

**BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE  
TOWN OF SOUTHERN SHORES, NORTH CAROLINA (TOWN PORTION)**

**WHEREAS**, the Town Council (the “*Town Council*”) of the Town of Southern Shores, North Carolina (the “*Town*”) has determined to construct certain beach erosion control and flood and hurricane protection works now and from time to time in the future, and may also finance or refinance in the future any other project permitted to be financed or refinanced under Article 7A of Chapter 159 of the General Statutes of North Carolina (individually, a “*Project*” and collectively, the “*Projects*”);

**WHEREAS**, the Town Council has determined there is a present need to issue its Special Obligation Bonds pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina for a Project to be constructed in municipal service districts in the Town (the “*Current Project*”);

**WHEREAS**, a portion of the Current Project will be funded by the Town (the “*Town Portion*”) and a portion of the Current Project will be funded from other sources;

**WHEREAS**, the Town Council has determined to finance the Town Portion of the Current Project under this bond order;

**WHEREAS**, an application has been filed with the Secretary (the “*Secretary*”) of the Local Government Commission of North Carolina (the “*Commission*”) requesting Commission approval of an initial series of special obligation bonds in an amount not to exceed \$8,028,300 to be used for the Town Portion of the Current Project as required by Article 7A of Chapter 159 of the General Statutes of North Carolina, and the Secretary has notified the Town Council that the application has been accepted for submission to the Commission; and

**WHEREAS**, notwithstanding the current need to issue not to exceed \$8,028,300 aggregate principal amount of special obligation bonds to finance the Town Portion of the Current Project, the Town Council has determined that the aggregate principal amount of special obligation bonds for future Projects is not known at this time and therefore wishes to provide for the issuance of special obligation bonds from time to time under this bond order in amounts to be determined at the time of issuance and subject to Commission approval at such time to finance future Projects or refinance existing Projects.

**NOW, THEREFORE, BE IT ORDERED BY THE TOWN COUNCIL OF THE TOWN OF SOUTHERN SHORES, NORTH CAROLINA, AS FOLLOWS:**

**Section 1.** The Town Council has determined to construct the Current Project and from time to time in the future may also finance other Projects or refinance existing Projects.

**Section 2.** To raise the money required to pay the costs of the Projects as set forth above, Special Obligation Bonds of the Town are hereby authorized and shall be issued pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina. The maximum aggregate principal amount of such Special Obligation Bonds authorized by this bond order shall be unlimited.

**Section 3.** The Special Obligation Bonds shall be special obligations of the Town and the principal of, and interest and premium on, all such Special Obligation Bonds shall be on parity and shall be secured solely by the following sources:

(a) that portion of the 3% Room Occupancy Tax authorized by House Bill 882, 2001 Session, General Assembly of North Carolina, effective August 29, 2001, distributed by Dare County, North Carolina (the “*County*”) to the Town;

(b) that portion of the 1% local option sales and use tax levied by the County pursuant to Article 39 of Chapter 105 of the General Statutes of North Carolina which are distributed to the Town;

(c) that portion of the 1/2% local option sales and use tax levied by the County pursuant to Article 40 of Chapter 105 of the General Statutes of North Carolina which are distributed to the Town;

(d) that portion of the two 1/2% local option sales and use tax levied by the County pursuant to Article 42 of Chapter 105 of the General Statutes of North Carolina which are distributed to the Town;

(e) the annual contributions distributed from the County to the Town to pay debt service under Section 4.3 of the Interlocal Agreement dated October 13, 2021 among the County, the Town, the Town of Kill Devil Hills, North Carolina, the Town of Kitty Hawk, North Carolina, and the Town of Duck, North Carolina; and

(f) one or more additional sources of funds identified by the Town Council in future proceedings of the Town Council, so long as (i) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (ii) 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.

**Section 4.** The sources of payment identified in Section 3 so pledged and then held or hereafter received by the Town or any fiduciary thereof shall immediately be subject to the lien of the pledge without any physical delivery of the sources or further act.

**Section 5.** 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, ANY SPECIAL OBLIGATION BONDS, AND NO OWNER OF SUCH SPECIAL OBLIGATION BONDS HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON. The uses of the sources set forth in Section 3 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, any Special Obligation Bonds except from the sources set forth in Section 3.

**Section 6.** The issuance and details of any such Special Obligation Bonds shall be set forth in one or more separate proceedings of the Town Council. The initial series of Special Obligation Bonds to be issued under this bond order shall not exceed \$8,028,300 and is being issued pursuant to a separate resolution. Future issues or series of Special Obligation Bonds to be issued under this bond order shall be issued only by separate proceedings of the Town Council and with approval from the Local Government Commission of North Carolina as may be required by law.

**Section 7.** This bond order shall take effect on its adoption.

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

I, *Sheila Kane*, Town Clerk of the Town of Southern Shores, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a bond order entitled “**BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE TOWN OF SOUTHERN SHORES, NORTH CAROLINA (TOWN PORTION)**” adopted by the Town Council of the Town of Southern Shores, North Carolina, at a meeting held on the 5th day of October, 2021.

***WITNESS*** my hand and the corporate seal of the Town of Southern Shores, North Carolina, this the 5th day of October, 2021.

[Seal]

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Sheila Kane  
Town Clerk  
Town of Southern Shores, North Carolina