a waiver by the Purchaser of any Event of Default under the Issuance Resolution or the 2022C Bond.
4. The Town has performed all of its obligations under the Issuance Resolution, the 2022C Bond and the Purchase Agreement (the “*Bond Documents*”), and all of the representations and warranties made by the Town in the Bond Documents are true and correct as of the date hereof.
5. The Town is not aware of any reasons or circumstances that would prevent it from receiving its current or prior requested FEMA Grants reimbursements from the NC Emergency Management Division in the ordinary course of business and within a reasonable period, but not later than the Maturity Date.
6. The undersigned has been duly authorized by the Town to make this request for disbursement.

**WITNESS** the due execution hereof with the intent to be legally bound hereby as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_.

[SEAL]

**TOWN OF NORTH TOPSAIL BEACH,  
NORTH CAROLINA**

By: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title: \_\_\_\_\_