



**Orange County
Board of Commissioners**

Agenda

Virtual Business Meeting

April 7, 2020
7:00 p.m.

Note: Background Material
on all abstracts
available in the
Clerk’s Office

Due to current public health concerns, the Board of Commissioners is conducting a Virtual Business meeting on April 7, 2020 utilizing Zoom. Members of the Board of Commissioners will be participating in the meeting remotely. As in prior meetings, members of the public will be able to view and listen to the meeting via live streaming video at orangecountync.gov/967/Meeting-Videos and on Orange County Gov-TV on channels 1301 or 97.6 (Spectrum Cable).

In this new virtual process, there are two methods for public comment.

- Written submittals by email
- Speaking during the virtual meeting

Detailed public comment instructions for each method are provided at the bottom of this agenda. (Pre-registration is required.)

Compliance with the “Americans with Disabilities Act” - Interpreter services and/or special sound equipment are available on request. Call the County Clerk’s Office at (919) 245-2130. If you are disabled and need assistance with reasonable accommodations, contact the ADA Coordinator in the County Manager’s Office at (919) 245-2300 or TDD# 919-644-3045.

1. Additions or Changes to the Agenda

PUBLIC CHARGE

The Board of Commissioners pledges its respect to all present. The Board asks those attending this meeting to conduct themselves in a respectful, courteous manner toward each other, county staff and the commissioners. At any time should a member of the Board or the public fail to observe this charge, the Chair will take steps to restore order and decorum. Should it become impossible to restore order and continue the meeting, the Chair will recess the meeting until such time that a genuine commitment to this public charge is observed. The BOCC asks that all electronic devices such as cell phones, pagers, and computers should please be turned off or set to silent/vibrate. Please be kind to everyone.

Arts Moment – No Arts Moment will be available for this meeting.

2. Public Comments (Limited to One Hour)

(We would appreciate you signing the pad ahead of time so that you are not overlooked.)

- a. Matters not on the Printed Agenda (Limited to One Hour – THREE MINUTE LIMIT PER SPEAKER – Written comments may be submitted to the Clerk to the Board.)

Petitions/Resolutions/Proclamations and other similar requests submitted by the public will not be acted upon by the Board of Commissioners at the time presented. All such requests will be referred for Chair/Vice Chair/Manager review and for recommendations to the full Board at a later date regarding a) consideration of the request at a future Board meeting; or b) receipt of the request as information only.



Submittal of information to the Board or receipt of information by the Board does not constitute approval, endorsement, or consent.

b. **Matters on the Printed Agenda**

(These matters will be considered when the Board addresses that item on the agenda below.)

3. Announcements, Petitions and Comments by Board Members (Three Minute Limit Per Commissioner)

4. Proclamations/ Resolutions/ Special Presentations

5. Public Hearings

6. Regular Agenda

- a. Climate Action Tax Recommendations for FY 2019-20 – School Solar Update
- b. Postponement of Unified Development Ordinance (UDO) Text Amendments – Clarification of Setbacks from the West Fork on the Eno Reservoir
- c. Presentation of Manager’s Recommended FY 2020-25 Capital Investment Plan (CIP)
- d. Approval of Budget Amendment #7-A for the Transfer of Funds from the Orange County Local Rent Supplement Program to the Risk Mitigation and Housing Displacement Fund

7. Reports

8. Consent Agenda

- Removal of Any Items from Consent Agenda
- Approval of Remaining Consent Agenda
- Discussion and Approval of the Items Removed from the Consent Agenda

- a. Minutes
- b. Motor Vehicle Property Tax Releases/Refunds
- c. Property Tax Releases/Refunds
- d. Resolution of Approval – Trail Easement
- e. Resolution Regarding Orange County Becoming a Socially Conscious Animal Community
- f. Change in BOCC Meeting Schedule for 2020
- g. General Obligation Bond Sale of \$20,060,000 for Cedar Ridge High School Wing and Various Other Orange County School Improvements
- h. Adoption of the Final Financing Resolution Authorizing the Issuance of Approximately \$40,000,000 in Installment Purchase Financing for Various Capital Investment Plan Projects

9. County Manager’s Report

10. County Attorney’s Report

11. *Appointments

12. Information Items

- March 24, 2020 BOCC Meeting Follow-up Actions List
- Tax Collector’s Report – Numerical Analysis
- Tax Collector’s Report – Measure of Enforced Collections



- Tax Assessor's Report – Releases/Refunds under \$100
- Petition to Amend the Water and Sewer Management, Planning, and Boundary Agreement (WASMPBA)

13. Closed Session

14. Adjournment

Note: Access the agenda through the County's web site, www.orangecountync.gov

***Subject to Being Moved to Earlier in the Meeting if Necessary**

Orange County Board of Commissioners' meetings and work sessions are available via live streaming video at orangecountync.gov/967/Meeting-Videos and Orange County Gov-TV on channels 1301 or 97.6 (Spectrum Cable).

Public Comment Instructions

Public Comment – Written

(for Items not on the Agenda, Agenda Items and Public Hearings)

Members of the public may provide written public comment by submitting it to the ocbocc@orangecountync.gov email address by 3:00 PM on the afternoon of the meeting.

When submitting the comment, include the following:

- The date of the meeting
- The agenda item (example: 6-a) you wish to comment on
- Your name, address, email and phone number

The Orange County Board of Commissioners, County Manager, County Attorney and Clerk to the Board, will be copied on all of the emails that are submitted.

Public Comment – Verbal

(for Items not on the Agenda, Agenda Items and Public Hearings)

Members of the public will be asked to contact the Clerk to the Board using the email address ocpubliccomment@orangecountync.gov no later than 3:00 PM on the day of the meeting and indicate they wish to speak during the meeting.

When submitting the request to speak, include the following:

- The date of the meeting
- The agenda item (example: 6-a) you wish to speak on
- Your name, address, email and phone number
- The phone number must be the number you plan to call in from if participating by phone

Prior to the meeting, speakers will be emailed a Zoom participant link to be able to make comments during the live meeting. Speakers may use a computer (with camera and/or microphone) or phone to



make comments. Speakers using the phone for comments must use the provided PIN/Password number.

The public speaker's audio and video will be muted until the BOCC gets to the respective agenda item(s). Individuals who have pre-registered will then be brought into the public portion of the meeting one at a time.

If a member of the public encounters any concerns prior to or during the meeting related to speaking, please contact Greg Wilder at 919-245-2314.

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No. 6-a**

SUBJECT: Climate Action Tax Recommendations for FY 2019-20 – School Solar Update

DEPARTMENT: Asset Management Services,
Financial and Administrative
Services

ATTACHMENT(S):

1. Climate Action Tax Projects and Scoring Report FY 2019-20 – Revised
2. Answers to Board Members' Questions on Solar for Schools Grant Program

INFORMATION CONTACT:

Brennan Bouma, (919) 245-2626
Paul Laughton, (919) 245-2152

PURPOSE: To:

- 1) Receive additional information on the Solar for Schools Grant program that could be funded through the FY 2019-20 Orange County Climate Action Tax in response to Board members' questions at the February 4, 2020 Board Business Meeting; and
- 2) Approve funding for the recommended Solar for Schools Grant program for FY 2019-20 as outlined in the attached report.

BACKGROUND: As part of the FY 2019-20 budget, the Board of Commissioners authorized an additional ¼ cent property tax to provide an estimated \$469,272 dedicated to accelerating climate change mitigation through the new Climate Change Mitigation Project in the Capital Investment Plan.

When the tax was authorized, the BOCC stated that it would decide the final prioritization of projects to be funded, and the Board requested that the Commission for the Environment (CFE) provide feedback on prospective projects in advance of BOCC review.

The CFE completed its initial scoring, and the BOCC reviewed a report that outlined the recommended projects at its Business meeting on February 4th. At that meeting the Board approved funding for two of the four recommended projects, and at the request of school leadership, temporarily deferred taking any action on the two projects which make up the proposed Solar for Schools grant program. Attachment 1 is a copy of this report revised in accordance with the comments received from the BOCC.

During the discussion of the Solar for Schools grant program, Board members asked several questions in preparation for additional discussion in the future. In response, staff has revised the report and has had discussions with staff in both school districts.

Attachment 2 is a list of the Board members' questions and follow-up responses on the recommended Solar for Schools Grant Program.

FINANCIAL IMPACT: The Climate Action Tax is projected to generate \$469,272 in funds in FY 2019-20. The top two recommended projects have already been approved to use \$169,272 of these funds, and the remaining \$300,000 is recommended to fund two Solar for Schools grants for \$150,000 each.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goals are applicable to this item:

- **GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY**
The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for themselves and their dependents.

Local investments in energy efficiency and renewable energy in Orange County provides direct reduction of monthly energy bills and supports jobs and investments in clean energy technologies. These cost reductions lead to improved affordability for County school facilities and ensure responsible stewardship of Orange County taxpayer resources.

- **GOAL: ESTABLISH SUSTAINABLE AND EQUITABLE LAND-USE AND ENVIRONMENTAL POLICIES**
The fair treatment and meaningful involvement of people of all races, cultures, incomes and educational levels with respect to the development and enforcement of environmental laws, regulations, policies, and decisions. Fair treatment means that no group of people should bear a disproportionate share of the negative environmental consequences resulting from industrial, governmental and commercial operations or policies.

Reducing energy usage from the electric grid improves air quality impacts. Improving local air quality helps to protect the health of vulnerable populations in Orange County whose health is disproportionately affected by ground-level ozone and other emissions.

ENVIRONMENTAL IMPACT: The following Orange County Environmental Responsibility Goal impacts are applicable to this item:

- **ENERGY EFFICIENCY AND WASTE REDUCTION**
Initiate policies and programs that: 1) conserve energy; 2) reduce resource consumption; 3) increase the use of recycled and renewable resources; and 4) minimize waste stream impacts on the environment.

Investing in local climate change mitigation actions will conserve energy, reduce resource consumption, and increase the use of renewable resources.

- **RESULTANT IMPACT ON NATURAL RESOURCES AND AIR QUALITY**
Assess and where possible mitigate adverse impacts created to the natural resources of the site and adjoining area. Minimize production of greenhouse gases.

The Solar for Schools climate change mitigation projects will minimize the production of greenhouse gases, reducing Orange County's contribution to the adverse impacts of climate change on human and natural resources both inside and outside of the County.

RECOMMENDATION(S): The Manager recommends that the Board

- 1) Receive additional information on the Solar for Schools Grant program that could be funded through the FY 2019-20 Orange County Climate Action Tax in response to Board members' questions at the February 4, 2020 Board Business Meeting; and
- 2) Approve funding for the recommended Solar for Schools Grant program for FY 2019-20 as outlined in the attached report.



February 4, 2020

Climate Action Tax Projects and Scoring Report FY 2019-20

Executive Summary:

As part of the FY20 budget, the Board of Orange County Commissioners authorized an additional ¼ cent property tax to provide an estimated \$469,272 dedicated to accelerating climate change mitigation through the new Climate Change Mitigation Project in the Capital Investment Plan. This funding adds to the County's ongoing investments in clean technology and will support an expansion of climate change mitigation projects that build on Orange County's long history of sustainable actions. Following the Board's direction, the Orange County Commission for the Environment (CFE) has scored an initial list of climate mitigation projects using a formula that prioritizes social justice and racial equity. The full project scoring table completed by the CFE is included as Appendix A. Based on their ranking, the resulting project recommendations are listed in the following table:

Project	CFE Rank	Cost Estimate
Supplemental Weatherization for Low Income Households	1	\$150,000
Countywide LED Campaign	2	\$19,272
Rooftop solar - OCS	3	\$150,000
Rooftop solar - CHCCS	3	\$150,000
Total		\$469,272

Each project would be implemented to maximize project efficiency and minimize impacts on Orange County staff resources:

- The weatherization project would focus primarily on providing additional energy efficiency assistance to Orange County residents with manufactured homes and homes already being repaired under existing programs in partnership with the Orange County Affordable Housing Coalition, Orange County Home Preservation Coalition, and Orange County Housing and Community Development.
- The LED Campaign would connect with Orange County residents primarily through partnering with the Low Income Energy Assistance Program (LIEAP) of the Department of Social Services as well as the Family Success Alliance and its affiliated non-profits.
- The rooftop solar projects for the schools are proposed to work through a grant program to provide the schools with flexibility while preserving the ability of the County to track progress and impact.

History of County Sustainability Actions:

These projects we propose to fund through the FY20 Climate Action Tax add to a long history of sustainability actions by Orange County. For decades, County staff have been safeguarding taxpayer and environmental resources by outfitting of County buildings with energy efficient technologies such as energy efficient lighting and HVAC systems, low-flow water fixtures, rainwater and greywater harvesting

systems, and geothermal systems). Since 2015, the Orange County Sustainability program has pulled in more than \$325,000 in grant funding to provide additional support for Orange County's investments in innovative sustainability projects.

The County made an internal commitment in 2010 to aim for reductions in energy and water usage per square foot and was able to achieve a 22% reduction in energy use and a 39% reduction in water use by 2017. Here are some milestones in the recent history of Orange County's commitment to energy efficiency and renewable energy:

- 2005 Greenhouse Gas Emissions inventory, 2017 update underway.
- 2009 The Justice Center renovation includes County's first major geothermal installation, paving the way for 4 additional facilities to be retrofitted with geothermal HVAC systems by 2016. Combined, these systems allow the County to spend \$37,000 less per year on energy bills and reduce the wear and tear on our HVAC systems.
- 2010 Electric Vehicle charging network installed with 16 free chargers across 4 locations to incentivize a market transformation.
- 2017 SolSmart Silver Designation attained including a solar rooftop feasibility study for County facilities, how-to checklist on solar installation for homeowners.
- 2017 Commitment to Paris Climate Accord - 26% reduction in total emissions by 2025.
- 2017 Commitment to transition to 100% renewable energy countywide by 2050.
- 2018 Triangle Regional Resilience Assessment – In 2018, the Town of Chapel Hill, City of Raleigh, City of Durham, Durham County, Orange County and the Town of Cary completed a joint assessment of our region's resilience to the hazards we all experience. This will guide plans that will help us withstand future anticipated disruptions.
- 2019 Climate Action Tax – The Board of Orange County Commissioners levied a ¼ cent property tax to accelerate priority actions on climate change.

Current Projects:

Orange County is building on its strong history of leadership in sustainability, and has been accelerating its efforts in several parallel projects:

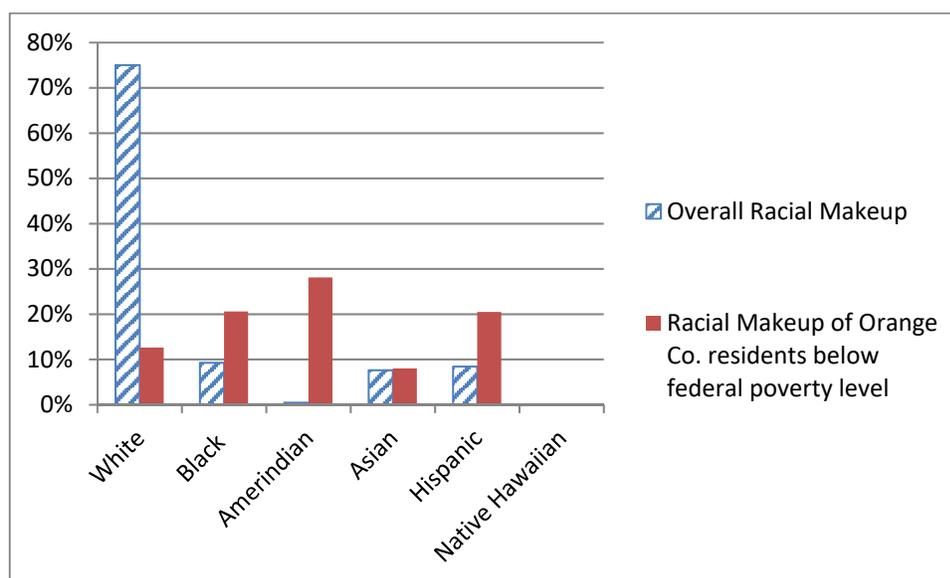
- Four new facilities which are currently under development will be the first County buildings to include rooftop photovoltaic systems: The Orange County Detention Center, the Environment and Agricultural Center, the Efland EMS sub-station, and the Parks Operations Base. The largest of these facilities will also be equipped with a highly efficient geothermal HVAC system.
- The County has now committed to the 3rd party commissioning process for every major construction project to ensure new buildings are performing as efficiently as they were designed. This practice is estimated by the NC Department of Environmental Quality (NCDEQ) to pay for itself within 1-3 years.
- More than \$150,000 in grant funding has been secured in just 2018 and 2019 to support the County in procuring electric fleet vehicles and upgrading and expanding our network of electric vehicle charging stations.
- The emissions for flights taken by all County staff as well as the car trips taken by the County's pool of CarShare vehicles will be offset by investments in documented carbon reduction projects being installed in North Carolina.

Future Actions Recommended:

Even with all of the current and previous projects, the Board of Orange County Commissioners (BOCC) recognize the need for further investment in energy efficiency to reduce our impact, renewable energy to power the necessary services we provide, and offsets for any unavoidable emissions.

Many current climate change mitigation projects will extend into the future, and entirely new opportunities will arise as well. With that in mind, on June 11th, 2019, the Board levied an additional ¼ cent property tax to provide an estimated \$469,272 dedicated to accelerating climate change mitigation through the new Climate Change Mitigation Project in the Capital Investment Plan. During the approval of this Climate Action Tax, the BOCC requested that the CFE provide their feedback on initial project ideas in advance of BOCC review using a formula that prioritized social justice and racial equity. The BOCC has regularly emphasized the need to consider justice and equity, so that those who benefit most directly from the County's actions and investments are the people who most need assistance. This scoring formula was created to assess project ideas and a rubric reflecting that formula was used by the CFE to rank order the climate action projects (see Appendix A).

Table 1: Orange County Racial Distribution and Poverty Status by Race



Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

Assessment Criteria:

Projects were assessed by the CFE based on 6 key criteria. Bullet points below each criterion help to describe how the CFE was directed to apply them along with their relevant expertise. Social justice and racial equity is the criterion that holds the highest weight.

Low-income households have fewer resources to help them avoid or adapt to the impacts of climate change, and recent census figures show that racial minorities make up a more significant portion of the Orange County's residents below the federal poverty line (see Table 1).

Not all County residents below the poverty line are people of color. Both socio-economic status and racial identity are key factors that will be used to target and track the positive impacts of these programs.

The following is the list of criteria and guidance provided to the CFE in scoring the projects:

- **Social Justice and Racial Equity (0 to 3pts):**
 - Who benefits most directly? If it is likely to be a racial minority or underserved population, score high.
 - Are there negative side effects of the project? If these may impact a racial minority or underserved population, score low.
- **Emissions reduced (0 to 2 pts):**
 - Consider quantity and location.
 - Higher scores should go to emissions reduced within Orange County, instead of at a power plant, due to greater health co-benefits.
- **Efficient use of Funds (0 to 2 pts):**
 - What is the return on investment?
 - Does this project build on successful existing programs or leverage other funding?
 - Will this project help to generate other funds or support future grant funding?
- **Time to complete (0 to 1 pt):**
 - Projects that can be completed or show clear deliverables within one year should score higher.
- **Ease of understanding, visibility, and messaging (0 to 1 pt):**
 - Projects that are easier to explain to Orange County taxpayers should score higher.
- **Likelihood of success (0 to 1 pt):**
 - Projects that are within the direct control of the County and which have minimal complexity should score higher.

Project descriptions:

Supplemental Weatherization for Low Income Households:

Due to the number of non-profit and for-profit service providers in the affordable housing field and the unique needs of each home, it is recommended that \$150,000 within this capital project be directed by Orange County Housing and Community Development (OCHCD). After discussions with OCHCD, we recommend these funds be used by OCHCD in collaboration with established partners in the Orange County Home Preservation Coalition (OCHPC) and the Orange County Affordable Housing Coalition (OCAHC).

In addition to utilizing the funds to increase the energy efficiency upgrades within the ongoing low-income housing rehabilitation work being completed by OCHCD, the department would work in partnership with the OCHPC to complete additional weatherization activities for low income households in Orange County. The OCHPC is a collaboration of non-profit and government entities engaged in rehabilitation of homes for low income seniors and people with disabilities in Orange County. Each organization has different programs and funding streams that can fund specific activities to rehabilitate homes for eligible households. The aim of the coalition is to bring together all agencies engaged in these activities to leverage funds and maximize outcomes. Each month, members meet to share their current caseloads and discuss what agency has capacity and funding to address needed repairs on a case-by-case basis.

Because members are already assisting low-income families and individuals with a wide variety of repairs and improvements that reduce energy costs and improve the comfort level of residents, this additional funding would allow coalition members to add weatherization and energy saving up-fits that existing funding does not allow for. This would include activities like sealing cracks and ductwork,

improving insulation, purchasing energy star-rated replacement windows and appliances, as well as more efficient HVAC systems. In recent years, the needs of the houses served have often been so extensive that the projects reach their funding limits before all energy efficiency upgrades can be completed. This project would provide additional resources for these energy efficiency investments to increase the future affordability of the home. This portion of the project funding is initially estimated to cover these additional energy efficiency improvements in up to 60 houses depending on the level of need of the houses identified. Each of the service providers in the Coalition focuses on different elements of home repair and enhancement, but all would be able to enhance their energy efficiency improvements with additional funding. Partners in this effort include (and is not limited to) Orange County Housing and Community Development, Orange County Department on Aging, Rebuilding Together, Habitat for Humanity, the Jackson Center, and the Triangle J Council of Governments. The coalition model is considered a best practice in the industry as it maximizes the efficiency of services, minimizing waitlists and administrative costs.

In partnership with the both the OCHPC and the Orange County Affordable Housing Coalition (OCAHC) additional resources would assist with their mobile home preservation efforts. The energy efficiency performance of manufactured housing is often much lower than housing built on-site and therefore the energy cost per square foot is higher. At the same time, low-cost repairs such as resealing the seams and ductwork of a manufactured home can make a big improvement in energy efficiency and quality of life. This project will help continue targeted outreach, assessments and low-cost energy efficiency improvements, and help with early identification of any further needs that might be met through the County's existing Urgent Repair Program such as roof leaks and septic issues.

Rooftop Solar for Schools:

The rooftop solar projects proposed for each school district is proposed to work through a grant to provide the schools with flexibility while preserving the ability of the County to track progress and impact. Proposed requirements of the grant would be:

- 1.) That the solar projects maximize the purchase power of the grant funding by considering leasing of the solar panels in the arrangement laid out in 2017 by H.B. 589, and report to the County on the decision that was made to purchase or lease.
- 2.) The grantees must report the total solar energy generated as well as the percent of each facility's energy use that was served by the solar system. This would provide pressure for continued focus on energy efficiency along with the renewable energy.
- 3.) The grantees must have a monitor showing the live energy performance of their systems in a public location with a sign noting that the system was paid for by proceeds of the Orange County Climate Action Tax.

Adding solar to the rooftop of County school buildings would currently allow the schools to leverage up to \$75,000 in solar incentives per project from Duke Energy. Adding solar to the schools would provide the additional benefit of exposing hundreds of Orange County students and parents to the practical application of sustainable technologies.

Countywide LED campaign (Proposed by the CFE):

An important part of Orange County's efforts to combat climate change will be encouraging residents and businesses to adopt practices that reduce their greenhouse gas emissions. This pilot campaign would focus on retrofitting Orange County households with LED light bulbs. According to the US Energy Information Agency as of 2017 about 10% of all household electricity is used for lighting. For the same

amount of light, LEDs use about 75% less energy than incandescent bulbs and 5-10% less than fluorescents, all while minimizing heat output and lasting 10 times longer. According to the US Department of Energy, currently about 15% of US residents have adopted LEDs. While the adoption rate is probably higher in Orange County, there would still be room for improvement making this easy-to-install energy-saving technology a good focus for an energy efficiency campaign.

The project would be run by the Orange County Sustainability Program in partnership with several Orange County departments and non-profits that directly serve the County's low-income households. The Low Income Energy Assistance Program (LIEAP) run by the Orange County Department of Social Services helps Orange County residents to pay their energy bills in an emergency. This program is open to working with the Sustainability Program to distribute LED lightbulbs to those who request assistance. The Family Success Alliance and their affiliated non-profit partners are also open to distributing LEDs through their networks.

This proposed campaign would be rolled out in 3 steps:

- 1.) **Create and test a pledge form** - In order to receive bulbs, an interested resident would fill out a brief pledge that would allow them to indicate the number and type of bulbs that they pledge to replace with LEDs. The pledge form would be designed and tested to protect the identity of participants while allowing the program to estimate the energy efficiency impact. This form and other outreach materials would also suggest further low or no-cost ways to reduce energy bills such as moderating thermostat settings and changing air filters, and it would inform residents of other related utility savings programs such as OWASA's Affordability Outreach Program.
- 2.) **Purchase bulbs** – LED bulbs would be purchased in bulk to reduce costs and then stored until they are distributed. Ordering and distribution may occur in multiple rounds depending on the storage space available.
- 3.) **Distribute** – This program will leverage an existing program from Duke Energy to provide a box of 15 free LED bulbs every 5 years to each customer who requests one. With the assistance of staff administering the LIEAP and FSA as well as partnering non-profits, all applicable clients would apply for Duke Energy's free LEDs. If a household is served by Piedmont Electric, or if the bulbs Duke provides would not replace all the bulbs in the household, the County would provide LED bulbs.

Non-profits and County staff who have access and permission to enter clients' houses may be able to provide a higher level of service and replace the bulbs directly. County staff will work with these partners to supply bulbs they need.

Including the cost of promotional materials it is estimated that the LED campaign would cost just over \$19,000 to serve up to 3,000 households. Based on initial data from the 2017 Orange County GHG inventory, retrofitting a household with LEDs could save 400-1000 kwh/year, reduce the electric bill by \$40-\$100/year, and reduce CO₂e emissions by 300-700 pounds/year.

Small hydropower feasibility study (*Not included in recommended projects due to low CFE ranking*):

According to County engineer, Chris Sandt, Lake Orange may be a good candidate for the installation of a small hydropower generator. The upcoming spillway repair project funded in the CIP may be a good opportunity to leverage committed funds to install energy generation equipment. A 3rd party engineering study would help to confirm the total power output expected and the overall feasibility of this project.

Appendix A: Complete CFE Project Scoring Table:

Project	Cost Estimate	Social Justice / Racial Equity (0 to 3 pts)	Emissions Reduced (0 to 2 pts)	Efficient use of Funds (0 to 2 pts)	Time to Complete (0 to 1 pt):	Ease of understanding and messaging (0 to 1 pt):	Likelihood of success (0 to 1 pt):	Total	Rank*
Supplemental Weatherization for Low Income Households	\$150,000	3	1	2	1	1	1	9	1
Countywide LED Campaign	\$19,272	3	1	2	1	1	1	9	2
Rooftop solar - OCS	\$150,000	2	1	2	1	1	1	8	3
Rooftop solar - CHCCS	\$150,000	2	1	2	1	1	1	8	3
Small hydropower feasibility study	\$30,000	1	1	1	1	1	1	6	4
Total (Max for 2019-20 is \$469,272)	\$499,272								

*All projects, including those that tied in their scoring and those that exceeded the FY20 funding limit were placed in rank order by CFE voting.

Appendix B: Other projects that might be considered for future funding:

These projects were not reviewed by the CFE, but as the County moves forward these and other ideas may be good candidates for elaboration and review:

- Assisting OWASA in the development of a biodigester to make productive use of the waste gases at their water treatment plant that are currently flared.
- Investments in resiliency for vulnerable communities as determined by the ongoing update to the Eno-Haw Hazard Mitigation Plan.
- Energy Efficiency Grant Program or Revolving Loan Fund

Questions and Answers on the Recommended FY19-20 Solar for Schools Grant Program:

During the discussion of the recommended Solar for Schools Grant Program at the meeting of the Board of County Commissioners on February 4, 2020, Board members asked several questions in preparation for future discussion. Below is a list of those questions and the follow-up responses. When the responses came directly from staff at the Schools, they are labelled as Orange County Schools (OCS) and Chapel Hill Carrboro City Schools (CHCCS).

1. How much solar energy could be generated with \$150,000?

Based on recent price figures from the National Renewable Energy Laboratory of \$1.83 per watt installed ([NREL, Q1 2018 Commercial System Benchmark](#)), \$150K would buy an 82kW system if it were purchased outright.

Using OWASA's solar projects as a current local example, if \$150,000 were used as a down-payment in a lease arrangement the system it could purchase would be larger than 180kW.

It would not be uncommon for a school facility to have an energy demand of 200kW or larger, so a lease would allow for a solar array to match the energy needs of a facility much more closely.

2. Are there Duke Energy Solar Incentives that apply to this project?

Duke Energy will provide up to \$75K in incentives for public entities to install solar energy systems >100kW. Assuming these potential projects offset a school's total energy demand, these projects are likely to be eligible for that level of incentives (see this [fact sheet](#) for more info).

That incentive is locked in after the design phase once Duke approves an interconnection agreement, so projects could be designed with a budget of \$225,000. Some project money would be spent on design before the incentive was guaranteed, but there could be a clause that would allow the remainder of project funds to be contingent on Duke solar incentive approval.

Orange County Schools (OCS) staff said that 7 of their 13 schools receive their electricity from Duke Energy, and that these might therefore make the best candidates while that incentive program is in place (currently through 2021).

3. What are the schools' overall reactions to the recommended FY19-20 Solar for Schools grant program?

Staff from both Orange County Schools (OCS) and Chapel Hill Carrboro City Schools (CHCCS) had a similar reaction. Overall they feel this funding is something that they welcome and that they feel confident in their ability to utilize it for the benefit of their facilities and students. School staff are active participants

in the Orange County Climate Council and said that they look forward to exploring further alignment of our sustainability goals and projects.

In the future, more open dialogue between County and school staff during the project scoping phase would improve everyone's comfort with the process and also likely improve the effectiveness of potential climate action projects chosen. School staff felt that such discussions could happen with the full knowledge that the Commissioners would make the final funding decisions and that no undue expectations would be set.

CHCCS staff made the additional point that once this item was confirmed as an item to go before the Commissioners, it would have been best if County staff had called to confirm our initial conversation about this project idea, and let them know that it was moving ahead.

4. How do the schools feel about the proposed grant requirements on considering leasing as well as monitoring, reporting, and displaying the information about solar energy generated?

Staff from both OCS and CHCCS agreed that they would be open to considering leasing as one option and wanted to learn more about it.

They also agreed that most solar power systems these days are being built with connectivity to a web-based energy monitoring platform of some kind and that installing a display monitor to show the live energy production is not likely to be difficult. The ability to track live energy usage along with generation in one system may be more involved and expensive, but it is something staff agreed to explore as the project moves forward so that energy efficiency remains a focus along with renewable energy production.

CHCCS already has experience with a complex and interactive live energy monitoring platform similar to the one that Commissioner Marcoplos described. In their experience with this one platform, it seemed that after some initial excitement it was rarely used.

5. What are the potential benefits of leasing a solar installation instead of purchasing one?

Within this proposed grant program, the schools would work directly with solar companies bidding to win this project, and County staff would assist as desired. Both leasing and outright purchasing are financing options to explore.

Leasing is a way to finance a solar installation that allows you to install a larger solar system by turning your up-front investment into a down-payment (see question #7). With the right size down-payment, lease payments can be smaller than the amount of energy cost avoided, creating immediate overall savings.

Solar panels have a 25 year life expectancy, and the leasing company often only owns the panels for the first 5-10 years. The schools have the option to write into the lease agreement that the solar company will manage any repairs and maintenance either during the time the system is owned by the solar company or for the entire life of the panels. After an agreed-upon period of time, the lease agreement should allow the Schools to make one of the following choices:

- 1.) Purchase the panels at a much reduced cost;
- 2.) Renegotiate a new lease agreement;
- 3.) Ask the solar company to remove the panels at no cost.

6. What can the schools expect in terms of lifetime costs if they lease instead of owning their systems?

Leasing a solar installation from a private 3rd party entity would allow the schools to take advantage of significant federal tax incentives that are inaccessible to public entities if they were to purchase the system outright.

As part of the RFP process, the schools can ask solar companies to run lifecycle cost analyses as part of their bid package. These analyses change from site to site based on various factors including space available, total on-site energy demand, shading, and electricity rates. Running these analyses is a normal part of the RFP bidding process that solar companies are prepared to undertake.

Local example - OWASA has gone through an RFP process and is currently designing solar installations at 5 locations through all lease agreements. As a package and based on the terms that they negotiated, their solar installations have a positive net present value within their expected 25-year life (3% discount rate). They expect to break even around year 15 and save more than \$200,000 in avoided energy bills over the life of the systems. (See full details in OWASA Agenda Packet from Sept 26, 2019).

7. How do the schools feel about the potential for ground-mounted solar in comparison to a rooftop system?

Both OCS and CHCCS staff felt that a ground-mounted solar installation may be possible, but more research will be needed to determine what space is available and best-suited for this purpose. A list of potential rooftop and ground-mount sites can be proposed in the RFP that the schools release and solar companies can provide further feasibility information.

8. What specific school buildings or grounds might be good candidates for a solar installation?

OCS: There are plans underway to replace roof membranes on 3 schools this summer which may make them good candidates for solar. OCS staff wants to ensure that the installation of solar panels will not complicate the roof replacement work which has already been bid out and approved.

OCS staff also pointed out that they already own and operate solar panels on the auxiliary gym at Cedar Ridge, and there are plans underway for a new addition at that school which might also make a good candidate for solar to be included in the design.

CHCCS: Northside Elementary is likely to be the best location for a rooftop solar installation since it has:

- The proper orientation
- Solar-ready construction (i.e. - already has electrical conduit installed to accommodate a rooftop solar installation)
- A flat roof with decades of life left in the roof membrane
- A current emphasis on environmental education

9. Does installing a solar energy system on a roof impact the roof's warranty?

No. When installed per the specifications of the roof system manufacturer, a solar array will not void the roof's warranty. When there is no pre-existing specification are for a particular combination of solar and roof systems, solar companies can work directly with the roof system manufacturer on a case-by-case basis. The maintenance of roof warranties can be written as a requirement in an RFP.

10. Are there any relevant restrictions on solar in our Unified Development Ordinance (UDO)?

A third-party review of the solar regulations within Orange County's UDO was conducted in 2017 when the County was being certified as a SolSmart community at the Silver Level. According to that review at that time, there were several sections that might influence the design, function, and aesthetics of a school solar array depending on its size, type, and location. Orange County Sustainability staff plans to reach out to Planning staff for an updated review during the creation of the County's climate action plan.

With more than 500 solar installations of various sizes currently operating throughout Orange County, solar developers are finding ways to work with Orange County's regulations.

**ORANGE COUNTY
BOARD OF COMMISSIONERS
ACTION AGENDA ITEM ABSTRACT**
Meeting Date: April 7, 2020

**Action Agenda
Item No.** 6-b

SUBJECT: Postponement of Unified Development Ordinance (UDO) Text Amendments – Clarification of Setbacks from the West Fork on the Eno Reservoir

DEPARTMENT: Planning and Inspections

ATTACHMENT(S):

INFORMATION CONTACT:

Michael D. Harvey, Planner III, (919) 245-2597
Craig Benedict, Director, (919) 245-2575

PURPOSE: To defer action on a proposed UDO Text Amendment to the September 1, 2020 Board Business meeting.

BACKGROUND: The Board of Commissioners conducted a public hearing on this item at its March 10, 2020 Business meeting, and the Board voted to close the public hearing and defer action until the April 7, 2020 Business meeting. Due to the COVID-19 social distancing policies, this item is recommended for postponement to the Board's September 1, 2020 Business meeting. Because this is a legislative decision, the BOCC may permit additional public comments at a later date.

The proposed amendments are part of the materials from the March 10, 2020 meeting, available at: <http://server3.co.orange.nc.us:8088/WebLink/0/doc/61968/Page1.aspx>

FINANCIAL IMPACT: There is no financial impact associated with this item.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends the Board defer action on the proposed UDO text amendments to the September 1, 2020 Board Business meeting.

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No. 6-c**

SUBJECT: Presentation of Manager's Recommended FY 2020-25 Capital Investment Plan (CIP)

DEPARTMENT: County Manager and Finance and
Administrative Services

ATTACHMENT(S):

UNDER SEPARATE COVER

*Attachment 1. County Manager's CIP
Transmittal Letter*

*Attachment 2. FY 2020-25 Capital
Investment Plan
Presentation*

*Attachment 3. Manager Recommended
FY 2020-25 Capital
Investment Plan*

**All Attachments To Be Provided Prior
to or in Conjunction with the Meeting
and also Available Electronically at:**

<http://www.co.orange.nc.us/Archive.aspx?AMID=57>

INFORMATION CONTACT:

Bonnie Hammersley, County Manager,
(919) 245-2300

Travis Myren, Deputy County Manager,
(919) 245-2308

Gary Donaldson, Financial Services,
(919) 245-2453

Paul Laughton, Financial Services,
(919) 245-2152

PURPOSE: To receive the Manager's Recommended FY 2020-25 Capital Investment Plan (CIP).

BACKGROUND: Each year, the County produces a Capital Investment Plan (CIP) that establishes a budget planning guide related to capital needs for the County as well as Schools. The current CIP consists of a 5-year plan that is evaluated annually to include year-to-year changes in priorities, needs, and available resources. Approval of the CIP commits the County to the first year funding only of the capital projects; all other years are used as a planning tool and serves as a financial plan.

Capital Investment Plan – Overview

The FY 2020-25 CIP includes County Projects, School Projects, and Proprietary Projects. The School Projects include Chapel Hill-Carrboro City Schools, Orange County Schools, and Durham Technical Community College – Orange County Campus projects. The Proprietary Projects include Water and Sewer, Solid Waste Enterprise Fund, and Sportsplex projects.

The CIP has been prepared anticipating moderate economic growth of approximately 2% in property tax growth over the next five years, and 4% sales tax growth in Years 2-5. Sales Tax proceeds for Year 1 (FY 2020-21) are estimated to decline by 4.5% due to the current coronavirus pandemic. Many of the projects in the CIP will rely on debt financing to fund the projects.

FINANCIAL IMPACT: There is no immediate financial impact associated with the presentation of the FY 2020-25 Capital Investment Plan. It is a long-range financial planning tool with a financial impact in FY 2020-25, if the first year of the CIP is approved by the Board of County Commissioners with the adoption of the Annual Budget.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends the Board receive the presentation of the Manager's Recommended FY 2020-25 Capital Investment Plan and provide direction to staff in preparation for discussion at the April 14, 2020 Budget work session.

ORD-2020-008

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No.** 6-d

SUBJECT: Approval of Budget Amendment #7-A for the Transfer of Funds from the Orange County Local Rent Supplement Program to the Risk Mitigation and Housing Displacement Fund

DEPARTMENT: Housing and Community
Development

ATTACHMENT(S):

Attachment 1: Excerpt from November 8,
2018 Board of
Commissioners Meeting
Minutes

Attachment 2: Risk Mitigation and Housing
Displacement Fund Policy

INFORMATION CONTACT:

Emila Sutton, Director, Housing and
Community Development, (919) 245-
2490

PURPOSE: To approve Budget Amendment #7-A for the transfer of funds from the Orange County Local Rent Supplement Program (Local Vouchers) to the Risk Mitigation and Housing Displacement Fund to provide flexible, much-needed financial assistance to low-income renters experiencing housing instability and also provide additional resources for Orange County's emergency response to the COVID-19 pandemic.

BACKGROUND: In June 2018, the Board of Commissioners approved an initial appropriation for a new local voucher program – the Orange County Local Rent Supplement Program (OC-LRSP). Guidelines for this program were presented to the Board in November 2018 (Attachment 1) and approved in December 2018.

Although the OC-LRSP was envisioned as a flexible program to help provide financial assistance to low-income renters in need of stable housing, the guidelines as initially proposed mirror the federal Housing Choice Voucher (HCV) program, and as such, do not have the necessary flexibility to meet the needs of renters unable to be served by the HCV program. Furthermore, the OC-LRSP was proposed to have ongoing funding from federal HOME funds, but the federal restrictions on these funds make them incompatible with the program and were not able to be leveraged. Of the 15 people anticipated to be served by the 2018 appropriation, only one person has actually been issued a voucher. This person is currently homeless (sheltered), as the individual has not been able to find a unit.

Furthermore, Orange County is now seeing an increase in the number of residents experiencing housing instability due to the COVID-19 pandemic, and there is a need for increased funding for housing assistance as part of the emergency response.

As such, Orange County Housing and Community Development (OCHCD) proposes to effectively dissolve the OC-LRSP and transfer the balance of funds in that program to the Risk Mitigation and Housing Displacement Fund (Attachment 2). This will provide the flexibility needed to meet the housing needs of low-income renters, as the Risk Mitigation and Housing Displacement Fund can provide various types of assistance including security deposits, utility connections, first month's rent, and emergency housing costs.

FINANCIAL IMPACT: There will be no financial impact to the County if the BOCC approves the amendment. These funds have already been appropriated, and this budget amendment provides for the transfer of \$100,000 from the Local Voucher Program, currently budgeted in the General Fund, to the Risk Mitigation and Housing Displacement Program within the Housing and Community Development Fund to allow these funds to be disbursed to help low-income households in need.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goals are applicable to this item:

- **GOAL: FOSTER A COMMUNITY CULTURE THAT REJECTS OPPRESSION AND INEQUITY**
The fair treatment and meaningful involvement of all people regardless of race or color; religious or philosophical beliefs; sex, gender or sexual orientation; national origin or ethnic background; age; military service; disability; and familial, residential or economic status.
- **GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY**
The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for themselves and their dependents.

The creation and preservation of affordable housing options helps to meet a basic need and advances economic self-sufficiency.

- **GOAL: CREATE A SAFE COMMUNITY**
The reduction of risks from vehicle/traffic accidents, childhood and senior injuries, gang activity, substance abuse and domestic violence.

Affordable housing options allow individuals to reduce risks associated with being un-housed.

ENVIRONMENTAL IMPACT: There are no Orange County Environmental Responsibility Goal impacts applicable to this item.

RECOMMENDATION(S): The Manager recommends that the Board approve Budget Amendment #7-A for the transfer of funds from the Orange County Local Rent Supplement Program (Local Vouchers) to the Risk Mitigation and Housing Displacement Fund as proposed.

APPROVED 12/3/2018

**MINUTES
BOARD OF COMMISSIONERS
November 8, 2018
7:00 p.m.**

The Orange County Board of Commissioners met for a work session on Thursday, November 8, 2018 at 7:00 p.m. at the Southern Human Services Center in Chapel Hill, N.C.

COUNTY COMMISSIONERS PRESENT: Chair Dorosin and Commissioners Mia Burroughs, Mark Dorosin, Barry Jacobs, Mark Marcoplos, Earl McKee, Renee Price and Penny Rich

COUNTY COMMISSIONERS ABSENT: None

COUNTY ATTORNEYS PRESENT: John Roberts

COUNTY STAFF PRESENT: Deputy County Manager Travis Myren and Clerk to the Board Donna Baker (All other staff members will be identified appropriately below)

Chair Dorosin called the meeting to order at 7:02 p.m.

1. Presentation on Racial Equity Assessment of Manufactured Housing

BACKGROUND:

A student team from Dr. Allison De Marco's economic justice course in the UNC School of Social Work worked with Commissioner Mia Burroughs, the Board's representative to the Leadership Team of the Orange County Partnership to End Homelessness (OCPEH), on a racial equity assessment of manufactured housing (mobile homes), which have been an option for affordable housing in Orange County. Using a racial equity toolkit, the team interviewed key stakeholders and developed two proposals:

- 1) The Towns and Counties could partner to purchase the land of mobile home communities at risk for displacement.
- 2) Relocation of residents of Chapel Hill and Carrboro mobile home parks to other predesignated, town-owned parcels of land.

Both of proposals include measures for ensuring accountability, including conducting follow-up surveys with the Orange County Health Department and the Family Success Alliance throughout the implementation process as well as after the process.

Orange County Mobile Home Parks: Proposals from a Racial Equity Lens
Shodeah Kelly, Julia Corbett, Ariella Hirsch, Lucas Risinger and Serena Singh

Executive Summary

Orange County, in cooperation with the Towns of Chapel Hill and Carrboro, seeks a proposal for how to use funds allocated to assist residents of mobile home parks at risk of being displaced by development. We outlined two proposals for the use of these funds and analyze both using a racial equity lens.

The Orange County Health Department and Family Success Alliance conducted a survey of eight mobile home parks in the area and we largely rely on these data in our proposals; in the survey results, it is clear that the residents of the mobile home parks strongly preferred remaining in their homes and communities.

She said they hoped that the survey would be real, and she personally tried to weave personal experiences into this project, without being subjective.

Commissioner McKee asked if the sample size could be identified.

Female student said the survey was done in 2017 in mobile home parks in Orange County and the towns. She said the students would recommend that the next survey use more community partners to reach out to organizations that may work with these residents.

Commissioner McKee said the two local school districts are on par with each other, and noted that people across the country move all the time, changing schools as they go. He asked if there is a reason why the students consider changing school systems to be so oppressive. He said buying land in Chapel Hill is radically different than buying land in Orange County.

Female student said the students understand the cost factor, but there is a widely held belief that the Chapel Hill Carrboro City Schools (CHCCS) is a better school system, with better funding. She said there are other benefits to living in Chapel Hill such as public transportation and community partners.

Female student said about 96 surveys were completed and returned.

Commissioner McKee said he understood the perception that the CHCCS is the primary school system, but he went to Orange County Schools (OCS) and he challenges the perception that CHCCS is a better system.

Female student said people do move for all types of reasons, and in this particular case, it is more to do with the nature of how and why people are being moved. She said these residents want to remain in Chapel Hill, but will not be able to, which makes it racially inequitable.

Shodeah Kelly said she moved 9 different times, and moving each time requires forming new friendships, and relationships, different curriculums that left gaps in her knowledge, and as a minority she was not given an opportunity to advocate for herself. She said it leads to a fragmented foundation on which to build educational pursuits.

Commissioner McKee said he agrees and understands the stress, but he wants to prevent the quest for perfection from getting in the way of the possible.

Chair Dorosin said this is a critical issue for the community. He said this is Orange County's gentrification, and low wealth residents are being displaced. He said finding other options is critical.

Commissioner Price said she attended a seminar today that focused on housing and real estate trends, and one of the recommendations was to purchase land/land trust to help keep housing affordable.

Commissioner Jacobs suggested that Allison De Marco have someone from OCS come and speak to her class. He said moving is not such an onerous thing, and the County could help more people for less money.

Commissioner Burroughs thanked the students for coming tonight, and said it is not so much that it is hard to move, but for folks who are already economically distressed it can be a greater hardship. She said it is not so much about the schools, but about the people.

Lucas Risinger said that the residents advocated staying in their community, and it is important to treat minorities the same way as a white community.

Female Student said she does not claim to know all of the costs of moving, but it is easy to assume that costs would be larger because of the barriers these residents already face (gaining employment, being undocumented, etc.). She thanked the Board of County Commissioners (BOCC) for being willing to engage in this conversation.

2. Proposed Guidelines for the New Orange County Local Rent Supplement Program (OC-LRSP)

Sherrill Hampton, Housing Director, introduced Javon Holley, Program Manager for the new Housing Choice Voucher Program.

BACKGROUND:

The Orange County Board of County Commissioners, on June 19, 2018, approved an initial \$100,000 appropriation for a new local voucher program known as the *Orange County Local Rent Supplement Program*. In addition, the HOME Consortium, now known as the *Local Government Affordable Housing Collaborative* and consisting of the towns of Carrboro, Chapel Hill, and Hillsborough, as well as Orange County, approved a recommendation to award \$139,613 in FY 2018-19 HOME funds to be used for Tenant-Based Rental Assistance. Of the aforementioned amount, \$114,613 would serve as leveraged resources for the new *OC Local Rent Supplement Program*. The remaining amount of \$25,000 will be used for the Rapid Re-Housing Program. The federal Department of Housing & Urban Development (HUD) approved the FY 2018-2019 HOME grant award on October 3, 2018, and the grant agreement was fully executed on October 10, 2018 by the County Manager.

The new *OC Local Rent Supplement Program (OC-LRSP)* in many aspects mirrors the federally-funded Housing Choice Voucher (HCV) Program. However, it is also designed to allow for flexibility in meeting local identified housing needs. For the full program overview and proposed guidelines of the new *OC-LRSP*, see Attachment 1. In addition, a draft implementation timeline and a copy of HUD's FY 2019 Fair Market Rents (FMRs) are also included as Attachments 2 and 3, respectively. The listed rents serve as the payment standards for the rental subsidies offered under the new program. It should be noted that there has been an increase in the FMRs in FY 2019 as opposed to those originally

Sherrill Hampton thanked the BOCC for supporting this program, and said it will be another tool in the housing toolbox. She reviewed the following PowerPoint presentation:

PART I: OVERVIEW OF THE NEW ORANGE COUNTY LOCAL RENT SUPPLEMENT PROGRAM (OC-LRSP)

A. OVERVIEW

The Local Rent Supplement Program is a new rental subsidy program approved by the Orange County Board of County Commissioners on June 19, 2018 with an initial injection of capital in the amount of \$100,000. The County's HOME Consortium, the *Local Government Affordable Housing Collaborative*, is providing \$114, 613 in FY 2018-2019 HOME funds for tenant-based rental assistance as leveraged funds to assist in the implementation of the OC-LRSP. The County will enter into an agreement with the Orange County Housing Authority (OCHA) to administer the new program.

The OC-LRSP provides monthly rental subsidies that cover the difference between the rents that low-income families and individuals can afford to pay and the actual monthly cost of rent for the unit. The new program addresses one of the priority housing needs identified in Orange County's FY 2015-2019 Consolidated Plan, as well as the recently released *Affordable Housing Coalition's 2018 Affordable Housing Summit Report*.

The new program is designed to complement the federally-funded Housing Choice Voucher (HCV) Program, which is administered by OCHA and will assist families and individuals who earn 50% or less of the Area median Income with priority going to those who are very low income (30% of AMI or less). The program promotes community-wide planning and strategic use of resources to address the jurisdiction's unmet needs and to narrow the gap in benefits and services received by cost-burdened families.

For the most part, and unless otherwise specified, OC-LRSP will follow the rules and regulations of the HCV Program. However, some of the differences between OC-LRSP and HCV Program are that OC-LRSP's rental subsidies are not for housing outside a 10-mile radius of the County's jurisdictional boundaries. Therefore the subsidies are not "portable" and are only available to Orange County residents. In addition, the preferences and priorities for the housing assistance are different than those specified in the HCV Program rules and regulations. Furthermore, the rental assistance may be administered as tenant-based and/or project-based. If project-based is utilized then an RFP will be released and proposals solicited from eligible landlords. In the future, OC-LRSP may be amended to include sponsor-based rental assistance as a methodology for incentivizing new affordable housing multi-family development.

B. PURPOSE

The purpose of the OC Local Rent Supplement Program (OC-LRSP) is to provide rental assistance in the form of a monthly rental subsidy to Homeless/At Risk of Homelessness persons and families, Senior/Disabled persons, and Victims of Domestic Violence who are at or below the fifty (50) percent of the Area Median Income limit.

PART II: PROPOSED PROGRAM GUIDELINES

ELIGIBLE SUBSIDY COSTS

- The total proposed cost of the Local Housing program is **\$203,6201** and the break-out of units with associated costs are as follows:
 - 5 one bedroom units @ \$902 per month for 12 months = \$54,120
 - 5 two bedroom units @\$1,055 per month for 12 months = \$63,300
 - 5 three bedroom units @ \$1,435 per month for 12 months = \$86,100
- **HOME Tenant-Based Rental Assistance (TBRA)** allocation of \$114,613 will support the needed difference of \$103,620 for rental subsidies.
- **Of the \$114,613 identified above, \$10,993** will be used to cover security and utility deposit payments; and
- **If additional funds are needed to cover security and utility deposit payments, OCHA will make a request for Risk Mitigation/Housing Displacement Funds, as well as for applicable assistance from other jurisdictions. However, these funds are often available on a one-time basis and may not be used for ongoing utility assistance as is provided under the federally-funded HCV Program, which provides monthly utility assistance to applicable low and very low income households.**

RENTAL ASSISTANCE

The amount of the monthly assistance that OCHA will pay on behalf of a family, may not exceed the difference between the rent payment standard for the unit size and thirty (30) percent of the family's monthly adjusted income.

SECURITY DEPOSITS

A limited number of security deposit grants will be provided to eligible applicants, subject to the availability of funds and at the sole discretion of the OCHA. Participants must document, in writing, their efforts to secure security deposit funding from other sources and demonstrate insufficient personal funds. The maximum amount of funds that may be provided for the security deposit is the equivalent of two months' contracted rent for the unit. Only the tenant (*not* the landlord) may apply for security deposit assistance.

THE TERM OF THE RENTAL ASSISTANCE

The term of the rental assistance contract may not exceed twelve (12) months, but may be renewed, subject to the availability of annual appropriations from Orange County or the program, and at the discretion of the OCHA.

FUNDING POLICIES AND PROCEDURES

The OCHA will make annual funding requests to Orange County for the program. In turn, the County will request HOME TBRA funds, as well as provide Risk Mitigation/Housing Displacement funds based on the availability of applicable program funds. The Orange County Board of County Commissioners will review and approve all policies, procedures and guidelines, as well as amendments. The Orange County Housing Authority Board of Commissioners, serves as the Board of Directors for the Housing Authority, adopts policies and procedures annually.

The Local Rent Supplement Program adheres to the federally-funded HCV Program model, unless otherwise noted in these Guidelines. If there is a conflict between program regulations and the HCV Administrative Plan, the OC Local Rent Supplement Program regulations have precedence.

In addition to evidence of eligibility required under the HCV Program, applicants must meet one of the following requirements to qualify for the Local Rent Subsidy Program:

- 1. Homeless Individuals
- 2. Homeless Families, including those who may have children in child protective services
- 3. Person At Risk of Homelessness, including those who may have children in child protective services
- 4. Senior/Elderly and Disabled Individuals
- 5. Victims of Domestic Violence

And

Be at or below the HUD fifty (50) percent AMI limit

ELIGIBILITY

The Orange County Housing Authority requires that households, at time of entry into the program, be at or

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below fifty (50) percent of the Area Median Income (AMI). Additionally, the OCHA must provide at least fifty percent (50%) of its local vouchers to applicants whose income does not exceed thirty (30) percent of the AMI. HUD income limits may also be used since they are similar to Housing Choice Voucher income limits.

APPLYING TO THE WAITING LIST

Any individual/family who wishes to receive Any individual/family who wishes to receive rental subsidies under the OC Local Rent Supplement Program must apply for admission to the program. The Local Rent Supplement Program has a separate Waiting List and assistance is restricted to persons who are at or below fifty percent (50%) of the AMI. Priority will be given to Homeless Individuals/Families, Persons At Risk of Homelessness, Senior/Elderly Disabled Individuals, and Victims of Domestic Violence

ACCESSIBILITY TO THE APPLICATION PROCESS

the Department of Social Services (DSS), Community Centers and various service providers throughout the County. The Application period will run from February 1, 2019 – February 8, 2019. Persons having questions or needing assistance in completing the application may contact the Orange County Housing Authority/Department of Housing and Community Development at (919) 245-2490 or the TDD Number at (919) 644-3045.

OUTREACH AND MARKETING

The new program will be announced on the County's website beginning in mid-January 2019. In addition, OCHA will hold a briefing for applicable area service providers.

Full Implementation Timeline:

- January 14, 2019 – Announce new OC-LRSP
- January 17, 2019 – Hold Briefing for Service Providers
- Application Period Opens – February 1, 2019
- Application Period Closes – February 8, 2019
- Reviewing Applications and Determining Preliminary Eligibility – February 11- March 15, 2019 (**Screening period may be extended due to the number of applications received.**)
- Conduct Briefings and Begin Issuance of New Vouchers – March 25 – April 30, 2019

SCREENING AND ASSESSMENT

The OCHA requires that any agency making referrals to screen applicants for eligibility based on the guidelines outlined in this document and to submit to the OCHA required documents included in the Local Rent Supplement Program Application Packet.

Completed documents will be used by the PHA to:

- 1. Determine applicant’s eligibility
- 2. Select participants
- 3. Notify applicants of their obligations as an OC-LRSP recipient

Completed application and verifications must be current within the last sixty (60) days. Referring agencies and case managers must conduct a thorough screening and assessment of each individual’s care needs. The screening will include assessment of the individual’s ability to live independently.

In addition, the individual must not present a danger to himself or others and the individual must not require a level of care that is not offered by OC Local Rent Supplement Program.

EVIDENCE OF ELIGIBILITY

Homelessness/At Risk Homelessness Certification

The Local Rent Supplement Program applicants, who qualify under the definition of Homelessness, must provide the following documentation at the time of application to establish that they meet the required criteria:

- 1. The Local Rent Supplement Program applicant’s written certification that they have insufficient financial resources and support networks immediately available to attain housing stability
- 2. Documentation to verify that the Local Rent Supplement Program applicant did not have sufficient resources or support networks immediately available to attain housing stability as evidenced by one of the following:
 - a. Source documents (e.g., notice of termination from employment, bank statement, health care bill showing arrears); or
 - b. Written statement by referring agency staff confirming that they spoke to a relevant third party to verify homelessness or at risk homelessness status; or
 - c. Written statement by referring agency staff of the efforts taken to obtain verification through source documents and relevant third parties

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d. Verification that the Local Rent Supplement Program applicant met one of the seven conditions under the definition of Homelessness as evidenced by one of the following:

- i. Source documents that evidence one or more of the conditions;
 - 1. A Homeless/At Risk Homelessness Certification Form completed by a service provider.
 - 2. A written statement by a relevant third party or the written certification by referring agency staff of the oral verification by the relevant third party that the applicant meets one or more of the conditions; or
 - 3. A written statement by the referring agency staff that the staff person has visited the applicant's residence and determined that the applicant meets one or more of the conditions or, if a visit is not feasible or relevant to the determination, a written statement by the referring agency staff describing the efforts taken to obtain the required evidence.

3. In addition, one or more of the following should be provided:

- a. A written documentation of observation by an outreach worker;
- b. A written certification by the household seeking assistance that demonstrates that the individual or head of household is currently homeless and living in a place not meant for human habitation, in an emergency shelter, or a safe haven.

Senior/Elderly Disabled Certification

A birth certificate or other official record of birth is the preferred form of age verification (must be at least 62 years of age or older). An original document that provides evidence of the receipt of social security retirement benefits is acceptable.

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In order to receive Disabled/Disabling Condition preference, the Local Rent Supplement Program applicants must present evidence of disabling condition diagnosis with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability as defined by the Department of Housing and Urban Development (HUD).

A disabling condition is defined by HUD as:

1. A physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration, substantially impedes an individual's ability to live independently, and of such a nature that the disability could be improved by more suitable conditions;
2. A developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act;
3. The disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agency for acquired immunodeficiency syndrome; or
4. A diagnosable substance abuse disorder.

Evidence of this criterion must include one of the following:

- a. Written verification of the condition from a professional licensed by the state to diagnose and treat the condition;
- b. Written verification from the Social Security Administration;
- c. Copies of a disability check (e.g., Social Security Disability Insurance check or Veterans Disability Compensation); Intake staff (or referral staff) observation that is confirmed by written verification of the condition from a professional licensed by the state to diagnose and treat the condition that is confirmed no later than fourteen (14) days of the application for assistance and accompanied with one of the types of evidence above; or other documentation approved by HUD.

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Victim of Domestic Violence

The Local Rent Supplement Program applicants, who qualify under the definition of Victim of Domestic Violence, must provide the following documentation at the time of application to establish that they meet the required criteria:

1. The individual may satisfy the PHA’s request by providing any one of the following three forms of documentation [24 CFR 5.2007(b)]:

- a. A completed and signed HUD-approved certification form (HUD-50066, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), which must include the name of the perpetrator only if the name of the perpetrator is safe to provide and is known to the victim;
- b. A federal, state, tribal, territorial, or local police report, or court record, or an administrative record; or
- c. Documentation signed by a person who has assisted the victim in addressing domestic violence, dating violence, sexual assault, or stalking, or the effects of such abuse. This person may be an employee, agent, or volunteer of a victim service provider; an attorney; a mental health professional; or a medical professional. The person signing the documentation must attest under penalty of perjury to the person’s belief that the incidents in question are bona fide incidents of abuse. The victim must also sign the documentation.

TENANT SELECTION

Selection Criteria

Families will be selected based on the following targeted population selection criteria and selection preference method. Within the preference category, families and individuals will be selected based on severity of needs.

The OCHA system of preferences may select families either according to the date and time of application, or by a random selection process. When selecting families from the Waiting List OCHA is required to use targeted funding to assist only those families who meet the specified criteria, and OCHA is not permitted to skip down the waiting list to a family that it can afford to subsidize when there are not sufficient funds to subsidize the family at the top of the waiting list.

Targeted Population:

1		• Homeless Individuals
2		• Homeless Families, including those families who
3		may have children in child protective
4		services
5		• Person At Risk of Homelessness, including
6		families who may have children in child
7		protective services
8		• Senior/Elderly and Disabled Individuals
9		• Victims of Domestic Violence
10		Families and individuals must meet the requirements and
11		eligibility criteria of one of the above targeted population
12		groups to qualify for the Local Rent Supplement Program.
13		<i>Homelessness/At Risk Homelessness</i>
14		For Homelessness and At Risk of Homelessness
15		applicants, severity of needs is identified and verified
16		through the use of Homelessness/At Risk Homelessness
17		Certification Form and submitted source documents.
18		<i>Senior/Disabled applicants and Victims of Domestic</i>
19		<i>Violence</i>
20		For Senior/Disabled applicants and Victims of Domestic
21		Violence applicants, severity of needs is identified and
22		verified through the use of the submitted source
23		documents.
24		
25	CRIMINAL BACKGROUND	All participants will undergo criminal background and sex
26		offender checks based on the Housing Choice Voucher
27		(HCV) regulations.
28		
29	DENIAL OF ASSISTANCE	An applicant will be denied participation in the Local Rent
30		Supplement Program if the applicant does not meet Local
31		Rent Supplement Program specific admission criteria.
32		
33		Participation will also be denied if the Local Rent
34		Supplement Program applicant does not provide:
35		1. Information that the OCHA determines is
36		necessary in the administration of the program
37		2. Complete and true information and it is
38		discovered that the applicant does not meet
39		eligibility requirements
40		
41	BRIEFINGS AND VOUCHER ISSUANCE	The applicant, together with all adult
42		members of the household and the
43		assigned case manager (if applicable) must
44		be present for the initial briefing and
45		voucher issuance.
46		
47		Upon the completion of the initial briefing, a
48		Local Voucher/Rent Subsidy voucher will be
49		issued to the applicant. Local Rent
50		Supplement Program participants have up
51		to 120 days to search for a unit within the

1		Orange County geographic area and submit
2		a Request for Tenancy Approval (RTA) to
3		the OCHA upon finding a suitable unit.
4		
5		If an extension is needed, one may be
6		requested. The request will be evaluated
7		and a decision made based upon the same
8		policy outlined in the voucher issuance
9		section of Chapter 5 of the OCHA Housing
10		Choice Voucher Administrative Plan (<i>Proof</i>
11		<i>of Effort</i> must be submitted to the OCHA).
12		
13	TENANT RENT PORTION	Program participants are required to pay a portion of their
14		rent if they are receiving assistance under OC Local Rent
15		Supplement Program. Participants' rent must be equal to
16		the highest of:
17		• 30 percent of family's monthly adjusted income;
18		• 10 percent of family's monthly gross income; or
19		• A minimum rent of \$50 contribution.
20		The PHA has authority to suspend and exempt families
21		from minimum rent when a financial hardship exists.
22		
23	HOUSING QUALITY STANDARDS (HQS)	HQS unit inspections are required both at
24		initial occupancy and annually thereafter for
25		all Local Rent Supplement subsidized units.
26		Newly leased units must pass the HQS
27		inspection before the beginning date of the
28		assisted lease and the Local Voucher Rent
29		Supplement Housing Assistance Payment
30		(HAP) Contract.
31		
32	RENT REASONABLNESS	Rent reasonable review must be conducted before Local
33		Rent Supplement Program participant rents a unit. The
34		OCHA will pay rents up to the rent reasonable amount, not
35		to exceed the exceptional payment standard utilized for the
36		PHA's HCV Program.
37		
38	MOVING WITH CONTINUED ASSISTANCE AND PORTABILITY	
39		Under the OC Local Rent Supplement Program, the OCHA issues an eligible family a voucher
40		and the family selects a unit of its choice within the Orange County geographic area, as
41		specified earlier in these guidelines. If the family moves out of the unit, the contract with the
42		owner ends and the family can move with continued assistance to another unit within the
43		Orange County geographic area.
44		
45		Local Rent Supplement Program participants are not eligible for portability and must remain
46		within the Orange County geographic area.
47		
48	ANNUAL/INTERIM REEXAMINATIONS	The OCHA is required to process annual re-
49		examinations. In cases where a family experiences
50		a change in household composition and/or income

1 between annual re-examination, the PHA will
2 process an interim re-examination.

3
4 The family is required to report all changes in
5 household composition and/or income to the OCHA
6 **within 10 calendar days** of the occurrence.

7
8 **RENTAL INCREASES**

9 Landlords may submit a request for a rent increase every other
10 year and approval is based on availability of funding and rent
11 reasonableness for the tenant.

12 **TERMINATION OF ASSISTANCE AND TENANCY**

13 The OCHA is required to terminate a
14 family's assistance if certain
15 program rules are violated.

16 For other types of offense, the
17 OHCA has the discretion to either
18 terminate the family's assistance or
19 to take another action. All
20 participants must adhere to Section
21 8 Housing Choice Family
22 Obligations and Informal
23 Reviews/Hearings process.

24
25 Chair Dorosin clarified that this initial proposal anticipates 15 vouchers.

26 Sherrill Hampton said yes, and that is a slight increase from last year. She said HOME
27 funds are being leveraged here, and risk mitigation funds could be used if necessary.

28 Commissioner Price referred to the eligible subsidy costs, and the 5/5/5 breakdown, and
29 asked if that breakdown is based on actual need, and what would happen if the number of
30 applications varies.

31 Sherrill Hampton said selection of the tenants is based on a preference rating, and there
32 is some flexibility and it depends on the first round of persons selected and deemed eligible
33 under the preferences.

34 Travis Myren said the number of vouchers is dictated by the amount of money available.
35 He said very low income residents are being targeted, thus assuming a 100% subsidy. He said
36 the County could choose to target people at 60% of the average median income, which would
37 allow more people to be served, but would be people with less need.

38 Sherrill Hampton referred to rental assistance (page 2), and said the monthly assistance
39 is dependent on a family's income, and no family will pay more than 30% of their monthly-
40 adjusted income. She said there is flexibility with this, and the term of the rental assistance is
41 for one year. She said families would be recertified on an annual basis, as is consistent with the
42 federally funding housing choice voucher program.

43 Commissioner Price asked if there is a process in place for the security deposit when a
44 renter moves out of the County prior to the 12-month time period.

45 Sherrill Hampton said the deposit would come back to them.

46 Javon Holley explained the residency eligibility policy on page 3 of the PowerPoint
47 presentation, as well as the application process.

48 Sherrill Hampton said a limited time window for applying was chosen because there are
49 a limited number of vouchers: only 15. She said staff wanted to manage the number of
50 applications, and thus shorten the period for applications. She said the processing of
51 applications is labor intensive.

1 Javon Holley said it will take about 60-90 days to determine eligibility of an applicant,
2 and to do so, they will ask for proof of age, homelessness, or domestic violence.

3 Commissioner Price referred to the requirement that an applicant must meet necessary
4 criteria as determined by a professional licensed by the state, and asked if the licensed
5 professional can only be from North Carolina.

6 Sherrill Hampton said this program is only for Orange County residents, and staff would
7 like to see certification by a professional in the local area; however, if one has moved to the
8 area and has certification from out of state, that would also be acceptable.

9 Javon Holley said an out of state certification would be acceptable, as long as the
10 person is not living in Orange County.

11 Javon Holley referred back to the question of occupancy standards, and said the
12 program is flexible, and will allow for staff to ensure that the resident is matched with correctly
13 sized housing.

14 Sherrill Hampton said the federal program is not as flexible, and sometimes one with a
15 one-bedroom voucher is placed in a two-bedroom unit, and when the rent is raised, the voucher
16 is insufficient to cover the cost. She said the local program should be able to address this
17 problem.

18 Javon Holley referred to slide 6 on tenant selection, which will be prioritized by
19 application date and time, after other prioritization factors mentioned earlier, are also weighed.

20 Sherrill Hampton said residents on the current federal waiting list can still apply for the
21 Orange County voucher, but they must remain on the federal listing. She said there are 771
22 individuals on the federal waiting list.

23 Sherrill Hampton referred to slide 7 on criminal background, and staff will follow federal
24 guidelines on completing criminal and sex offender background checks on all persons in the
25 program. She said if a person needs to be denied because of a background check, staff will
26 notify them in writing. She reviewed the other reasons that one may be denied for the program.

27 Sherrill Hampton referred to slide 8, noting that all residents must pay rent of \$50, and
28 staff will employ rent reasonableness. She said all financials will be carefully reviewed to
29 ensure this.

30 Sherrill Hampton said these vouchers are not portable, and residents will be allowed one
31 move per year. She said rent increases will only be accepted every other year. She said if a
32 resident can appeal if their assistance is terminated, which is true of the federal program as
33 well.

34 Commissioner Rich asked if the 15 vouchers are going to apply to all areas of the
35 County.

36 Sherrill Hampton said all over the County, as well as 10 miles outside of the County
37 boundaries.

38 Commissioner Rich asked if staff is working with the municipalities, or if this is just an
39 Orange County program.

40 Sherrill Hampton said it is just Orange County program, but staff is working with all the
41 providers who work with residents of all areas. She said housing could be all over the County,
42 but the housing has to be able to pass the Section 8 inspections.

43 Commissioner Rich asked if there is a plan in place to make the landlords and residents
44 aware of program.

45 Sherrill Hampton said the annual landlords meeting will take place on November 28th, at
46 which time staff will announce this proposed program. She said outreach will be done to
47 providers in January, and this information will be on the web, with a separate email address and
48 newspaper ads.

49 Commissioner Price asked what would happen if there is a family that needs a 4-
50 bedroom apartment, and will this program have the same criteria as HUD regarding the number
51 of square feet per bedroom per child.

1 Sherrill Hampton said the program will follow the same inspection standards as the
2 federal program, and bedrooms must have ingress and egress, closets, etc.

3 Javon Holley said the program will likely follow the HUD standards, which calls for the
4 head of household and spouse to have a bedroom, and every 2 family members thereafter must
5 have a bedroom.

6 Commissioner Price asked if there is flexibility built into the program to allow for a family
7 that needs four bedrooms.

8 Javon Holley said staff may have needed to exchange a three bedroom voucher for a
9 four bedroom one, but that will be possible.

10 Commissioner Price asked if those who do not meet requirement will be directed to other
11 housing options.

12 Sherrill Hampton said staff can refer those who do not qualify to other partners and
13 share a resource list with them. She said the housing supply is very limited in Orange County.

14 Sherrill Hampton said this model is set up that if there is a family that needs a 4 bedroom
15 they will need to lose one of the rooms since rent would be too high. She said some zip codes
16 have a higher rate of rent than others, and as a result, the total amount of vouchers may
17 decrease.

18 Commissioner Price encouraged staff to continue to provide those who are rejected with
19 alternative resources. She reminded staff to please remember military veterans within the
20 target groups.

21 Javon Holley said the Veteran's Affairs Supportive Housing (VASH) program specifically
22 focuses on homeless veterans.

23 Commissioner Price said yes, but they still have a lot of homeless veterans.

24 Commissioner Jacobs asked if these families are seeking their own apartments or will
25 staff guide them.

26 Sherrill Hampton said residents are responsible for their search, and staff cannot steer,
27 but staff does send out lists of available homes.

28 Commissioner Jacobs asked if these families are anticipated to be in need of support
29 from the Department of Social Services (DSS) as well.

30 Sherrill Hampton said yes, and staff always refers residents back to local partners. She
31 said the housing department does not do case management.

32 Commissioner Jacobs said Durham has so many apartments, and may not like Orange
33 County residents being steered there. He asked if DSS will coordinate with other counties.

34 Sherrill Hampton said if one is living in that ten-mile radius, and thus becomes a resident
35 of Durham County, one would be eligible for Durham County programming and services.

36 Commissioner Jacobs said people will find more opportunities in Durham, and it may be
37 good to have some outreach to Durham Social Services.

38 Sherrill Hampton said Orange County residents under the federal program are ported to
39 Durham, and the administrative fee and funds goes to the Durham Housing Authority.

40 Commissioner Marcoplos said these people are looking the best place to meet their
41 needs, which may be Durham County. He said staff is not allowed to direct people.

42 Chair Dorosin said this is exciting. He clarified that the funding is coming partly from the
43 County general fund and partly from HOME funds.

44 Sherrill Hampton said yes.

45 Chair Dorosin asked if this program will be unavailable to undocumented residents due
46 to the use of some HOME funding.

47 Sherrill Hampton said if the money for the rent comes out of the HOME program, it
48 cannot be used by undocumented residents.

49 Chair Dorosin asked if the two piles of funding could be kept separate, thus allowing for
50 an undocumented resident to be funded using Orange County funds.

51 Sherrill Hampton said yes.

1 Sherrill Hampton said no utility assistance or security funds for an undocumented person
2 can be paid out of HOME funds, but the local risk mitigation money could be used for this.

3 Chair Dorosin asked if staff could explain how this program will intersect with the
4 housing choice voucher program. He said there are 771 people on the housing choice waiting
5 list, and asked if these people can sign up for one of these local vouchers.

6 Sherrill Hampton said yes.

7 Chair Dorosin asked if it is possible for a person in the middle of the federal program
8 waiting list to move to the top of the list for a local voucher.

9 Sherrill Hampton said yes a person could move higher up on the local list if one meets
10 the preferences.

11 Javon Holley said the two cannot be mixed, but one can be on both lists and accept or
12 deny whichever becomes available first.

13 Chair Dorosin said there are 771 people on the housing choice voucher waiting list, and
14 asked if there are people who have these vouchers but cannot find housing, and thus lose the
15 voucher.

16 Sherrill Hampton said there is a 120-time period to secure housing, and yes, vouchers
17 can be lost. She said staff tries to check in at the 60-day mark to see how the search is going.
18 She said the HUD program allows for one 60-day extension, and the local program will allow for
19 two.

20 Chair Dorosin said one step of this process is creating more vouchers, and asked if a
21 targeted recruitment of landlords would be helpful through the towns or service partners.

22 Commissioner Jacobs said this program is great, but he had originally looked at going at
23 this differently by finding housing and subsidizing the apartment owner to reserve those units for
24 those who would then receive vouchers.

25 Sherrill Hampton referred to page one, and the type of help that will be available: tenant
26 based voucher, project based voucher, and sponsored based vouchers. She said more
27 vouchers are needed to make more happen, and staff has started with 15 vouchers to start, and
28 then go on to project and sponsored based. She said current funding is limited and staff
29 needed to start with tenant based, with the hopes of moving onto project/sponsor based.

30 Commissioner Jacobs said it would be easier to look for housing if one knows where to
31 look. He said staff may not be able to steer, but consistent partners make the search much
32 easier.

33 Sherrill Hampton said not everyone will want to live in Chapel Hill or Carrboro, and staff
34 wants to ensure choice. She said 270 landlords have been invited to the landlord meeting on
35 November 28th.

36 Chair Dorosin referred to the \$50 minimum rent, and asked if this can be waived.

37 Sherrill Hampton said yes.

38 Javon Holley said if one has no income, the \$50 is typically waived.

39 Chair Dorosin referred to Attachment C (2019 fair market rents), and said the voucher
40 may not cover the amount of the rent. He asked if the voucher can be adjusted.

41 Sherrill Hampton said staff plans to do this by zip code, and some areas of the County
42 will exceed these amounts. She said vouchers can be adjusted to pay more, but that will
43 reduce the overall amount of available vouchers.

44 Commissioner Marcoplos said this program sounds very promising, and is glad to see it
45 moving forward. He clarified that staff mentioned a shortage of one-bedroom housing inventory.

46 Sherrill Hampton said yes and thus residents who have one bedroom vouchers end up
47 with a two-bedroom unit. She said this especially true in urban areas, and developers do not
48 build one-bedroom units.

49 Commissioner Marcoplos said he wanted to highlight this need for a later discussion.

50 Javon Holley said this is a problem all over the country, and no one is building affordable
51 one-bedroom units, especially in urban areas.

1 Commissioner Marcoplos said a one-bedroom dwelling would only be suitable for 1-2
2 people.

3 Javon Holley said it can be larger, as the living room is allowed to be a bedroom.

4 Commissioner Marcoplos said the 1-2 person household could live in small (tiny) home.

5 Commissioner Jacobs asked if the Department on Aging is a part of these
6 conversations.

7 Sherrill Hampton said yes.

8 Commissioner Jacobs asked if the Department on Aging is steering people to the
9 Housing Department, or is it working autonomously.

10 Sherrill Hampton said both departments are working together on the Mater Aging Plan
11 (MAP).

12 Chair Dorosin said there is consensus to move forward on this pilot program.

14 **RECOMMENDATION(S):**

15 The Manager recommends that the Board review the proposed guidelines for the new *Orange*
16 *County Local Rent Supplement Program (OC-LRSP)* and provide comments in preparation for
17 an upcoming regular meeting, authorizing the Manager to execute the necessary agreement(s)
18 with the Orange County Housing Authority to administer the Program.

21 **3. Board of Commissioners - Boards and Commissions Appointment Process** 22 **Discussion**

24 **BACKGROUND:**

25 Members of the Board of Commissioners have referenced various topics over the past year
26 related to Boards and Commissions for Board discussion. Staff met over the summer break to
27 review these topics and develop proposed recommendations/changes to be discussed further at
28 this work session. Attachment A details identified issues to be discussed, and Attachment C
29 depicts a proposed streamlined abstract format/membership roster/applicant interest list for
30 Board appointments.

32 **1. Discussion Decision Point:**

33 **-To consider discussing the Adult Care Home CAC and the possibility of the**
34 **reduction in number of positions (since there are sometimes many vacancies)**
35 **and/or the option of merging this committee with the Nursing Home CAC.**
36 **See Attachment B- emails from Autumn Cox, Ombudsman, Area Agency on**
37 **Aging-TJCOG (attachment b).**

39 Donna Baker said there were emails in the Commissioners' packets from the
40 Ombudsman, and suggested having her come to a meeting (annual presentations), and the
41 Chair of the Board to participate in any proposed changes the Board of County Commissioners
42 may want to propose. She said this Board wants to remain at its current size.

43 Commissioner Rich said it is hard to fill larger boards, and suggested talking about this
44 during the annual review. She said she would like to reduce this board, and other boards,
45 where possible, as it is frustrating when boards cannot have a quorum due to lack of numbers.

46 Commissioner Marcoplos asked if merging these boards would work, and allow the
47 same amount/type of work to be done.

48 Commissioner Price said she attended the Adult Care Home CAC, which meets in the
49 afternoon. She said this board was reviewing the various adult care homes.

Department of Housing and Community Development

THE RISK MITIGATION AND HOUSING DISPLACEMENT FUND

OVERVIEW

In an effort to encourage landlord participation in Orange County rental assistance and other subsidy programs, assist with housing stabilization and mitigate displacement of low- and very low-income residents, and prevent homelessness, the Orange County Board of County Commissioners (BOCC) created the pilot Risk Mitigation and Housing Displacement Fund. The Fund, which is administered by the Orange County Department of Housing and Community Development Department (OCHCD), provides assistance in three (3) activity areas:

- **Risk Mitigation** (for landlords)
- **Housing Stabilization** (assistance for security deposits, utility connections, and rental payments)
- **Displacement Mitigation** (due to an urgent community need such as manufactured home park closures and natural disasters)

The Fund was initially capitalized with \$67,778 in the FY 2017-18 budget. In FY 2018-2019, the BOCC allocated \$75,000 to the Fund. In FY 2019-2020 and in subsequent years, the BOCC will replenish the fund to maintain the \$75,000 level, based on availability of funds. OCHCD reserves the right, based on need and without prior notice, to shift funds from one activity area to another.

Financial assistance under the Risk Mitigation and Housing Stabilization activity areas is based on availability of funds and are provided on a first come, first served basis. To be eligible for assistance under the Displacement Mitigation activity area, an individual or family must be participating in the Displacement Mitigation Assistance Program (D-MAP) or be referred based on another urgent community need, such as natural disaster or closure of naturally occurring affordable housing complexes. The following paragraphs provide additional information on each activity areas.

RISK MITIGATION

Assistance under this area is available to landlords participating in the following voucher programs:

- Housing Choice Voucher Program (HCV)
- Permanent Supportive Housing Voucher (PSHV)
- Supportive Services for Veterans and their Families (SSVF)
- HUD-VA Supportive Housing (HUD-VASH)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Orange County Rapid Re-Housing Program (OCRRHP)
- Orange County Local Rent Supplement Program (OC-LRSP)
- Key Rental Assistance (Key)
- Transitions to Community Living Voucher (TLCV)

OCHCD reserves the right, based on need and without prior notice, to provide assistance to landlords participating in other subsidy programs.

For damages less than \$10,000, assistance may cover costs over and above any insurance proceeds the landlord may receive. The landlord requesting assistance must inform the County of any insurance proceeds received prior to receiving funds from the County. For damages above \$10,000, assistance may be granted for those items not covered by insurance.

Assistance should only be requested when repair costs are more than the security deposit and cannot be related to general maintenance items. Landlords must submit the attached application to be considered for funding. The maximum amount of assistance will not exceed the lesser of \$3,500 or 50% of the total repair cost.

The landlord must allow OCHCD's Rehabilitation Specialists to document the damage, provide specifications for completion of repairs, and inspect the completed work before the funds are disbursed. If the repairs necessitate involvement of the County's Permitting and Inspections Division, all work must pass the required inspections according to Building Code and a Certificate of Occupancy must be issued, as applicable. A copy of the passed inspection reports and the Certificate of Occupancy, as applicable, must be forwarded to OCHCD.

Should the landlord also seek relief for damages through the judicial system and recoup any monies, OCHCD should be reimbursed for the monies paid by the Fund.

HOUSING STABILIZATION

Assistance under this activity area is available to low-income households that are either:

- Participants in the following voucher programs:
 - Housing Choice Voucher Program (HCV)
 - Permanent Supportive Housing Voucher (PSHV)
 - Supportive Services for Veterans and their Families (SSVF)
 - HUD-VA Supportive Housing (HUD-VASH)
 - Housing Opportunities for Persons with AIDS (HOPWA)
 - Orange County Rapid Re-Housing Program (OCRRHP)
 - Orange County Local Rent Supplement Program (OC-LRSP)
 - Key Rental Assistance (Key)
 - Transitions to Community Living Voucher (TLCV)
- Individuals who have been assessed through Coordinated Entry as at risk of or currently experiencing homelessness and who have identified safe, decent, and affordable housing
- Individuals referred by various Orange County Departments and local service providers (e.g., Aging, Health/Family Success Alliance, Criminal Justice Resource and Social Services, Community Empowerment Fund, Interfaith Council, Compass Center, etc.)

** Preference will be given to applicants who reside within the unincorporated areas of Orange County, Efland, and parts of Mebane within Orange County; residents of Carrboro, Chapel Hill, and Hillsborough are encouraged to apply for funds available from those municipalities before applying to the County's Housing Stabilization Fund, or to go through Coordinated Entry or any of the local service providers listed above for referral.*

Assistance under this activity area may pay for security deposits, utility connections and arrearages, and/or rental payments and arrearages, and, in certain emergency situations and upon OCHCD approval, other urgent housing-related costs (e.g., short-term stays in hotels, moving costs), especially for hard-to-house individuals and families, such as large families with children, seniors, people with disabilities, veterans, and people with justice system involvement. Assistance under this activity area will not duplicate any assistance provided by any other program.

For this fund, “low-income” means households earning no more than 80% of the area median income (AMI) for Orange County. The most current AMI limits are below:

	Household Size							
	1	2	3	4	5	6	7	8
30% AMI	17,850	20,400	22,950	25,450	27,500	29,550	31,600	33,600
50% AMI	29,700	33,950	38,200	42,400	45,800	49,200	52,600	56,000
60% AMI	35,640	40,740	45,840	50,880	54,960	59,040	63,120	67,200
80% AMI	47,500	54,300	61,100	67,850	73,300	78,750	84,150	89,600

Source: 2019 HOME Income Limits

Applying for Housing Stabilization Assistance

Referrals and individual applications for assistance should include:

- A written request describing:
 - The need for assistance
 - Pertinent background information on the client and other household members
 - Information on the identified housing unit or complex (name of the complex, if applicable, and address)
 - Name and address of the landlord or property manager to whom the check for assistance should be made payable (whenever possible, a W-9 for the landlord or property manager should be included)
- Signed consent by the client to release information to Orange County to include both OCHCD and DSS (in some cases, DSS and OCHCD may exchange information in order to provide a comprehensive package of assistance).
- Documentation of participation in a voucher program, as applicable.
- Documentation verifying total gross household income (see the RM-HD Fund Housing Stabilization Application for a checklist of the acceptable source documentation).
- Copy of the lease or other documentation from the landlord showing the client has been approved to live at the identified unit and amount of funds needed, as applicable.
- Statement or invoice from utility provider, as applicable.

Reimbursement to Referring Agencies

In situations when assistance is required urgently, referring agencies may use their own funds assist clients, and OCHCD may reimburse referring agencies for these expenses from the Fund. Applicants must first be approved for assistance by OCHCD and referring agencies must receive prior approval from OCHCD in order to receive reimbursement. Only eligible costs for clients approved for assistance by OCHCD will be eligible for reimbursement.

DISPLACEMENT MITIGATION

Assistance under this activity area is only available when an urgent community housing need and displacement of residents occurs, such as a manufactured home park closure or natural disaster. Funds

may be used to provide direct assistance to affected individuals and families at or below eighty percent (80%) of the Area Median Income for Orange County. If the urgent community need relates to manufactured home park closures, persons requesting assistance must be participating in the County's Displacement Mitigation Assistance Program (D-MAP). Available assistance includes payment of security deposits, utility connections, etc.

This document is an overview of the Risk Mitigation and Housing Displacement Fund. Interested persons and entities should contact OCHCD for more information. Orange County reserves the right to amend, revise, and/or waive the program requirements, specified assistance, and activity areas based on community needs and budgetary and personnel constraints.

Revised 3/30/20

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT
Meeting Date: April 7, 2020

**Action Agenda
Item No. 8-a**

SUBJECT: Minutes

DEPARTMENT: Board of County
Commissioners

ATTACHMENT(S):
Draft Minutes (Under Separate Cover)

INFORMATION CONTACT:
Donna Baker, Clerk to the Board
919-245-2130

PURPOSE: To correct and/or approve the draft minutes as submitted by the Clerk to the Board as listed below.

BACKGROUND: In accordance with 153A-42 of the General Statutes, the Governing Board has the legal duty to approve all minutes that are entered into the official journal of the Board's proceedings.

March 10, 2020
March 24, 2020

BOCC Business Meeting
BOCC Virtual Business Meeting

FINANCIAL IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends the Board approve minutes as presented or as amended.

1
2
3 **DRAFT**

4 **MINUTES**
5 **BOARD OF COMMISSIONERS**
6 **BUSINESS MEETING**
7 **March 10, 2020**
8 **7:00 p.m.**
9

10 The Orange County Board of Commissioners met in a Business Meeting on Tuesday, March
11 10, 2020 at 7:00 p.m. at the Whitted Human Services Center in Hillsborough, N.C.
12

13 **COUNTY COMMISSIONERS PRESENT:** Chair Penny Rich and Commissioners Jamezetta
14 Bedford, Sally Greene, Earl McKee, Mark Marcoplos, and Renee Price

15 **COUNTY COMMISSIONERS ABSENT:** Commissioner Dorosin

16 **COUNTY ATTORNEYS PRESENT:** John Roberts

17 **COUNTY STAFF PRESENT:** County Manager Bonnie Hammersley, Deputy County Manager
18 Travis Myren, and Clerk to the Board Donna Baker (All other staff members will be identified
19 appropriately below.)
20

21 Chair Rich called the meeting to order at 7:00 p.m.
22

23 **1. Additions or Changes to the Agenda**
24

25 Chair Rich proposed the following items be added to the agenda:

- 26 - pink sheet: Xenophobia Resolution, as item 4-c
- 27 - Presentation in re: COVID-19 with Health Director Quintana Stewart and Kirby Sanders,
- 28 Emergency Services Communications.
- 29 - Additional Closed Session item:

30 § 143-318.11. a “(5) To establish, or to instruct the public body's staff or negotiating
31 agents concerning the position to be taken by or on behalf of the public body in negotiating (i)
32 the price and other material terms of a contract or proposed contract for the acquisition of real
33 property by purchase, option, exchange, or lease.
34

35 A motion was made by Commissioner Price, seconded by Commissioner Bedford to add
36 the Xenophobia resolution, the presentation on COVID-19 and the additional closed session to
37 the meeting.
38

39 **VOTE: UNANIMOUS**
40

41 Chair Rich noted the following items at the Commissioners' places

- 42 - Proposed resolution for item 4-c
- 43 - Hand out for item 5-a
- 44 - PowerPoint for item 5-a
- 45 - Letter from Mayor Lavelle in re: Southern Branch Library, for item 6-a
46

47 **PUBLIC CHARGE**

48 Chair Rich acknowledged the public charge.
49

50 **Arts Moment**

1 Orange County Arts Commission (OCAC) Member Tim Hoke introduced Cassie Lipton:
2 Cassie Lipton is a senior at Orange High School. She enjoys writing, and recently won a Silver
3 Key in Poetry from the Scholastic Art and Writing awards. She is a dedicated member of the
4 band program at Orange High School, participating in the Orange Panther Regiment Marching
5 Band and the OHS Jazz Ensemble. She also participates in many honors ensembles
6 throughout the area including the Central District Band and the North Carolina Youth Wind
7 Ensemble. In the fall of 2020, she will be attending the University of Virginia where she plans on
8 double-majoring in Mathematics and Music Performance.

9 Cassie Lipton read a piece entitled, "What civil discourse means".

10
11 Quintana Stewart and Kirby Sanders made a presentation on COVID-19, due to the
12 state of emergency being issued.

13 Quintana Stewart said the Governor declared a state of emergency, and there are 7
14 presumptive positive cases. She said the Governor and others held a press conference today
15 about the most vulnerable populations: those 65 years of age or older and those with underlying
16 health conditions. She said the Governor shared the following recommendations to be
17 implemented statewide: limit visitors to congregate living facilities; limit large gatherings;
18 be mindful to stay home if sick; keep physical distance between people at gatherings. She said
19 it is important to clean surfaces and wash hands, with great regularity. She said those returning
20 from travel to impacted countries, as well as domestic areas with significant cases, should self-
21 quarantine for 14 days. She said employers have been urged to promote telecommuting, to
22 minimize physical contact. She said testing procedures have been expanded on a case-by-
23 case basis as testing supplies are becoming more readily available. She said her department is
24 working closely with its local partners, other health departments, and the State.

25 Kirby Sanders, ES Communications, said there is currently no state of emergency in
26 Orange County, and he covered some highlights in the state of emergency from the Governor.
27 He said, locally, a policy group has been activated, and an Orange County coronavirus task
28 force has been created. He said the following are high priorities: monitor public health, with the
29 emphasis on the most vulnerable populations; joint information system is activated; clear,
30 precise, and accurate information; working with all community partners to contain and mitigate
31 the expansion of the virus; and are prepared to activate the Emergency Operations Center
32 (EOC), if necessary.

33 Travis Myren reviewed some guidance emails that were sent to County employees
34 earlier today:

- 35 • Continuity of Operations Plans (COOP Plans).
- 36 • Potential recession: planning for a possible recession scenario with the finance
37 department.
- 38 • Advisory Boards: work with departments to make sure there is a teleconference option.
39 This is also true for the Board of County Commissioners (BOCC).
- 40 • No blanket travel restrictions as of now.
- 41 • Caution against stigmatizing against individuals.

42
43 Commissioner Greene referred to the sales tax, and asked if this information is reported
44 with scheduled frequency.

45 Travis Myren said it is reported monthly, but there is about a 3-month lag. He said if
46 retail establishments start to have reduced activity, a dip in sales tax is a likely consequence.

47 Commissioner Price referred to the price of medical supplies, and asked if the state will
48 supply certain items, like hand sanitizer or masks. She said she has heard that people are
49 taking advantage of the situation, and buying supplies in excess.

50 Kirby Sanders said she is correct, and sellers are taking advantage of the situation.

1 He said masks and other items have been put on restriction, per the CDC, and he said there is
2 a mechanism in place in case they need to ask the state for access to critical supplies.

3 Commissioner Price asked if there will be additional sick days for employees.

4 Bonnie Hammersley said that has not been discussed yet, but the County wants people
5 to stay home if they are ill, and to bring it to the County's attention if they are lacking sick days.

6 Commissioner Greene said price-gouging laws are in effect, and citizens can file
7 complaints with the Attorney General's office if concerns arise.

8 Commissioner Marcoplos asked if animal services are playing a role in this response.

9 Kirby Sanders said animal services is on the task force purely to support human
10 services, and if someone has an animal for which they can no longer care, due to sickness or
11 quarantine, animal services will offer support.

12 Commissioner Bedford asked if UNC is involved in this response, and how will students
13 be handled upon returning from spring break.

14 Quintana Stewart said her department has been in constant communication with UNC-
15 CH, and the UNC system at large is determining how to respond to spring break coming to an
16 end and students returning.

17 Chair Rich asked if the County will update its website on a daily basis.

18 Quintana Stewart said yes.

19 Chair Rich said it is important to have a consistent message throughout the County, and
20 to encourage people not to get their information from public opinion on Facebook or twitter,

21 Chair Rich asked if there is a plan in place for someone who has to quarantine for 14
22 days, but is in need of food or supplies.

23 Quintana Stewart said if these situations arise, the County will step in.

24 Chair Rich asked if people are aware of this aid.

25 Quintana Stewart said if someone is self-quarantined then the County is in constant
26 contact with them.

27 Chair Rich said the County needs to take care of all vulnerable persons.

29 **2. Public Comments**

31 **a. Matters not on the Printed Agenda**

32 Riley Ruske said about 9 months ago, during the June 11th budget work session,
33 Commissioner Marcoplos asked for a ¼ climate tax, which the Board approved, despite lack of
34 public input. He said at the February 4th work session, the Commission for the Environment
35 (CfE) came up with some projects on which to spend this money. He said there was no urgent
36 or specific need for this tax increase, but it is a permanent tax, and will create an increasing
37 slush fund each year with the increase of property taxes. He said the Board should rescind this
38 tax increase starting in the 2020-21 tax year.

40 **b. Matters on the Printed Agenda**

41 (These matters will be considered when the Board addresses that item on the agenda
42 below.)

44 **3. Announcements, Petitions and Comments by Board Members**

45 Commissioner McKee said he spoke at a regional meeting of the Soil and Water
46 supervisors about agriculture and conservation efforts in Orange County.

47 Commissioner McKee said at the February 4th BOCC meeting he requested that the
48 Board discuss the issue of reciting the Pledge of Allegiance at the beginning of BOCC
49 meetings. He said this petition has been added to an April 23rd work session, and his intent
50 was to put this on a regular meeting agenda, so that the public can speak on this item. He said

1 the reason he is petitioning as such, is because this issue is a larger issue and tonight's arts
2 moment spoke to civil discourse, and the County needs to have a discussion that includes the
3 public.

4 Commissioner Bedford said the County's Spring Job Fair will be held on March 25th at
5 the Department of Social Services' (DSS) Building in Hillsborough.

6 Commissioner Greene said, last week, she spoke at the News of Orange County open
7 house with the fairly new editor. She said this new editor is active and a breath of life to the
8 paper.

9 Commissioner Greene said she attended a breakfast at the Schley Grange.

10 Commissioner Price attended the National Association of Counties' (NACo) legislative
11 conference, and the lack of broadband in rural areas was a large point of discussion. She said
12 the FCC maps are deceptive and lacking, and NACo has presented this data to the FCC.

13 Commissioner Price said she received an email that Legal Aid is holding a free criminal
14 record expunction clinic on March 30th.

15 Commissioner Price said she would like to see more expedited action on some of the
16 Commissioner petitions, as some seem to lag more than others.

17 Commissioner Price thanked Gary Donaldson for tonight's information items.

18 Commissioner Marcoplos referred to the climate tax, and the observation that it was a
19 last minute proposal, and said he brought it up several weeks before the end of the budget
20 season, got information to the media, and had several meetings where people came and spoke
21 for or against it. He said, in contrast, Commissioner Bedford proposed a school tax on the very
22 last day of the budget, allowing no time for discussion.

23 Commissioner Marcoplos said at the February 11th meeting, Patrick Abele, CHCCS,
24 discussed remodeling and redistricting options. He said he asked the schools for a report on
25 this, and Patrick Abele said he would bring information to the joint meeting on February 25, but
26 he did not. He asked if staff would request that CHCCS provide this information to the Board
27 as soon as possible.

28 Commissioner Marcoplos said early voting was really long and there were many days
29 when very few people came. He said he wonders if just as many voters could come within a
30 reduced time frame, going from 14 days to 8. He petitioned for the Board of Elections to
31 research this idea, and see if costs could be saved, but turnouts remain the same, by reducing
32 the number of days.

33 Chair Rich said a few years ago the Board asked staff to divest from fossil fuels, but
34 there were issues with the state. She said she would like an update on this topic, and would
35 like to write a letter to the Governor if the State is still involved in these investments.

36 Chair Rich said the Managers/Mayors/Chairs (MMC) minutes from the last Greene Tract
37 meeting will be in the next business meeting agenda, as an information item, and John Roberts
38 has led the discussion on the Greene Tract. She said some changes were made to the draft,
39 many of which had to do with clarifications.

40 Chair Rich referred to Board petitions, and said staff must have enough time to come
41 back with appropriate information.

42 43 **4. Proclamations/ Resolutions/ Special Presentations**

44 45 **a. Proclamation Recognizing the 100th Year Anniversary of the 19th Amendment to** 46 **the United States Constitution**

47 The Board considered voting to approve a proclamation recognizing the 100th
48 Anniversary of the 19th Amendment to the United States Constitution and authorizing the Chair
49 to sign.

50

1 **BACKGROUND:** On June 4, 1919, both chambers of United States Congress approved the
 2 19th amendment to the United States Constitution, which guaranteed American women the right
 3 to vote. The amendment was ratified into the United States Constitution the following year on
 4 August 18, 1920.

5
 6 The first reported attempt to introduce women's suffrage legislation in North Carolina was led
 7 by a group from Asheville, the North Carolina Equal Suffrage Association ("NCESA"), in 1894.
 8 In 1913, the NCESA, an affiliate of the National American Woman Suffrage Association elected
 9 Barbara Henderson of Chapel Hill as President, who initiated suffrage legislation in 1915 and
 10 1919. However, the legislation failed to pass.

11
 12 Once Congress approved the 19th amendment in 1919, 36 states needed to ratify the
 13 amendment in order for it to be included in the United States Constitution. In June 1919,
 14 Wisconsin, Illinois and Michigan were the first to ratify the amendment. Within the following
 15 year, 32 additional states ratified the amendment, with North Carolina or Tennessee poised to
 16 become the 36th state.

17
 18 Southern States were adamantly opposed to the amendment, and seven of them - Alabama,
 19 Georgia, Louisiana, Maryland, Mississippi, South Carolina and Virginia - rejected it prior to it
 20 being considered by the North Carolina General Assembly. On August 11, after rejecting
 21 ratification of the amendment, a majority of the members of the North Carolina House of
 22 Representatives sent a telegram to their counterparts in Tennessee telling them that they had
 23 not ratified the amendment because it interfered with states' rights and urging the Tennessee
 24 legislators to reject ratification too. On August 18, 1920, Tennessee became the 36th state to
 25 ratify the 19th amendment by a margin of one vote. North Carolina would not ratify the 19th
 26 amendment until May 6, 1971.

27
 28 If not for Gertrude Weil, and the legions of suffragettes before her, the march toward the
 29 women's right to vote may have stalled again. Weil's organization, the North Carolina Equal
 30 Suffrage League launched the North Carolina Chapter of the League of Women Voters, a non-
 31 partisan organization that educates people on the political process. Gertrude Weil served as the
 32 organization's first president.

33
 34 Women in the United States were not the first women to gain the right to vote. When the 19th
 35 Amendment was ratified, women in New Zealand, Finland, Norway, and Sweden already had
 36 the right to vote.

37
 38 Commissioner Price read the proclamation: (members of the League of Women Voters
 39 were also present)

40
 41 **ORANGE COUNTY BOARD OF COMMISSIONERS**

42
 43 **PROCLAMATION RECOGNIZING THE 100TH YEAR ANNIVERSARY OF THE**
 44 **19TH AMENDMENT TO THE UNITED STATES CONSTITUTION**

45
 46 WHEREAS, an organized movement to enfranchise women began in July 1848 at a convention
 47 in Seneca Falls, New York; and
 48

1 WHEREAS, through the efforts of brave and courageous women referred to as suffragists who
2 sacrificed family, personal life and financial resources for over seventy years to gain equal
3 rights for women, especially the right to vote; and
4

5 WHEREAS, women and men of all colors and cultures supported the women's suffrage
6 movement in order for women to gain the Constitutional right of having a voice in making the
7 laws that govern them; and
8

9 WHEREAS, Chapel Hill resident Barbara Bynum Henderson, UNC class of 1902 (AB & MA),
10 Phi Beta Kappa, organized and was elected president of the Equal Suffrage League of North
11 Carolina in 1913, and was unanimously re-elected for a second term in 1915; and
12

13 WHEREAS, Barbara Bynum Henderson carried the battle for women's suffrage to the North
14 Carolina General Assembly when a special session was called to consider woman suffrage;
15 and
16

17 WHEREAS, the woman's suffrage movement led to the passage of the 19th Amendment to the
18 Constitution of the United States in 1919, with ratification by the states by the summer of 1920;
19 and
20

21 WHEREAS, North Carolina delayed ratifying the 19th amendment until 1971; and
22

23 WHEREAS, the National Woman Suffrage Association dissolved in 1920 to create the League
24 of Women Voters of the United States in order to register voters and educate all voters; and
25

26 WHEREAS, the League of Women Voters of North Carolina was launched on October 7, 1920
27 on the steps of the Guilford County Courthouse by Gertrude Weil, a politically active and
28 tireless young woman from Goldsboro, North Carolina; and
29

30 WHEREAS, more than 120,000 women were registered to vote in North Carolina by 1920; and
31

32 WHEREAS, women today constitute a majority vote in the State of North Carolina and the
33 United States and are running for office in higher numbers and more active in the election
34 process than ever before in history;
35

36 NOW THEREFORE the Orange County Board of County Commissioners does hereby
37 recognize the 100th anniversary of women gaining the right to vote; and
38

39 FURTHERMORE, that the Orange County Board of County Commissioners does hereby
40 recognize the 100th anniversary of the founding of the League of Women Voters in the United
41 States and in North Carolina and applauds the members of the League of Women Voters for
42 the impact its historic accomplishments have made on public engagement and the civic life of
43 the community, the state and the nation.
44

45 This the 10th day of March, 2020.
46

47 Vickie Boyer and Amy Jeroloman said it is an honor to receive this proclamation on
48 behalf of the League of Women Voters, and appreciated the Board considering this
49 proclamation.
50

1 A motion was made by Commissioner Price, seconded by Chair Rich for the Board to
 2 approve and authorize the Chair to sign the Proclamation.

3
 4 **VOTE: UNANIMOUS**

5
 6 **b. Women's History Month Proclamation**

7 The Board considered voting to approve a proclamation recognizing March 2020 as
 8 Women's History Month in Orange County and authorizing the Chair to sign.

9
 10 **BACKGROUND:** Celebration of Women's History Month had its roots in the socialist and labor
 11 movements in New York City. The first "Women's Day" took place on February 28, 1909. The
 12 day honored the one-year anniversary of the garment worker's strikes that had taken place in
 13 New York, where thousands of women marched for economic rights. That strike followed
 14 another strike that occurred in 1857 when garment workers marched for equal rights and 10-
 15 hour work days. Within two years the event grew into an international event. In 1975, the United
 16 Nations officially began International Women's Day; which will be celebrated on March 8th this
 17 year.

18
 19 At the inception of Women's History Month, feminists in the United States saw the designation
 20 of the month as a way to celebrate a history that had largely overlooked the contributions of
 21 women in America. Women's History Month has its origins as a national celebration in 1981
 22 when Congress authorized and requested President Jimmy Carter proclaim the week beginning
 23 March 7, 1982 as "Women's History Week." In 1987, the Women's History Month Project
 24 petitioned the US Congress to designate the month of March as "Women's History Month."
 25 Ronald Reagan was the first president to proclaim March as Women's History Month.
 26 Currently, local, state and federal governments annually proclaim March as "Women's History
 27 Month." Each year the National Women's History Project declares a theme. The 2020 theme is
 28 "Valiant Women of the Vote." The theme honors "the brave women who fought to win suffrage
 29 rights for women, and for the women who continue to fight for the voting rights of others."
 30

31 Annette Moore, Human Rights and Relations Director, read the Proclamation:

32
 33 **ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS**
 34 **WOMEN'S HISTORY MONTH**
 35 **PROCLAMATION**

36
 37 WHEREAS, American women of every race, class, and ethnic background have made historic
 38 contributions to the growth and strength of our Nation in countless recorded and unrecorded
 39 ways; and

40
 41 WHEREAS, American women have played and continue to play critical economic, cultural, and
 42 social role in every sphere of the life of the Nation by constituting a significant portion of the
 43 labor force working inside and outside of the home; and

44
 45 WHEREAS, American women of every race, class, and ethnic background served as early
 46 leaders in the forefront of every major progressive social change movement;

47
 48 WHEREAS, American women have been leaders, not only in securing their own rights of
 49 suffrage and equal opportunity, but also in the abolitionist movement, the emancipation

1 movement, the industrial labor movement, the civil rights movement, and other movements,
2 especially the peace movement, which create a more fair and just society for all; and

3
4 WHEREAS, because of the courage of so many bold women who dared to transcend
5 preconceived expectations and prove they were capable of doing all that a man could do and
6 more, advances were made, discoveries revealed, barriers were broken and progress
7 triumphed; and

8
9 WHEREAS, despite these contributions, the role of American women in history has been
10 consistently overlooked and undervalued, in the literature, teaching and study of American
11 history; and

12
13 WHEREAS, the Orange County Board of County Commissioners on March 25, 1976,
14 established the Orange County Commission for Women to promote the growth and
15 development of all Orange County women and continue to promote the efforts of women and it
16 has been doing for more than 40 years.

17
18 NOW, THEREFORE, do we, the Board of Commissioners of Orange County, North Carolina
19 hereby proclaim March 2020 as "**Women's History Month**" and commend this observance to
20 Orange County residents and call upon them to celebrate the women in their lives with
21 appropriate programs, celebrations and activities.

22
23 THIS THE 10th DAY OF MARCH, 2020.

24
25 A motion was made by Commissioner Greene, seconded by Commissioner Bedford for
26 the Board to approve and authorize the Chair to sign the Proclamation.

27
28 **VOTE: UNANIMOUS**

29
30 **ADDITION – ITEM 4-c**

31 **Resolution Denouncing Xenophobia in COVID-19**

32 The board considered a draft resolution denouncing Xenophobia in COVID-19.

33 Annette Moore presented this item:

34
35 **BACKGROUND:** There is a growing concern about the xenophobia and misinformation that
36 has arisen throughout communities around the country because of the spread of COVID-19.
37 The stigma associated with COVID-19 originating in China has led some to assume that any
38 person of perceived Asian ancestry might be sick, harming Asian American communities all
39 over the country. In communities across the country, Asian American businesses have seen a
40 decline in their customer base, some as much as a 70-80% loss of business. Violence has
41 been committed against Asian Americans and workers have faced discrimination in the
42 workplace.

43 Public health officials as well as Asian Pacific American organizations throughout the country
44 have been mobilizing to educate people to counter the hysteria around the COVID-19. Asian
45 Pacific American organizations have asked Congress and others to pass resolutions
46 denouncing the violence, racism and the economic loss against the Asian Pacific community
47 that is rooted in fear and misinformation.

48
49 Ways to do: Keep private medical issues; raise awareness; speak out negative behaviors; get
50 out correct information; be cautious about images shared; share the need of social support for

1 those who have returned from China. CDC recommendations. Asians are afraid and people
2 are shying away from them. This proclamation is about education.

3
4 Annette Moore read the draft proclamation.

5 Commissioner Bedford said she sent an email about a revision, and suggested the use
6 of stronger language than “mitigate violent racism”. She suggested, “denounce and mitigate”,
7 or something similar.

8 Commissioner Greene suggested, “condemn and address”

9 Commissioner Bedford said she like this, and would conclude with “mitigate economic
10 loss.”

11 Commissioner McKee asked if there is a specific meaning intended with the word,
12 “mitigate”. He said he thinks it implies that the County will financially compensate those who
13 suffer economic loss.

14 Annette Moore said “mitigate” is to educate and to not mischaracterize what is
15 happening.

16 Commissioner McKee said he is concerned that mitigate may imply compensation for
17 economic loss to some people.

18 Commissioner Greene said mitigate means, “to get ahead of”.

19 Commissioner McKee referred to the very first whereas, and asked if there have been
20 specific instances of violent attacks across the nation.

21 Annette Moore said yes.

22
23 Revised Resolution below:

24 **RES-2020-016 - REVISED**

25
26 **ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS**
27 **RESOLUTION DENOUNCING XENOPHOBIA IN COVID-19**

28
29 WHEREAS, since the outbreak of COVID-19, we have seen a surge in discriminatory rhetoric
30 and violent attacks against Asian Americans across the country; and

31
32 WHEREAS, the perpetrators have been inspired by debunked conspiracy theories about the
33 origin of the virus and how it spreads; and

34
35 WHEREAS, Orange County residents are understandably worried about the spread of COVID-
36 19 and are looking to us for guidance and reassurance; and

37
38 WHEREAS, the dissemination of false information about COVID-19 is dangerous for the public
39 health and for Orange County residents and others who may increasingly become the victims of
40 racist and xenophobic attacks; and

41
42 WHEREAS, we have a responsibility during a public health crisis to use our unique platform to
43 calm our residents’ fears, not stoke them; and

44
45 WHEREAS, pathogens and viruses do not discriminate based on any race or national origin;
46 and

47
48 WHEREAS, stigmatizing part of our populace will not only be ineffective in preventing the
49 spread of this virus, but will also breakdown trust and cause harm to our sense of community;
50 and

1
2 WHEREAS, the sharing of inaccurate information or unconfirmed reports runs the risk of
3 increasing fears and inciting violence;
4

5 NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Orange County,
6 North Carolina do hereby encourage all residents of Orange County to share only confirmed
7 and verifiable information provided by organizations such as the World Health Organization, the
8 Centers for Disease Control and Prevention, the North Carolina Department of Health and
9 Human Services Division of Public Health and the Orange County Public Health Department, to
10 ensure that it is accurate and does not stoke unfounded fears.

11
12 BE IT FURTHER RESOLVED that the Board of Commissioners of Orange County encourages
13 Orange County residents to denounce any racist and xenophobic rhetoric targeting members of
14 our community and ensure that we act swiftly to condemn and address violent racism and
15 mitigate any economic loss, rooted in fear and misinformation.
16

17 This the 10th day of March, 2020.
18

19 A motion was made by Commissioner Price, seconded by Commissioner Bedford to
20 approve and authorize the Chair to sign the resolution.
21

22 **VOTE: UNANIMOUS**
23

24 Chair Rich suggested it be sent to the Town Clerks to distribute to all elected officials.
25

26 **5. Public Hearings**
27

28 **a. Unified Development Ordinance (UDO) Text Amendments – Clarification of**
29 **Setbacks from the West Fork on the Eno Reservoir**
30

31 The Board held a public hearing, receive the Planning Board recommendation and
32 public comment, and consider action on Planning Director initiated Unified Development
33 Ordinance (UDO) text amendments revising/updating existing guidelines associated with the
34 enforcement of reservoir setbacks for structures and septic systems.

35 Michael Harvey, Current Planning, presented the information below:
36

37 **PURPOSE:**

38 To hold a public hearing, receive the Planning Board recommendation and public comment,
39 and consider action on Planning Director initiated Unified Development Ordinance
40 (UDO) text amendments revising/updating existing guidelines associated with the enforcement
41 of reservoir setbacks for structures and septic systems.
42

43 Specifically, the amendment seeks to establish the effective date for the expansion of the West
44 Fork on the Eno reservoir. If approved, the amendment will create an exemption for parcels and
45 development (i.e. structures and septic systems) established prior to the creation/expansion of
46 the reservoir, specifically February 12, 1997.
47

48 The amendment also updates existing references to the final normal pool elevation (NPE) of
49 the reservoir, which according to the Town of Hillsborough is going to be 642 ft. In the summer
50 of

1 2019, the Town indicated the NPE for the reservoir was going to be 643.9 ft. and staff
2 proceeded with an amendment based on this information. After being notified of the updated
3 NPE, the amendment now references a NPE of 642 ft.

4
5 **BACKGROUND:**

6 Section 6.13.4 *Minimum Buffer Widths for Watershed Protection Overlay Districts* of the UDO
7 establishes a 150 ft. wide setback around reservoirs. This area is intended to be left in an
8 undeveloped state. Additionally, Section 4.2.9 *Water Supply / Sewage Disposal Facilities* of the
9 UDO establishes a 300 ft. setback for septic tanks from a reservoir.

10
11 Section 4.2.2, specifically subsections (F) through (I), of the UDO establishes the applicability of
12 watershed protection standards including establishing criteria defining those properties
13 (developed and undeveloped) considered to be 'grandfathered' with respect to applicable buffer
14 (i.e. stream and reservoir) standards.

15
16 In the 1990's, the Town of Hillsborough began the necessary permitting processes at the State
17 level to construct the West Fork on the Eno reservoir within the Cedar Grove Township of the
18 county.

19
20 Work was broken down into two phases, with Phase 1 including the Town purchasing property
21 to expand the reservoir. The final boundary of the reservoir was established on February 11,
22 1997 with the recording of plats within the Orange County Registrar of Deeds Office denoting
23 the Town's purchase of property along the West Fork of the Eno. Attachment 1 contains maps
24 of the existing reservoir boundary, based on 2017 aerial photographic data, denoting the
25 aforementioned 150 ft. (structure) and 300 ft. (septic) setback areas.

26
27 Phase 2 of the project involves the actual clearing of property and expanding the existing NPE
28 of the reservoir. The Town has already begun Phase 2 of the project, including land clearing
29 and increasing the elevation of the dam.

30
31 While the Town purchased sufficient property to accommodate the approved expansion of the
32 actual reservoir, the required reservoir setback could still potentially impact adjacent parcels of
33 property. Adjacent property owners have expressed concern the UDO does not specifically
34 reference the expansion of the reservoir thereby making their properties potentially
35 nonconforming to applicable watershed management regulations (i.e. required reservoir
36 setbacks).

37
38 In an effort to address this concern, staff proposed a text amendment (Attachment 6) to
39 reference the expansion of the West Fork on the Eno from the date the Town secured property
40 allowing for the approved expansion. In consultation with the County Attorney office, staff has
41 determined this date is February 12, 1997.

42
43 While property owners are still required to abide by applicable setbacks per Section(s) 4.2.9
44 and
45 6.13.4 of the UDO, they will have greater latitude in demonstrating compliance with applicable
46 standards. This amendment will not necessarily allow for additional development of structures
47 closer to the actual reservoir. It will, however, recognize the conforming status of existing
48 development and not arbitrarily make same non-conforming. The status can be important with
49 respect to property transactions and mortgage applications.

50

1 This proposal was reviewed at the November 6, 2019 Ordinance Review Committee (ORC)
2 meeting. Notes from this meeting are contained within Attachment 2.

3
4 Analysis: As required under Section 2.8.5 of the UDO, the Planning Director is required to: ‘...
5 *cause an analysis to be made of the application and, based upon that analysis, prepare a*
6 *recommendation for consideration by the Planning Board and the Board of County*
7 *Commissioners*’.

8
9 The amendments are necessary to address current inconsistencies within the UDO relating to
10 the definition of what constitutes ‘existing lots’ and/or ‘existing development’ with respect to
11 compliance with applicable reservoir setbacks. This amendment should likely have been
12 completed in 1997 when the Town was purchasing property to establish the reservoir.

13
14 Planning Board Recommendation: At its February 5, 2020 regular meeting, the Planning Board
15 voted unanimously to recommend **approval** of the Statement of Consistency and the proposed
16 UDO text amendment. Excerpts of the draft minutes from this meeting, as well as the Board’s
17 signed Statement of Consistency, are included in Attachment 3. Agenda materials from the
18 meeting can be viewed at: <https://www.co.orange.nc.us/AgendaCenter/Planning-Board-26>.

19
20 It should be noted the amendment presented to the Planning Board referenced changing the
21 NPE for the West Fork on the Eno from 643 ft. to 643.9 ft. This was based on data from the
22 Town. The amendment package now reflects the Town’s corrected NPE for the reservoir of 642
23 ft. resulting in a slight reduction in the 150 ft. (structure) and 300 ft. (septic) setback areas
24 around the reservoir.

25
26 Planning Director Recommendation: The Planning Director recommends approval of the
27 Statement of Consistency, as contained in Attachment 5, and the UDO Text Amendment, as
28 contained within Attachment 6.

29
30 Michael Harvey made the following PowerPoint presentation:

31
32 **ITEM 5 (a) - PUBLIC HEARING**

33 **Unified Development Ordinance (UDO) Text Amendment – West Fork on the Eno**
34 **Reservoir Setbacks**

35
36 **Background:**

- 37 • County enforces setbacks for structures and septic systems as part of its Watershed
38 Management Protection Program (Section 4.2 of the UDO inclusive) from a reservoir;
- 39 • Structures are required to be 150 ft. and septic systems are required to be 300 ft. from
40 the Normal Pool Elevation (NPE) of a reservoir;
- 41 – **STAFF COMMENT:** We currently exceed State minimum requirements.
- 42 • NPE of the reservoir is defined/referenced within Section 4.2.2 (E) of the UDO;

43
44 **West Fork of the Eno (aerial map)**

45 **Background (continued)**

- 46 • Section(s) 4.2.2 (F) and (I) establishes applicability of setback standards, specifically:
47 – Section 4.2.2 (F) *Existing Development* - structures/septic systems installed prior
48 to establishment of final reservoir boundary (i.e. NPE) can be replaced provided
49 same: *does not result in an increase in the amount of impervious surface, and*

1 *does not encroach any farther into stream buffers or setbacks from reservoirs*
 2 *than the previous development.*

- 3 – Section 4.2.2 (I) *Existing Lots* - lots legally created prior to the establishment of
- 4 the final boundary (i.e. NPE) of a reservoir;
- 5 – An ‘existing lot’ qualifies for an administrative waiver where Planning Director, in
- 6 consultation with the Health Department, can modify the 300 ft. reservoir setback
- 7 for septic systems based on established criteria;
- 8 – Amount of encroachment allowed is the minimum that can be obtained while
- 9 meeting applicable criteria.

10

11 **IMPACTS OF AMENDMENTS:**

- 12 • Clarifies/updates the NPE of the reservoir from 643 ft. to 642 ft.
- 13 – **This change will result in a reduction of the amount of land area subject to**
- 14 **reservoir setback;**
- 15 • Establishes what constitutes existing development and an existing lot around the
- 16 reservoir (i.e. development installed, and lots created, prior to February 12, 1997);

17

18 **WHAT THIS AMENDMENT DOES NOT DO:**

- 19 • Condemn or take property;
- 20 • Establish more restrictive regulations;
 - 21 – Current regulations do not specifically reference expansion of the West Fork on
 - 22 the Eno reservoir.
 - 23 – Staff is currently required to use January 1, 1994 to define existing
 - 24 development/lots (existing language).
- 25 • Prevent/restrict property owners from applying for variances from structure/septic
- 26 setbacks off of a reservoir;
 - 27 – Appropriate fees have to be paid. No guarantee request will be approved.

28

29 **Staff Findings:**

- 30 – The amendment addresses existing deficiencies within the UDO referencing
- 31 appropriate date for reservoir expansion;
- 32 – Provides clear direction on what constitutes existing development and/or lot
- 33 around the West Fork on the Eno Reservoir;
- 34 – Corrects final NPE of reservoir;
- 35 – Provides property owners with definitive information on where required setbacks
- 36 are measured from.

37

38 **PLANNING BOARD RECOMMENDATION:**

- 39 – Reviewed item at its February 5, 2020 regular meeting;
- 40 – Voted to recommend approval
 - 41 – STAFF COMMENT: Amendment referenced changing the NPE
 - 42 for the reservoir from 643 ft. to 643.9 ft. based on data from the
 - 43 Town;
 - 44 – Current amendment package corrected to reference the 642 ft.
 - 45 NPE of reservoir;
 - 46 – Planning Board does not need to re-review as resulting change
 - 47 constitutes reduction in the 150 ft. (structure) and 300 ft. (septic)
 - 48 calculated setback area around the reservoir (i.e. does not create
 - 49 a more restrictive standard that originally proposed)

RECOMMENDATION(S):

The Manager recommends the Board:

1. Receive the request;
2. Conduct the public hearing and accept comment;
3. Close the public hearing. (Note that, because this is a legislative decision, additional comments at a later date are permitted);
4. Approve Statement of Consistency (Attachment 5) and the UDO Text Amendment (Attachment 6).

Commissioner Price asked if this change will create a financial hardship for existing homeowners.

Michael Harvey said no, and the intent of the amendment is to clearly define what constitutes existing lots and existing developments, which should lessen any potential burden. He said there are properties that have been subdivided after 1997, which have been held to the appropriate reservoir standard and set back. He said there are several 10-acre lots, and larger, that benefit from existing development definitions. He said adding the 1997 date will only solidify claims to be classified as such.

Commissioner Price clarified that there will be no negative impacts for future development.

Michael Harvey said no, but one will have to comply with the code.

Commissioner Marcoplos asked if one can subdivide one's property, with the expectation of developing it, only to find out that it was actually undevelopable.

Michael Harvey said not during his tenure with the County.

A motion was made by Commissioner McKee, seconded by Commissioner Price to open the public hearing.

VOTE: UNANIMOUS**PUBLIC COMMENT:**

Tim Boomhower declined to comment.

Melody Boomhower declined to comment.

Rob Bush said he owns property on Carr Store Road, and he asked the Board not to approve the date in this amendment as February 1997. He said it would be more reasonable to set the date to a future one, when the reservoir is filled to its new level. He said it seems unjust for the department that approved site plans to label homes as non-conforming. He said he lives in a tiny house, which he started building in 2013, and the site plan was approved by the Planning Department, and, to his knowledge, was not contingent to a previous mobile home that was removed from the property around 2003/2004. He said there was no mention of a future expansion of the reservoir, and he only learned this years later. He said in May 2019, he found out that his home would have restrictions put on it, and he could not be told if he would be permitted to rebuild in the case of a disaster. He said he was very concerned about this lack of information, and believes his current home site to be the only suitable one on his property, due to a lack of perkable soil. He said he immediately asked the Planning Director for a variance for buffer reduction. He said in July 2019 he was told his request would not be handled as an individual variance, but rather by a County-initiated text amendment, as many properties are affected around the reservoir. He said he was told this would come before the BOCC in the fall of 2019, but he received no information about the text amendment details until late January 2020. He said the amendment did not seem to address his concerns, and the variance was not given to reduce buffers around his home. He said he spoke with staff, and it

1 was determined he would be allowed to add on or rebuild to the original mobile home's
2 impervious area footprint. He said this was better than his original options, but he would still
3 like a buffer reduction around his house to allow for more expansion on the already restricted
4 lot, due to the lack of perk sites on his property. He said he would like to know why community
5 residents were not aware of these restrictions on their lots, pertaining to the raising water levels.
6 He said, as the Planning Department approved all existing buildings, no existing building,
7 regardless of date, should be labeled as non-conforming. He said homeowners should have
8 the freedom to identify a septic repair area in the future, to prevent their homes from being
9 phased out, due to a failed leach field, if that were to occur. He said he has worked hard on his
10 house, and sees this amendment as negatively affecting his investment.

11 Dean Barnes said she lives on Governor Hunt Street, and if her water or septic tank
12 were to be affected in the future, she does think this would negatively impact her property. She
13 said she would like to know why Jordan Properties were approved for sale, knowing this change
14 would be coming.

15 James Kennedy said he also lives on Governor Hunt Street, and he previously served
16 on the boundary review board and board of equalization. He said Michael Harvey is lying, and
17 property values are based on what people will pay, as well as comparables. He said if people
18 hear that properties have restrictions, specifically water restrictions, the property values will go
19 down, as will the community at large.

20 Ann Roberts said Michael Harvey said there would not be any hardships, but she
21 received a letter that her property (which she has only owned for 4 months) would be
22 condemned and she would only receive its tax value, which is much less than what it is worth.
23 She said this is her home, in an established neighborhood, and she does not want to see it
24 condemned.

25 Scott Atkins said the reservoir butts up against his property, where he has lived for 16
26 years. He said he is 6 years away from having his mortgage paid off. He said his septic tank
27 does not fall within the qualified distance, and he does not want his house condemned. He said
28 he would like to know the restrictions that exist because of the reservoir, and asked if he can
29 hunt or fish near it. He said he unaware of the rules.

30 Calvin Parrish said he is worried, and wants to know why the properties were sold
31 knowing it was going to be condemned, due to the expansion of the reservoir. He said it is
32 unfair and unjust to kick people out of their homes.

33 Commissioner McKee asked if Michael Harvey would address some of the public
34 comments.

35 Michael Harvey said neither the County, nor the Town of Hillsborough, have sent out
36 letters condemning any properties. He said a member of the community has stirred up a lot of
37 sentiment without first gathering the facts. He said the Town of Hillsborough has already
38 secured all the necessary property for the reservoir expansion, and the County is not
39 condemning any properties.

40 Commissioner McKee asked if Michael Harvey could speak to the issue of septic tanks
41 being too close.

42 Michael Harvey said the neighborhood in question has lots that were established prior to
43 1997, meaning they qualify for existing lots, as well as existing development, and if septic
44 systems have to be replaced, they will benefit from the current regulatory standards that say
45 they can be replaced.

46 Commissioner McKee referred to the map, and said the setbacks completely
47 encompass several of these lots of Governor Hunt Road.

48 Michael Harvey said this subdivision was created before the reservoir boundary was set,
49 so it would qualify for an existing lot, as well as existing development.

1 Commissioner McKee referred to a lot that is completely encompassed by the two
2 setbacks, and asked, if the septic failed, would the property owner be able to fix the problem.

3 Michael Harvey said County staff would help find a way to replace the septic on the
4 property because it qualifies as an existing lot.

5 Commissioner McKee said even if that new septic field was within 150-foot boundary.

6 Michael Harvey said yes, because that is why there is the definition of existing lot and
7 existing development. He said staff has to grant as much leeway as humanly possible, as
8 stipulated by the ordinance. He read the ordinance.

9 Commissioner McKee clarified that this answer would address the resident who spoke
10 of his 300 square foot tiny house.

11 Michael Harvey said Mr. Bush was allowed to take advantage of existing development,
12 when he built his house in 2013. He said he personally processed this request. He said Mr.
13 Bush was allowed to place a house where a mobile home had previously been, because it
14 constituted existing development. He said the septic system was approved with the issuance of
15 a permit by the Health Department in 1987, and also qualifies as an existing development. He
16 said part of the problem Mr. Bush is experiencing is the fact that some of his property has been
17 subdivided and sold to neighbors, which has reduced the overall lot area from 30-acres (in
18 1979) to a 7-acre parcel currently, with the last recording of an exempt subdivision plat in 2018.

19 Commissioner Greene asked if these lots are now considered non-conforming.

20 Michael Harvey said no. He said if a property meets the definition of an existing lot, or
21 existing development, it is not non-conforming, but rather these properties are subject to the
22 rules and standards within those two sub-sections, but staff does not declare the lot of as non-
23 conforming. He said it was created in compliance with the legal standards that existed at the
24 time, and at the time before the reservoir boundary was set, it meant all applicable criteria. He
25 said the establishment of the reservoir boundary, in the late 1990s, does not make the lot non-
26 conforming, but it is governed by existing development/existing lot under section 4.2.

27 Commissioner Greene said it sounds like the reservoir is non-conforming.

28 Michael Harvey said the reservoir is not non-conforming. He said the reservoir is the
29 reservoir, and its boundary was established with the recordation of plats in 1997 to create the
30 boundary.

31 Commissioner Greene asked if the subdivision predates the reservoir.

32 Michael Harvey said yes, the subdivision was in process before the final boundary of the
33 reservoir was established.

34 Commissioner Greene said that was unwise.

35 Michael Harvey said he is at a loss as to why the staff did not amend the ordinance in
36 1997.

37 Commissioner Price asked if Mr. Bush were to sell his property, would the new owner be
38 able to build a bigger home on that same property.

39 Michael Harvey said potentially, but he would need to see a site plan first, which would
40 have to demonstrate that it met existing development, or that it is outside of the 150-foot buffer
41 for setback structures. He said the bigger issue is the lack of perkable soil on the property,
42 which may not be able to support a larger house.

43 Commissioner Price said she meant an expansion of the existing footprint.

44 Michael Harvey said yes, there is opportunity for an expansion of the existing residence.

45 Commissioner Price clarified that nothing has been issued about condemnation.

46 Michael Harvey said that is correct, and he has not authored or authorized any letters
47 stating condemnation of any property as a result of this action. He said this reaction is the
48 result of one community member seeking to stir up emotions, and while this is an emotional
49 issue for some, he does not believe the insinuations in the resident's letter have any merit.

50 Commissioner Price asked if Michael Harvey has seen a letter from a resident.

1 Michael Harvey said no.

2 Chair Rich said some residents recently purchased homes, and asked if staff has been
3 discussing this issue for some time.

4 Michael Harvey said yes, since the beginning of 2019.

5 Chair Rich asked if all of the homes around the reservoir were notified.

6 Michael Harvey said no because this is an UDO text amendment.

7 Chair Rich asked if some of the homes will be less valuable if this amendment is
8 approved.

9 Michael Harvey said he is not a tax person and cannot speak to those questions, but
10 these lots are not considered non-conforming under the County UDO, as they are considered to
11 be existing lots, or to have existing development. He said the County does not treat these
12 properties as non-conforming, but rather as lots and parcels that were in existence prior to the
13 reservoir being established and wants to give them leeway in terms of compliance.

14 Chair Rich asked if the year that the reservoir was established could be identified.

15 Michael Harvey said the plats were recorded on February 12, 1997, which is when the
16 Town secured the final property purchase, which secured the final boundary of the lots. He
17 said picking this date is consistent with how the County has treated other reservoirs.

18 Commissioner Price said the minutes refer to a property that has been sub-divided
19 many times since 1997, and will not qualify as an existing lot, but the date has not yet been
20 established, as the BOCC has not yet voted.

21 Michael Harvey said he based his answer of the proposal made by staff, and that it did
22 not constitute a lot of record based on how staff was interpreting how the UDO needed to be
23 modified to reference the establishment of the West Fork in the Eno Reservoir.

24 Commissioner Price said his sub-division exists now, and the BOCC has not voted on
25 the date. She asked how it is possible that staff can already say that this resident's actions
26 would disqualify him as existing lots.

27 Michael Harvey said he is basing his answer on staff's proposal of the date of February
28 12, 1997 being the logical date to establish when the normal pool elevation for the West Fork of
29 the Eno was established. He said this is his answer.

30 Commissioner Price said the BOCC has not yet established this date.

31 Michael Harvey said the BOCC could change the date, and that may change the
32 answer.

33 Commissioner Price said she is not asking to change the date, but is pointing out that
34 the date has not yet been voted on. She said all of this will be retroactive.

35 Michael Harvey said the only date he can use, as articulated in his abstract and
36 presentation, is January 1994.

37 Commissioner Price said she is not concerned about the date, but wants to know if this
38 would be retroactive.

39 Michael Harvey said he has answered the question to the best of his ability.

40 Commissioner Price said the Town of Hillsborough had to negotiate with the property
41 owners to secure the property necessary to accommodate the reservoir, and asked if this
42 pertained to current negotiations, or years past.

43 Craig Benedict, Planning Director, said years ago. He said in the present code, an
44 existing lot is defined as January 1, 1994, and this is the date that staff has used as this is when
45 the watershed regulations went into effect. He said, in absence of this new amendment, the
46 date could be as late as February 12, 1997. He said the date previously used was January 1,
47 1994 prior to the amendments that may be made tonight.

48 Craig Benedict said when Hillsborough chose to build reservoir phases one and two, in
49 the mid 1990s, the Town bought properties to accommodate this. He said all of the land that
50 Hillsborough needed for these two phases was purchased by 1997.

1 Commissioner Marcoplos asked if the bottom line is that a house could be rebuilt, and
2 possibly expanded, if it were to be destroyed by a natural even, such as a tornado.

3 Craig Benedict said the house could be rebuilt to whatever approved existing septic
4 systems exist. He said any expansion to septic systems would have to be approved through
5 the Health Department.

6 Craig Benedict said as soon as the reservoir was contemplated, people started
7 subdividing around the lake, as was done at Lake Orange as well. He said during his tenure
8 with the County, staff has had to make determinations that the lots were roughly concurrent
9 with the reservoir, and people want to live next to a future reservoir. He said people can rebuild
10 to the standards of the size of their house.

11 Commissioner Marcoplos asked if a resident has perkable land, can the resident extend
12 the septic, add another bedroom, etc.

13 Craig Benedict there is a four-bedroom maximum.

14 Commissioner Marcoplos asked if anyone will be prevented from replacing a septic
15 system.

16 Craig Benedict said no, everyone can replace the septic system, as long as it meets
17 Health Department standards.

18 Commissioner Marcoplos asked if the reservoir would impact the issue of a septic
19 system meeting Health Department standards.

20 Craig Benedict said it would be the same standard as if it were next to a reservoir, or
21 not, except the resident would have to work with the Planning Department to find out which
22 location is best. He said around Lake Orange, there are one or two cases where a resident
23 cannot fit a septic field, because of the land size, and there are other devices that are approved
24 by the State, which can replace the normal, conventional septic system.

25 Commissioner Marcoplos asked if there is anything Hillsborough could have done to
26 make this process better from the beginning.

27 Craig Benedict said that is conjecture. He said reservoirs are rarely built, but when they
28 are it is rare for excess land to be purchased. He said his reading of the issue is that they do
29 not purchase out to 300-feet beyond where the water level will be. He said if the Town had
30 purchased out that far, then all lands would have been unencumbered by the setbacks, but this
31 is not the County's standard to take a look at.

32 Marie Strandwitz, Utilities Director for Town of Hillsborough, said she appreciated the
33 staff presentations. She said it is her understanding that the Town planned the reservoir
34 starting around 1993. She said the Town started acquiring properties, and in some cases there
35 was condemnation, and other times the Town was able to negotiate successfully for the land.
36 She said the permit from the Corps was issued in the fall of 1997, or early 1998, which
37 consisted of both phases. She said the Town had the foresight to see that it would need more
38 water one day, and the permit from the Corps, and accompanying 401 permit from the State,
39 covered both phases. She said the 1994 date correctly had the 643 elevation based on the
40 datum used by surveyors at that time. She said since 1994, the UDO has stated the correct
41 phase 2 elevation (or expansion), and to get to this point the Town has conducted public
42 hearings, and all the property owners around the reservoir boundary, at that time, were notified.
43 She said anyone who had purchased a property since that time has been subject to the set
44 back that already exists in the UDO. She said she does not know if realtors have
45 communicated this information to the property owners at time of purchase. She said expansion
46 of phase 2 physically started in 2018, as the permit from the Corps was set to expire. She said
47 the Town did not need the extra water at that time, but as the permits are difficult to obtain, the
48 Town chose to move forward with the phase 2 expansion. She said the raising of the damn
49 structure has been completed, as well as the clearing around the damn structure. She said the
50 Town has approved for its Manager to sign the contract to raise the surrounding roads, which is

1 the last piece of the puzzle before the Town can start letting the reservoir fill to its new level,
2 which is contour 642.2, according to the new survey datum of NAVD 88.

3 Marie Strandwitz referred to the question about fishing and hunting, and said as part of
4 the state mitigation, the Town is to put the area around the reservoir in a conservation
5 easement. She said she has seen documents that state the Town has bought all the necessary
6 property to encompass the phase 2 level, as well as the State buffer. She said the Town did
7 not go further into the County setbacks, as it held public hearings at that time. She said the
8 Town is working with the State to put its properties into a restrictive deed, which are areas well
9 outside the buffer that the State wants the Town to maintain. She said the restrictive deed
10 includes no trespassing, no swimming, hunting, fishing, and camping. She said the Town is
11 required to post signage to this effect.

12 Marie Strandwitz said the Town has not sent any letters of commendation.

13 14 **PUBLIC COMMENT**

15 Amber Broadwell said she has lived in the area for some time, and has fished the entire
16 time, and she wants to know why fishing is not allowed.

17 Marie Strandwitz said the State will not allow these types of activities, per the permit that
18 was obtained in the 1990s. She said it requires the Town to keep protection of its water supply,
19 which is why the County is having extra setbacks. She said it is a watershed protection area,
20 and is the water supply for the Town. She said people may have been fishing for years, but
21 should not have been doing so.

22 Calvin Parrish asked if it is known who would be financially responsible, if a septic tank
23 needs replacing.

24 Michael Harvey said he feels inadequate to answer the question, but if the septic system
25 fails, there is no provision in the UDO mandating the Town to pay for this.

26 Commissioner Price asked if the expansion is expected to affect septic tanks.

27 Michael Harvey said he does not have data to definitively answer that question, but the
28 setbacks are in place to avoid such issues. He said such issues would have to be addressed
29 as they arise.

30 Commissioner McKee asked if staff knows if any of these septic fields will be
31 submerged by the new water level.

32 Michael Harvey said no, based on the information he has, there should be no
33 submerging of septic fields.

34 James Kennedy said this amendment will devalue the properties. He said any
35 restriction to a property will scare off buyers.

36 Chair Rich said currently these properties are following the UDO.

37 Michael Harvey said the restriction has existed since 1997, and staff is not adding a
38 restriction but rather clarifying what constitutes an existing lot and existing development for the
39 purposes of permitting.

40
41 A motion was made by Commissioner Bedford, seconded by Commissioner McKee to
42 close the public hearing. (Note that, because this is a legislative decision, additional comments
43 at a later date are permitted).

44
45 Michael Harvey said since this is not quasi-judicial process, he said there can be
46 additional comments made after the hearing is closed.

47 Commissioner McKee said he was around when this reservoir was planned and built,
48 and it was contentious to the point that there were threats of vigilante action. He said perhaps
49 the Town should have put easements up to the setbacks, but that is irrelevant at this point. He
50 said he wants to make sure that residents are not adversely affected.

1 Commissioner Price asked if the BOCC must make a decision tonight, or can it just
2 close the public hearing.

3 Michael Harvey said staff has made a recommendation, but the BOCC can close the
4 hearing and take whichever action it sees fit.

5
6 **VOTE: UNANIMOUS**

7
8 Commissioner Greene said she would like more time to think about this topic, and
9 gather more information. She said she does not feel fully informed to vote this evening.

10
11 A motion was made by Commissioner Greene, seconded by Commissioner Price to
12 defer this item to the April 7, 2020 Board of Commissioners' Business Meeting.

13
14 **VOTE: Ayes, 5; Nays, 1 (Commissioner Marcoplos)**

15
16 **b. Public Hearing on the Financing of Various Capital Investment Plan Projects**

17 The Board conducted a public hearing on the issuance of approximately \$45,500,000 to
18 finance capital investment projects and equipment for the fiscal year; and consider voting to
19 approve a related resolution supporting the County's application to the Local Government
20 Commission (LGC) for its approval of the financing arrangements.

21 Gary Donaldson, Chief Financial Officer, presented the information below:

22
23 **BACKGROUND:**

24 County staff estimates that the total amount to be financed for capital investment projects and
25 equipment will be approximately \$45,500,000. The statutes require that the County conduct a
26 public hearing on the proposed financing. A copy of the published notice of this hearing is
27 provided (Attachment 1).

28
29 The notice of public hearing was advertised in *The Herald Sun* and the *News of Orange*.

30
31 After conducting the public hearing and receiving public input, the Board may consider the
32 adoption of the resolution (Attachment 2). The resolution formally requests the required approval
33 from the North Carolina Local Government Commission (LGC) for the County's financing, and
34 makes certain finding of fact as required under the LGC's guidelines. County staff has been in
35 contact with the LGC staff, and staff expects no issues in receiving LGC approval.

36
37 If the Board adopts the resolution indicating its intent to continue with the financing plan, the
38 Board will be asked to consider a resolution giving final approval to the financing plans at its April
39 7, 2020 meeting. Under the current schedule, County staff expects to set the final interest rates
40 and close by the end of April.

41
42 **FINANCIAL IMPACT:** There is no financial impact related to this action. However, there will be a
43 financial impact in proceeding with the financing. A preliminary estimate of maximum debt
44 service applicable to the capital investment projects and equipment financing would require the
45 highest debt service payment of \$4.2 million in FY 2021-22. The tax rate equivalent for the
46 estimated highest debt service payment is approximately \$2.23 cents.

47
48 Gary Donaldson made the following PowerPoint presentation:

1
2 **Series 2020 Limited Obligation Bonds**

3 **Spring Financing Resolution**

4 **March 10, 2020**

5
6 **Purpose**

- 7 ➤ Conduct Public Hearing for Limited Obligation Bonds pursuant to NC Statute Section
8 160A-20
- 9 ➤ Obtain Board Approval to Proceed with Filing Local Government Commission
10 Application for Series 2020 Financing
- 11 ➤ Funds our FY 2019-20 Capital Investment Plan through this Series 2020 Limited
12 Obligation Bonds are secured by a Deed of Trust, with a security interest in the Northern
13 Campus and a portion of the Southern Campus
- 14 ➤ The Series 2020 Limited Obligation Bonds will fund various County projects including:
- | | |
|--|-----------------------|
| 15 - Vehicles and Equipment (5-8 Years useful life): | \$717,228 |
| 16 - County Facilities (up to 20 years useful life): | \$33.1 Million* |
| 17 - School Facilities (up to 20 years useful life): | \$8.6 Million |
| 18 Total: | \$42.3 Million |

19 * \$29 Million represents remaining amount for Northern Campus construction

20
21 **Projects to be Financed (chart)**

22
23 **Key Financing Terms**

- 24 ➤ Security Pledge- County assets and annual County appropriations
- 25 ➤ Maturity Term- 5- 20 Year maturities matches the useful life of the assets
- 26 ➤ Estimated Interest Rates- up to 3% subject to market conditions
- 27 ➤ Maximum Annual Debt Service not exceeding \$4.2 Million (FY 2021-22)
- 28 ➤ Source of Repayment- Property Tax, Solid Waste Fees and Sportsplex Fees
- 29 ➤ Limited Obligation Bonds are Subordinate Lien to AAA General Obligation Bonds
- 30 ➤ Anticipated Limited Obligation Bonds- AA1/AA+/AA+ from Moody's, Standard & Poor's
31 and Fitch Ratings

32
33 **Key Debt Model Metrics (chart)**

34
35 **Financing Schedule (chart)**

36
37 Commissioner Marcoplos asked if schools' "other various projects" line is determined
38 the same way as the fiscal year budget; as collaboration between the school and County
39 prioritizing projects.

40 Gary Donaldson said yes.

41 Commissioner Marcoplos asked if any specific projects are interesting.

42 Gary Donaldson said no, there are projects across all facilities, and it will be a matter of
43 prioritizing the major needs. He said the amounts they are ready to finance may be slightly
44 lower when staff returns to the BOCC, due to projects not being ready to move forward.

45 Commissioner Price asked if there is a difference between improvements to older
46 schools and other various projects.

47 Gary Donaldson said that is the designation that the schools have for looking at older
48 facilities that require more capital needs. He said it distinguishes between the older and the
49 newer schools.

1 Commissioner Price asked if the projects will be clearer, by April, what some of the
2 various projects would be.

3 Gary Donaldson said yes.

4 Commissioner Price said she does not need to know every single dollar, but would like
5 to know the difference between recurring capital, improving older facilities, and other various
6 projects.

7 Gary Donaldson said staff will have further specifics in the coming weeks.

8 Commissioner McKee asked if there is a reason that the Skills Development Relocation
9 Europa Center upfit has a line item of \$254,953. He said the BOCC has not even decided if a
10 skills center will be placed in the library complex.

11 Bonnie Hammersley said the temporary location for this center will be at the Europa
12 Center, and it will move there in the next month, and will remain until a new location is
13 confirmed. She said the skills center had to vacate its Franklin Street location.

14 Commissioner Price referred to the Link Building, and asked if there will be on-going
15 costs as the County waits to determine what will be done with it.

16 Gary Donaldson said these costs were incurred since the decision was made.
17

18 A motion was made by Commissioner Bedford, seconded by Commissioner Greene to
19 open the public hearing.
20

21 **VOTE: UNANIMOUS**

22
23 **PUBLIC COMMENT:**
24 NONE
25

26 A motion was made by Commissioner McKee, seconded by Commissioner Price to
27 close the public hearing.
28

29 **VOTE: UNANIMOUS**
30

31 A motion was made by Commissioner Price, seconded by Commissioner Bedford for the
32 Board to adopt the resolution supporting the application to the Local Government Commission
33 for approval of the financing.
34

35 Commissioner Bedford thanked Gary Donaldson for this information.
36

37 **VOTE: UNANIMOUS**
38

39 **6. Regular Agenda**

40
41 **a. Defining a Final Project Scope for County Space for the 203 South Greensboro**
42 **Street Project in Cooperation with the Town of Carrboro**

43 The Board considered voting to authorize a final project scope for the 203 South
44 Greensboro Street Project in cooperation with the Town of Carrboro and to consider, if
45 appropriate, the *First Amendment to a Development Agreement* between the Town of Carrboro
46 and Orange County for the design and construction of a jointly used government facility at 203
47 Greensboro Street in the Town of Carrboro.

48 Travis Myren presented this item.
49

50 **BACKGROUND:**

1 In December 2017, Orange County and the Town of Carrboro signed a Development
 2 Agreement for the design and construction of a facility that would jointly contain administrative
 3 offices for the Town of Carrboro, spaces for The Arts Center of Carrboro, and the Orange
 4 County Southern Branch Library (Attachment 5). The design process began shortly afterward
 5 and proceeded until the development of schematic design documents and initial cost estimates.
 6 At that point, The Arts Center of Carrboro withdrew from the project.

7
 8 Subsequently, both Orange County and the Town of Carrboro have discussed changes to the
 9 occupant mix and associated space allocation within the facility. The Town has proposed
 10 adding various functions totaling approximately 6,950 square feet in Town allocated space while
 11 the County staff have discussed adding a permanent location for the Skills Development
 12 Center.

13 Adding the Skills Development Center would increase the County's space by approximately
 14 12,600 square feet and increase the County's overall space allocation from 41% to 56%. This
 15 abstract would authorize the final scope of County space by outlining two options. One of these
 16 options would be memorialized in the *First Amendment to the Development Agreement*.
 17 The first option is to proceed with the addition of the Skills Development space. The table below
 18 summarizes the proposed project budget and how it compares with funds currently planned in
 19 the County's Capital Investment Plan.

20 21 **203 South Greensboro Project Budget with Skills Development**

	Approved Capital Investment Plan	Proposed Budget	Difference
25 Professional Fees - 56%/44%	\$ 1,172,500	\$ 1,987,493	\$ 814,993
26 Library Construction @ 15,000 sq. ft.	\$ 4,625,000	\$ 4,725,000	\$100,000
27 Skills Development Const. @ 12,600 sq. ft.		\$ 3,969,000	\$ 3,969,000
28 Parking Construction - 83 spaces	\$1,000,000	\$2,075,000	\$1,075,000
29 Common Area Construction - 56%/44%		\$1,008,000	\$1,008,000
30 Furniture, Fixtures, Equipment		\$1,250,000	\$1,250,000
31 Owners Contingency - 5% Construction Costs		\$588,850	\$588,850
32 TOTAL	\$6,797,500	\$15,603,343	\$8,805,843

33
 34 The escalation of approximately \$8.8 million in project costs is primarily attributable to four
 35 factors. First, additional professional fees will be incurred as the plans are modified to remove
 36 and repurpose space that had been allocated to the Arts Center. Second, the addition of the
 37 Skills Development space would add approximately \$3.9 million in construction costs and
 38 approximately \$1 million to add 33 parking spaces. The majority of this cost (\$3.75 million) will
 39 be repaid through the lease or sale of 501 and 503 West Franklin. Third, the original project
 40 budget was created in the FY2011-16 Capital Investment Plan and did not contemplate a
 41 shared facility with common areas or an adequate budget for furniture, fixtures, and equipment.
 42 Finally, the owner's contingency is dependent on the project delivery method which was not
 43 known when the project was originally included in the Capital Investment Plan. In this case, the
 44 owner's contingency is based on using a Construction Manager at Risk method to deliver the
 45 project. Additional details regarding this option are contained in Attachment #1 – *Budget
 46 Allocation with Skills Development*.

47
 48 The second option is to proceed only with the Southern Branch Library. Due to many of the
 49 same factors listed above, this option would also involve additional costs as summarized in the
 50 table below.

1
2 **203 South Greensboro Project Budget - Library Only**

3
4

	Approved Capital Investment Plan	Proposed Budget	Difference
5			
6			
7	Professional Fees 40.5%/59.5%	\$1,172,500	\$1,437,383
8	Library Construction @ 15,000 sq. ft.	\$4,625,000	\$4,725,000
9	Skills Development Const. @ 12,600 sq. ft.		
10	Parking Construction - 50 spaces	\$1,000,000	\$1,250,000
11	Common Area Construction 40.5%/59.5%		\$729,000
12	Furniture, Fixtures, Equipment		\$750,000
13	Owners Contingency - 5% Construction Costs		\$335,650
14	TOTAL	\$6,797,500	\$9,227,033

15

16 Proceeding with the Library Only option would still require additional professional fees. This
17 option also reflects an escalation in the cost of parking spaces compared to the current project
18 budget as well as the introduction of costs for common area; furniture, fixtures, and equipment;
19 and an owner's contingency based on the Construction Manager at Risk project delivery
20 method. Additional details regarding this option are contained in Attachment #2 – *Budget*
21 *Allocation Library Only*. If this option is chosen, the County would continue to lease space for
22 Skills Development programming. The County has executed a five year lease in the Europa
23 Center totaling \$1.18 million during that timeframe. The lease could be extended, modified, or
24 eliminated at the end of the five year period.

25
26 The *Draft First Amendment to the Development Agreement* (Attachment 3) reflects the addition
27 of Skills Development space as described in Option 1. Choosing Option 2 would require a
28 renegotiation of the *Amendment* with the Town of Carrboro, and the timeline would be adjusted
29 accordingly.

30
31 Once a final development agreement is executed by the parties, the project development
32 process will resume. A revised preliminary schedule has been created and is provided at
33 Attachment 4. The schedule indicates that the design will begin in March 2020 and continue
34 until April 2021. Construction will begin in May 2021 and conclude in June 2022.

35
36 **FINANCIAL IMPACT:** The Board previously appropriated \$6,797,500 for design and
37 construction of the Southern Branch Library. Option 1, adding the Skills Development Center
38 and recognizing total project costs, would add approximately \$8.8 million to the project budget.
39 Option 2, constructing the Southern Branch Library only but recognizing the total project costs,
40 would add approximately \$2.43 million. Either change to the project budget would be reflected
41 in the Manager's Recommended Capital Investment Plan with construction expenditures
42 planned for FY2021-22.

43
44 Travis Myren made the following PowerPoint presentation:

45
46 **Final Project Scope**
47 **203 South Greensboro Street**

48
49 *Most Recent Evolution of the Orange County Southern Branch Library Project*
50

1 **County Capital Projects Fiscal Years 2011-16 (chart)**

2
3 **Orange County Southern Branch Library Evolution - graph**

4
5 **Orange County Southern Branch Library Site- photo**

6
7 **Recent Board Action- June 2019**

- 8
- 9 • FY2019-24 Capital Investment Plan
 - 10 ○ Authorized Southern Branch Library Construction Budget
 - 11 Professional Fees \$1,172,500
 - 12 Construction Cost \$5,625,000
 - 13 Total \$6,797,500
 - 14 ○ Carrboro Partnership and Development Agreement
 - 15 ▪ Formalized 203 South Greensboro Street Site
 - 16 ▪ Colocation of Library Space with Town Offices
 - 17 ▪ Project Commencement Delayed due to Town Decisions on Parking

18 **Recent Board Action – June 2020**

- 19
- 20 • Future Location of the Skills Development Center
 - 21 ○ Lease Approved on January 21 to Relocate Skills Development Center to Europa
 - 22 Center, Suite 101
 - 23 ○ Three (3) Year Term with Option to Extend to Five (5) Years
 - 24 ○ Rent Increases by 3% Each Year

25 **Scope Decision for County Space at 203 South Greensboro Street**

26 **Option #1**

27 ***Add 12,600 Square Feet for***

28 ***Skills Development Center***

- 29 ➤ Budget Adjustments in the FY2020-25 Capital Investment Plan to Add Space and
- 30 Include All Project Elements
- 31 ➤ Approve *First Amendment to the Development Agreement* with Town of Carrboro
- 32 (Attachment #3)

33
34 **Changes in Space Allocation - table**

35
36 **Changes to Budget Estimates- table**

37
38 **Budget Differences from Current Adopted Budget**

- 39
- 40 • Total Space Allocation Increases from 40.5% to 56%
 - 41 ○ Increases County Costs for Any Expenses Split Proportionally
 - 42 • Professional Fees
 - 43 ○ Redesign due to ArtsCenter Withdrawing from the Project
 - 44 ○ Increase in County Space Allocation
 - 45 ○ Design Fees for the Skills Development Center ~ \$100,000
 - 46 • Skills Development Construction
 - 47 ○ Add 12,600 square feet @ \$315/square foot = \$3,969,000
 - 48 ○ Add 33 Parking Spaces @ \$25,000 per space = \$825,000
 - 49 ○ Rent from 501/503 South Franklin Street to Cover \$3.75 Million in Debt Service
 - 50 • Shared Space and Furniture, Fixtures, and Equipment

- 1 ○ Common Area Addition - \$1,008,000
- 2 ○ Furniture, Fixtures, and Equipment for Library (\$750,000) and Skills
- 3 Development (\$500,000)
- 4 • Owner's Contingency
- 5 ○ Project Delivery Method Chosen - Construction Manager at Risk
- 6 ○ Contingency @ 5% of Construction Costs - \$588,850

8 **Scope Decision for County Space at 203 South Greensboro Street**

9 **Option #2**

10 ***Proceed with Southern Branch Library Only***

- 11 ➤ Budget Adjustments in the FY2020-25 Capital Investment Plan to Include All Project
- 12 Elements
- 13 ➤ Renegotiate *First Amendment to the Development Agreement* with Town of Carrboro for
- 14 Board Consideration

16 **Changes to Budget Estimates- Library only- table**

18 **Budget Differences from Current Adopted Budget**

- 20 • Professional Fees
 - 21 ○ Redesign due to ArtsCenter Withdrawing from the Project
- 22 • Parking Costs Per Unit
 - 23 ○ Increased from \$20,000 per space to \$25,000 per space
 - 24 ○ 50 Parking Spaces Dedicated to Library = \$250,000 net cost increase
- 25 • Shared Space and Furniture, Fixtures, and Equipment
 - 26 ○ Common Area Addition - \$1,008,000
 - 27 ○ Furniture, Fixtures, and Equipment for Library (\$750,000)
- 28 • Owner's Contingency
 - 29 ○ Project Delivery Method Chosen - Construction Manager at Risk
 - 30 ○ Contingency @ 5% of Construction Costs - \$335,650

32 **Project Timeline**

34 **Next Steps**

- 35 1. Proceed with Option #1 to include space for both the Southern Branch Library and the
- 36 Skills Development Center
 - 37 ➤ Approve the proposed *First Amendment to the Development Agreement*
 - 38 (Attachment 3)
 - 39 ➤ Authorize the County Manager to sign the *Agreement*
- 40 2. Proceed with Option #2 to include space for the Southern Branch Library
 - 41 ➤ Direct staff to amend the draft *Amended Agreement* to be considered at a later
 - 42 date.

44 ***Budget Adjustments in the FY2020-25 Capital Investment Plan to Reflect Either Option***

46 Commissioner Price asked if the BOCC were to select Option 1- with the Skills
47 Development Center - can the County break its lease with the Europa Center.

48 Travis Myren said yes, it is an initial 3-year term, with the option to extend.

1 Commissioner Price referred to the parking, and asked if it is based on Carrboro's
2 existing zoning. She asked if there has been any thought of modifying that requirement, and
3 encouraging people to use the public transportation.

4 Travis Myren said there has been a specific conversation about library parking, and
5 there are 50 spaces dedicated to the library, which is in the development agreement. He said if
6 the Board wanted to re-visit this issue, it could do so.

7 Commissioner Price asked if parking will be needed for the Skills Development Center.

8 Travis Myren asked Steve Arndt, Asset Management Services Director, if the 33 spaces
9 for the Skills Development Center are based on town ordinance.

10 Steve Arndt said the 33 spaces will only serve a small fraction of the Skills Center's
11 attendees, but many students take public transportation, and ongoing access to this is
12 important.

13 Bonnie Hammersley said one of the things that have held up this project is parking, but
14 Carrboro has decided not to hold up the project with its townwide parking needs. She said
15 there was a plan for underground parking, but it was cost prohibitive. She said the plan is to
16 build a parking deck adjacent to the building. She said Carrboro wants to replace the parking it
17 is losing (as this is being built on an existing lot), and there is a required amount of parking
18 spots for the library (~50) and the Skills Center (~33). She said the parking that will be built will
19 serve this building, as opposed to being town wide parking.

20 Commissioner Marcoplos said the building will have other uses.

21 Bonnie Hammersley said the parking deck will be ~150 spaces, and the other spaces
22 are being paid for by the Town of Carrboro.

23 Commissioner Bedford referred to the chart with the increase of \$8.8 million, which
24 includes the Skills Center, and said if she subtracts the increase of \$2.4 million (without the
25 Skills Center), she is left with \$6.37 million. She asked if she can subtract \$3.75 million, of the
26 debt repayment, if everything goes according to plan, to get to a net of \$2.62 million. She said
27 this would be only \$200,000 more than if they do not do it.

28 Travis Myren said this is not a net number, and the \$3.75 million would come in
29 regardless.

30 Commissioner Bedford said it could be used for other things, such as opportunity costs.
31 She said when she voted to consider the WELL project, it was part of her thought that there
32 would be a revenue stream that could help support the design of this building. She said she is
33 leaning towards doing it. She said she understands there is a risk, and the \$4 million might not
34 happen, and the whole thing could implode at any time.

35 Commissioner Greene said if the Board does not do the Skills Center, it is just kicking a
36 problem down the road. She said to put the Skills Center there, and even if it is relocated at
37 some point, this is a good infrastructure investment for the County, in a critical location in down
38 town Carrboro,

39 Commissioner Marcoplos said, in terms of transit, it is much better for public
40 transportation than the Europa building.

41 Commissioner McKee said he finds it interesting that this project has gone from a simple
42 library to this bigger project. He said he understands the arguments being made, but it
43 concerns him greatly because the costs have more than doubled. He asked staff if there is a
44 reason that figures for furniture, etc. were not included in the original proposal.

45 Travis Myren said there were monies (\$750,000 for the library) that were programmed in
46 the future, but not yet authorized. He said \$6.79 million has been authorized, and he did not
47 include anything that was in the future capital investment plan (CIP) at some point.

48 Commissioner McKee said the County has a lot of construction projects going forward,
49 and he needs total actual costs, not draft numbers. He said he is not sure that he will vote for
50 this, as he has watched it grow and grow and grow. He said the Link building needs to be

1 addressed; the Board heard a few weeks ago that schools need \$500 million; and he is very
 2 concerned about how the County is proceeding. He said money has to come from somewhere,
 3 and he is concerned that a recession may be looming. He said he would be in favor of only
 4 proceeding with the library. He referred to a letter, and asked if that square footage is in
 5 addition to what is already proposed.

6 Travis Myren said no, the County would not be involved in that additional space.

7 Commissioner Price asked if the County get revenue from WELL to offset the costs of
 8 the Skills Development Center.

9 Commissioner McKee said theoretically the County would receive money from WELL.

10 Commissioner Price said when the library was conceived, the Skills Development
 11 Center was not an issue, but the possible colocation offers a good marriage of entities.

12 Travis Myren said there will be another check in point, as somebody will have to accept
 13 the GMP. He said staff can make that GMP acceptance contingent on both Town and BOCC
 14 action.

15 Commissioner McKee said he does not question the intent or the value of the project,
 16 but rather from where the money will come. He said he refuses to return to the days when the
 17 County significantly increased taxes every year.

18 Commissioner Bedford said in the last recession, projects had to be shovel ready with
 19 the school systems. She said if interest rates do fall, it is an opportune time to be shovel ready.
 20 She said having the Skills Center remain in a downtown area is important, and she wants to
 21 support a bigger vision for the community.

22 Commissioner Marcoplos asked if the next check in point is scheduled.

23 Travis Myren said the GMP would be available in March 2021.

24
 25 A motion was made by Commissioner Marcoplos, seconded by Commissioner Price for
 26 the Board to:

- 27 1) Proceed with Option 1 to include space for both the Southern Branch Library and the
 28 Skills Development Center, approve the proposed *First Amendment to the Development*
 29 *Agreement* (Attachment 3), and authorize the County Manager to sign the *Agreement*;
 30

31 **VOTE: Ayes, 5; Nays, 1 (Commissioner McKee)**

32
 33 **7. Reports**
 34 **NONE**

35
 36 **8. Consent Agenda**

37
 38 • **Removal of Any Items from Consent Agenda**

39 Chair Rich – i and j

40 Commissioner Greene – o

41
 42 • **Approval of Remaining Consent Agenda**
 43

44 A motion was made by Commissioner Bedford, seconded by Commissioner Price for the
 45 Board to approve the remaining items on the Consent Agenda.

46
 47 **VOTE: UNANIMOUS**

48
 49 • **Discussion and Approval of the Items Removed from the Consent Agenda**
 50

1 **i. Fiscal Year 2019-20 Budget Amendment #6**

2 The Board considered approving budget and grant project ordinance amendments for
3 fiscal year 2019-20.

4
5 Chair Rich said there is a lot of talk in the public about budget amendments not being
6 public records, but that is absolutely not true. She said all budget amendments are public
7 record.

8 Chair Rich referred to page 5, and said the Visitors' Bureau (VB) accepted \$174,500
9 from the Town of Chapel Hill. She said this is an ongoing agreement between these two
10 entities. She thanked the Town for its ongoing support of the VB.

11
12 A motion was made by Commissioner Marcoplos, seconded by Commissioner McKee to
13 approve the budget and grant project ordinance amendments for fiscal year 2019-20.

14
15 **VOTE: UNANIMOUS**

16
17 **j. Agreements for Right-of-Way Encroachments on Primary and Secondary**
18 **Highways – Bus Shelters**

19 The Board considered voting to approve Right-of-Way Encroachment Agreements for Non-
20 Utility Encroachments on Primary and Secondary Highways authorizing Orange County, on
21 behalf of Orange County Public Transportation, to enter into agreements with the North
22 Carolina Department of Transportation (NCDOT) for the installation of four (4) bus shelters at
23 existing bus stops and authorize the Chair to sign. Three bus stops are in Hillsborough and one
24 bus stop is in Chapel Hill.

25
26 Chair Rich said there have been false statements in the public claiming that
27 transportation dollars were coming out of homeowner taxes. She said this is not at all accurate,
28 and article 43 taxes pay for transportation costs.

29
30 A motion was made by Commissioner McKee, seconded by Commissioner Bedford to
31 approve Right-of-Way Encroachment Agreements for Non-Utility Encroachments on Primary
32 and Secondary Highways authorizing Orange County, on behalf of Orange County Public
33 Transportation, to enter into agreements with the North Carolina Department of Transportation
34 (NCDOT) for the installation of four (4) bus shelters at existing bus stops and authorize the
35 Chair to sign. Three bus stops are in Hillsborough and one bus stop is in Chapel Hill.

36
37 **VOTE: UNANIMOUS**

38
39 **o. Greater Triangle Commuter Rail Study – Next Steps**

40 The Board considered voting to adopt a resolution receiving the results of the Greater
41 Triangle Commuter Rail (GTCR) study and deferring additional study for Orange county
42 sections.

43 Commissioner Greene said this item provides the BOCC with the results of a study of
44 the GTCR. She said the larger regional transit plans include the possibility of a commuter rail
45 going from Raleigh to Durham, and possibly from Selma to Burlington. She said the study
46 showed that the extension from Durham to Hillsborough would involve \$200-\$300 million capital
47 expense with \$7 million of annual operating costs to serve a projected 150-250 people. She
48 said this is not cost effective, and this is dead in the water, at this time.

49

1 A motion was made by Commissioner Greene, seconded by Commissioner Price to
 2 adopt a resolution receiving the results of the Greater Triangle Commuter Rail (GTCR) study,
 3 and deferring additional study for Orange county sections.
 4

5 **VOTE: UNANIMOUS**
 6

7 **a. Minutes**

8 The Board approved the minutes from January 24, 28 and February 4, 11, 2020, as submitted
 9 by the Clerk to the Board.

10 **b. Motor Vehicle Property Tax Releases/Refunds**

11 The Board adopted a resolution, which is incorporated by reference, to release motor vehicle
 12 property tax values for eight taxpayers with a total of eight bills that will result in a reduction of
 13 revenue in accordance with NCGS.

14 **c. Property Tax Releases/Refunds**

15 The Board adopted a resolution, which is incorporated by reference, to release property tax
 16 values for nineteen taxpayers with a total of twenty-four bills that will result in a reduction of
 17 revenue in accordance with North Carolina General Statute 105-381.

18 **d. Applications for Property Tax Exemption/Exclusion**

19 The Board considered six untimely applications for exemption/exclusion from ad valorem
 20 taxation for six bills for the 2019 tax year.

21 **e. Resolution Regarding Underpayment and Overpayment of Taxes**

22 The Board approved a new resolution, which is incorporated by reference, as an administrative
 23 clean-up confirming Resolution 2001-039, which was adopted by the Board on April 17, 2001 to
 24 allow the Tax Collector to write off up to \$1.00 in underpayment and absorb up to \$1.00 in
 25 overpayment of taxes.

26 **f. City of Durham's Teer Quarry Reservoir – Letter of “No Objection” from Orange
 27 County Related to the Voluntary Eno River Capacity Use Agreement**

28 The Board approved and authorized the Chair to sign a letter of “No Objection” from Orange
 29 County related to the City of Durham’s proposed initiative to withdraw excess water from the
 30 Eno River for the purposes of filling the City of Durham’s Teer Quarry Reservoir in conformance
 31 with the existing Voluntary Eno River Capacity Use Agreement and additional guidelines agreed
 32 upon by the North Carolina Division of Water Resources (NCDWR).

33 **g. Adoption of Involuntary Commitment Transport Plan**

34 The Board adopted a plan (transportation agreement) for the custody and transportation of
 35 respondents under involuntary commitment from one entity to another.

36 **h. Approval of the Transfer of Ownership of One (1) Manufactured Home Unit to
 37 EmPOWERment, Inc.**

38 The Board approved a resolution, which is incorporated by reference, transferring from Orange
 39 County to EmPOWERment, Inc. the ownership of one (1) manufactured home purchased under
 40 the previously approved Orange County Land Banking/Manufactured Home Park Initiative’s
 41 *Displacement Mitigation Assistance Program (DMAP)* and authorize the Chair to sign.

42 **i. Fiscal Year 2019-20 Budget Amendment #6**

43 The Board approved budget and grant project ordinance amendments for fiscal year 2019-20
 44 for the Department on Aging; County Manager’s Office; Sheriff’s Office; Human Rights and
 45 Relations; Cooperative Extension; Finance and Administrative Services; Board of County
 46 Commissioners; Department of Social Services; Library Services and Visitors’ Bureau.

47 **j. Agreements for Right-of-Way Encroachments on Primary and Secondary Highways –
 48 Bus Shelters**

49 The Board approved Right-of-Way Encroachment Agreements for Non-Utility Encroachments
 50 on Primary and Secondary Highways authorizing Orange County, on behalf of Orange County

1 Public Transportation, to enter into agreements with the North Carolina Department of
 2 Transportation (NCDOT) for the installation of four (4) bus shelters at existing bus stops and
 3 authorize the Chair to sign. Three bus stops are in Hillsborough and one bus stop is in Chapel
 4 Hill.

5 **k. Lease of 1000 Corporate Drive, Suites 401 and 402, Hillsborough**

6 The Board approved and authorized the Manager to sign a lease of 1000 Corporate Drive,
 7 Suites 401 and 402, in Hillsborough upon final review by the County Attorney.

8 **l. Schools Adequate Public Facilities Ordinance (SAPFO) – Receipt and Transmittal of**
 9 **2020 Annual Technical Advisory Committee Report**

10 The Board received, in conjunction with the standard and customary annual process outlined in
 11 the Schools Adequate Public Facilities Ordinance, the 2020 Annual Report of the SAPFO
 12 Technical Advisory Committee (SAPFOTAC) and transmitted it to the SAPFO partners for
 13 comments before certification in May.

14 **m. Advisory Boards and Commissions – Appointments**

15 The Board approved the Advisory Boards and Commissions appointments as reviewed and
 16 discussed during the February 11, 2020 Work Session.

17 **n. Approval of System Safety Program Plan and Title VI Plan for Orange County Public**
 18 **Transportation**

19 The Board approved an updated System Safety Program Plan and Title VI Plan for Orange
 20 County Public Transportation (OCPT) based on a North Carolina Department of Transportation
 21 requirement that all transit agencies have an updated safety security program plan and Title VI
 22 plan approved by the governing board.

23 **o. Greater Triangle Commuter Rail Study – Next Steps**

24 The Board adopted a resolution, which is incorporated by reference, receiving the results of the
 25 Greater Triangle Commuter Rail (GTCR) study and deferring additional study for Orange
 26 county sections.

27

28 **9. County Manager's Report**

29 Bonnie Hammersley reminded the BOCC of the following events:

30 Monday, March 16th: Census Launch Events

31 Tuesday, March 17th: BOCC Work Session, including two items

32

33 **10. County Attorney's Report**

34 NONE

35

36 **11. *Appointments**

37 NONE (Will be discussed at the BOCC Work Session on March 17th)

38

39 **12. Information Items**

- 40 • February 4, 2020 BOCC Meeting Follow-up Actions List
- 41 • Tax Collector's Report – Numerical Analysis
- 42 • Tax Collector's Report – Measure of Enforced Collections
- 43 • Tax Assessor's Report – Releases/Refunds under \$100
- 44 • Financial Report for Second Quarter of FY 2019-20

45

46 **13. Closed Session**

47 Bonnie Hammersley said the Economic Development and the Land Acquisition items
 48 could be moved to another date, due to lack of being time sensitive.

49

1 A motion was made by Commissioner Greene, seconded by Commissioner Marcoplos
2 to go into closed session at 10:02 p.m. for the purpose below:
3

4 "Pursuant to G.S. § 143-318.11(a)(3) "to consult with an attorney retained by the Board in
5 order to preserve the attorney-client privilege between the attorney and the Board."
6

7 **VOTE: UNANIMOUS**

8 **RECONVENE INTO REGULAR SESSION**
9

10 A motion was made by Commissioner McKee, seconded by Commissioner Price to
11 reconvene back into regular session at 10:30 p.m.
12

13 **VOTE: UNANIMOUS**
14

15 **14. Adjournment**
16

17 A motion was made by Commissioner McKee seconded by Commissioner Price to
18 adjourn the meeting at 10:30 p.m.
19

20 **VOTE: UNANIMOUS**
21
22

Penny Rich, Chair

23
24
25 Donna Baker
26 Clerk to the Board
27

1
2
3 **DRAFT**

4 **MINUTES**
5 **BOARD OF COMMISSIONERS**
6 **VIRTUAL BUSINESS MEETING**
7 **March 24, 2020**
8 **7:00 p.m.**

9 The Orange County Board of Commissioners met for a Virtual Business Meeting on Tuesday,
10 March 24, 2020 at 7:00 p.m.

11
12 **COUNTY COMMISSIONERS PRESENT:** Chair Rich and Commissioners Jamezetta Bedford,
13 Mark Dorosin, Sally Greene, Earl McKee, Mark Marcoplos, and Renee Price

14 **COUNTY COMMISSIONERS ABSENT:**

15 **COUNTY ATTORNEYS PRESENT:** John Roberts

16 **COUNTY STAFF PRESENT:** County Manager Bonnie Hammersley, Deputy County Manager
17 Travis Myren and Clerk to the Board Donna Baker (All other staff members will be identified
18 appropriately below)

19
20 Chair Rich called the meeting to order at 7:00 p.m.

21
22 Due to current public health concerns, the Board of Commissioners conducted an abbreviated,
23 Virtual Business meeting on March 24, 2020 utilizing GoToMeeting. Members of the Board of
24 Commissioners participated in the meeting remotely. Members of the public were able to view
25 and listen to the meeting, but did not have the opportunity to speak at any point during this
26 meeting. The public had an opportunity to submit written comments by sending an email to
27 ocbocc@orangecountync.gov.

28
29 As in prior meetings, the meeting was streamed in real-time on the County's website for public
30 viewing/listening, real-time broadcast on Spectrum Cable, and video-recorded for future
31 television broadcast and referenced on the County's website.

32
33 **1. Additions or Changes to the Agenda**

34
35 Chair Rich asked the Board to add an emergency policy meeting update to the agenda
36 from Travis Myren.

37 The Board agreed by consensus.

38
39 **PUBLIC CHARGE**

40 Chair Rich acknowledged the public charge.

41
42 **2. Public Comments**

43
44 *****NOT APPLICABLE FOR THIS MEETING*****

45
46
47 **3. Announcements, Petitions and Comments by Board Members**

48
49 *****NOT APPLICABLE FOR THIS MEETING*****

50

1 **4. Proclamations/ Resolutions/ Special Presentations**

2 **NONE**

3
4 **5. Public Hearings**

5 **NONE**

6
7 **6. Regular Agenda**

8
9 **ADDED ITEM:**

10 Travis Myren said on March 13th the N.C. Governor declared a state of emergency, and
11 the County has been communicating via website to the public, along with social media and a
12 myriad of other avenues and resources.

13 Travis Myren said in terms of County operations, these are mostly done now via online,
14 phone or by appointment, and most are functioning as usual. He said this information is on the
15 homepage.

16 Travis Myren said starting tomorrow people entering buildings for essential operations
17 will be given a health screening. He said staff and the public will be answering health and travel
18 related questions and having temperatures taken.

19 Travis Myren has asked for an update on Food distribution and will share with the Board
20 later tonight in addition to the normal food distributions.

21 Travis Myren said there are some communities that have declared their own stay at
22 home policies, and those conversations have been occurring at the Mayors and Chair level.

23 Commissioner McKee said as they speak about this potential shelter in place for Orange
24 County, he requested that the Board be made aware of that.

25 Chair Rich said they have been trying to push out follow-ups from their various
26 emergency policy meetings. She said there is not yet any information about sheltering in place.

27 Commissioner McKee said he would be interested if any exceptions are in place, if the
28 County does a proclamation of sheltering in place.

29 Commissioner Marcoplos said the Board does not need to micro-manage staff that has
30 the authority to make decisions in emergency situations.

31 Chair Rich said since they are in a state of emergency, and they are just starting this
32 process, and this would be an amendment to any declaration.

33 John Roberts said state statute and the declaration gives the Chair authority to agree to
34 this type of declaration, and it can be applicable in their jurisdictions.

35 Commissioner McKee said he is not asking for micromanagement but just asking that
36 Board members be informed before any information goes out to the public.

37 Chair Rich said of course.

38 Commissioner Dorosin asked if, based on conversations with Mayors and the call with
39 the Governor, there is any indication about which way things are leaning.

40 Chair Rich said the conversation with the Mayors is that the overall feeling is that the
41 Governor is not ready to declare a shelter in place for the whole state at this point. She said
42 she had been in touch with other counties, and Durham has a press conference tomorrow
43 morning and that their Mayor is going to declare a state of emergency. Her feeling from the
44 Mayors is that they want to look at any draft language first, and she is talking to them tomorrow,
45 and looping in UNC.

46 Commissioner Greene said that the City of Beaufort has approved a shelter to place.

47 Chair Rich said that Orange County went from 6 cases to 11 cases overnight.

48 Commissioner Dorosin asked if they do not go all the way to a stay at home declaration,
49 have any other modifications to the declaration been considered.

1 Bonnie Hammersley said people can walk into parks and are not being kicked out, but
2 the County is discouraging congregants.

3
4 Commissioner Price referred to the health screenings, and asked if there are certain
5 protocols for this process.

6 Travis Myren said if one has a temp over 100.4 degrees, or answers that say they are
7 symptomatic, then they cannot go into the buildings.

8
9 **a. Approval of Emergency Small Business Funding Program**

10 The Board considered voting to create the Emergency Small Business Funding
11 Program, to provide Emergency Small Business funding to Orange County small businesses
12 experiencing revenue loss due to the coronavirus pandemic in the form of both grants and
13 loans. This program will be funded using Article 46 Sales Tax revenue that was originally
14 budgeted in the Small Business Loan Program. The current balance in the Article 46 Small
15 Business Loan Program is approximately \$300,000.

16 Bonnie Hammersley said this is an emergency measure the County is taking to assist
17 businesses during this current emergency situation.

18 Travis Myren reviewed the information below:

19
20 **PURPOSE:** To provide Emergency Small Business funding to Orange County small businesses
21 experiencing revenue loss due to the coronavirus pandemic in the form of both grants and
22 loans. This program will be funded using Article 46 Sales Tax revenue that was originally
23 budgeted in the Small Business Loan Program. The current balance in the Article 46 Small
24 Business Loan Program is approximately \$300,000.

25
26 **BACKGROUND:** The coronavirus pandemic has impacted the global stock markets and
27 disrupted economic and business growth throughout the United States. The County is
28 committed to supporting its local businesses and has established various grants and small
29 business loan programs to facilitate economic development. Given the substantial financial
30 impact on small businesses from this pandemic, a new Emergency Small Business Funding
31 Program is intended to provide immediate financial assistance. The BOCC previously approved
32 Article 46 Sales Tax funding for the Small Business Loan Program which will be used to fund
33 the Emergency Small Business Funding Program.

34
35 Eligible small businesses may apply and qualify for a grant, loan or both. An evaluation
36 committee composed of two representatives each from the Small Business Grant Committee,
37 the Agricultural Grant Committee, and the Small Business Loan (SBL) Board will make final
38 determinations for both grants and loans. This group will be staffed by the County's Chief
39 Finance Officer and Director of Economic Development. Following BOCC approval, this group
40 will develop a plan to begin issuing grants and loans between April through June 2020. County
41 staff will provide status reports to the Board.

42
43 Eligibility requirements:

- 44 • Orange County based businesses
- 45 • Minimum of one year of operations
- 46 • For-Profit business status
- 47 • Profit and Loss statement indicating profitability prior to coronavirus pandemic

48
49 Emergency financing program:

- 50 • Maximum grant of \$5,000 per small business with no repayment required.

- 1 • Maximum loan of \$20,000 per small business, according to the following terms: o
- 2 Businesses will be required to provide tax returns. The maximum loan and grant
- 3 combination available to a small business will be limited to three months of fixed
- 4 operating expenses.
- 5 o Loans will be repaid over a five (5) year term. No payments will be due during
- 6 the first six months of loan origination.
- 7 o No interest will be charged on loans.
- 8 o Small business will agree to an auto-draft process for loan payments.
- 9

10 Travis Myren said he sent around some additional information this afternoon for the
11 recommendation, which is highlighted below

12
13 **FINANCIAL IMPACT:** The Emergency Small Business Funding Program is funded using funds
14 originally authorized in the Article 46 Sales Tax Fund for the Small Business Loan Program.
15 Approximately \$300,000 is available in this account. These funds will be used for the express
16 purpose of making small business loans and grants to eligible businesses.

17
18 Commissioner McKee asked if this will be differentiated as a first come first serve basis.

19 Travis Myren said there will be an application period, and each individual loan and each
20 grant will be limited. He said the evaluation committee will review the applications, and there is
21 currently a \$300,000 budget.

22 Commissioner McKee said he was speaking first come first serve for the applications
23 since money is not split out between loans and grants.

24 Travis Myren said they will leave that to the discretion of the evaluation committee to
25 decide where the largest need is.

26 Commissioner Price referred to the tax returns requirement, and asked if there is a
27 specific number of years that will be reviewed.

28 Travis Myren said one prior year tax return.

29 Commissioner Dorosin said the \$300,000 is already available for this use, and asked if
30 there is any discussion of increasing this amount. He asked if the funds were to be increased,
31 from where would they come.

32 Commissioner Dorosin said he also wanted to mention that the Board received a letter
33 from the Town of Carrboro Mayor Lavelle requesting their prorated share of the article 46 tax
34 for their small business loan program. He asked if this were to be done, from where would the
35 monies come.

36 Travis Myren said part of the revolving loan program is that they have the \$300,000
37 available and if more is needed, staff can come back to the Board with a request

38 Travis Myren said in terms of Carrboro's request, if they did it on a per capita basis, then
39 Carrboro would get \$45,000, and he would suggest doing the same for the other jurisdictions
40 on a per capita basis. He said staff could instruct the evaluation committee to make sure there
41 is geographical equity.

42 Commissioner Dorosin asked if there is a plan to get the word out about this program,
43 and are the proposals being evaluated on required documentation, as opposed to if the
44 business serves a vital need in this critical time.

45 Chair Rich said this is only for "for-profits" businesses.

46 Travis Myren said the Chambers are eager to send this out to their membership, and the
47 Chapel Hill Chamber emailed the Board today and encouraged it to proceed with this.

48 Commissioner McKee said he noted that when this tax was originally set up, there was
49 no intent to allocate this to the governmental entities by percentages. He said he is concerned
50 about the communication from Carrboro, since they do not have a dedicated portion.

1
2 Travis Myren said he suggested the percentage route because that is what has been
3 done before for other programs, such as the Partnership to end Homelessness, and at this
4 point the Article 46 tax is not allocated by jurisdictions.

5 Commissioner Greene said she thought that the evaluation committee should loosely
6 take into consideration that the funding is spread geographically around the County, and that
7 there is probably more need than money. She said there should not be a cluster in any one
8 part of the County.

9 Travis Myren said staff can communicate this to the evaluation committee.

10 Commissioner McKee agreed.

11 Commissioner Price asked if there are specific criteria the committee will be using.

12 Travis Myren said this will be a special case. He said when this committee is evaluating
13 current loans, their criteria are much more stringent and may be less stringent for this
14 emergency situation.

15 Commissioner Dorosin said he thinks it makes sense to consider distributing the funds
16 to the towns closest to the people since this is an emergency situation. He thinks Carrboro's
17 request is reasonable.

18 Commissioner Marcoplos said he does not think they need to break down the monies
19 into percentages and let the committee decide using geographical spread.

20 Commissioner McKee said he would not be favor of breaking down the funding by
21 percentages. They should honor the way this program was set up and to communicate their
22 intent to honor it geographically.

23 Commissioner Greene said should they consider "playing" with the composition of the
24 evaluation team with representatives from the municipalities, and, again, this is for "for-profit"
25 businesses who are concerned about what is happening to their bottom line.

26 Commissioner Price said the committee could have Economic Development
27 representatives from the towns on the committee. She also suggested possibly using a two-tier
28 system, which would give the monies to the towns to make the first pick, and if they run out of
29 the money they would pick up the funding.

30 Commissioner Dorosin said he is raising this issue primarily because the Town of
31 Carrboro (TOC) requested the Board's consideration. He said if the other towns do not want
32 any funding, then so be it. He said honoring this request does not mean that they have to do it
33 for Chapel Hill and Hillsborough. He said he did not realize that the committee was not
34 weighing the criteria out quantitatively.

35 Chair Rich said her understanding was there would be a time for all applications to be in,
36 and the committee will review them and if they were profitable before this crisis hit, and they
37 have the required documentation, then they get funding. She said there will not be any
38 prioritizations.

39 Chair Rich said the maximum loan could go lower than \$20,000.

40 Chair Rich said Carrboro has talked about prioritizing businesses that are forced to shut
41 down.

42 Chair Rich said the Board should consider Carrboro's request, because Carrboro may
43 have businesses that come to them for a revolving loans, and then the County. She said, this
44 way, Carrboro could take the one big pot of money and dole it out.

45 Chair Rich suggested giving a municipality a flat out grant and letting the municipality
46 disburse it.

47 Commissioner McKee said this is not the first time that a municipality has requested to
48 split off this revenue stream, and it will set a precedent and expectation. He does not want the
49 Board to do this by percentages or a tier system.

1 Commissioner McKee said if the Board considers this request by Carrboro, then the
2 other two towns will do the same. He said this is becoming more complicated the longer the
3 Board discussed it. He said he does not have a problem with lowering the maximum loan.

4 Commissioner Greene said she can see both sides of this issue. She said if there is no-
5 value criteria, then that cuts the argument that Carrboro is closest to the ground. She said the
6 Board should not just give to Carrboro, because it asked for it, because then one takes away
7 the flexibility of the committee. She said the question of double dipping also comes in. She
8 said in the application process, the committee needs to ask the question to see if entities are
9 double dipping. She said this is a County fund, and the Board need to find a way to distribute it
10 fairly.

11 Commissioner Marcoplos said if the Board divvies up the money now, it will create a
12 precedent. He suggested moving ahead as presented, and to give the committee direction as
13 mentioned.

14 Commissioner Dorosin said he does not know if Carrboro has the same criteria as the
15 County.

16 Commissioner Dorosin said the idea of setting a precedent should not be a concern,
17 since this is an emergency situation. He said if the Board does not want to distribute the
18 monies by percentages, then the Board does not have to do it again.

19 Commissioner Bedford said the loans are not set at a certain amount, just a maximum
20 amount. She agreed with Commissioner Greene that the committee could prorate the
21 amounts. She said this is such a small amount of money that the Board should just move
22 forward, and if this is not working then staff can bring back to the board for amending.

23 Commissioner Marcoplos said they could use the criteria of jobs saved and revenue
24 saved.

25 Commissioner Greene had recommended representatives from the towns to the
26 committee. She asked how the Board felt about that suggestion: one economic development
27 person from each town.

28
29 The Board agreed by consensus.
30
31

32 A motion was made by Commissioner McKee, seconded Commissioner Greene by for
33 the Board to recognize that the Emergency Small Business Funding Program is necessary to
34 preserve jobs and tax base during the coronavirus pandemic and is consistent with the State of
35 Emergency declared by OC on March 13, 2020 and to approve the creation of the Emergency
36 Small Business Funding Program and marketing of this program on the County's website, press
37 release, and social media outlets to communicate available financial support to small
38 businesses impacted by the coronavirus pandemic.
39

40 And to approve an Emergency Small Business Funding Program Committee composed of two
41 representatives each from the Small Business Grant Committee, the Agricultural Grant
42 Committee, and the Small Business Loan (SBL) Board and to add one member from each of
43 the towns to the committee to make final determinations between April through June for both
44 grants and loans and that County staff provide status reports to the Board.
45

46 Commissioner Dorosin said he will vote against this item because the board should be
47 giving the money to the Town of Carrboro.

48 Commissioner Greene asked if there is any way in this motion to add double dipping to
49 this motion.

50 Chair Rich said to just let this play out in the committee.

1
2 **VOTE: Ayes, 6; Nays, 1 (Commissioner Dorosin)**

3
4 **7. Reports**
5 **NONE**

6
7 **8. Consent Agenda**

8
9 • **Removal of Any Items from Consent Agenda**

10
11 Commissioner McKee asked if Item 8-g had been pulled already.

12 Chair Rich said yes.

13 Commissioner McKee said he would like to pull Item 8-e.

14
15 • **Approval of Remaining Consent Agenda**

16
17 A motion was made by Commissioner McKee, seconded by Commissioner Marcoplos to
18 approve the remaining items on the Consent Agenda.

19
20 **VOTE: UNANIMOUS**

21
22 • **Discussion and Approval of the Items Removed from the Consent Agenda**

23
24 **8-e Orange County Transit Plan (OCTP) Update Award of Contract**

25 The Board considered voting to award a consultant contract to update the 2017 Orange
26 County Transit Plan and authorize the Manager to sign.

27 Commissioner McKee said he is concerned about maintenance in this contract, and he
28 wanted to make sure this consultant brings the Board data, and that there is community
29 engagement. He said he wanted to know what types of data streams are going to be used. He
30 said this needs to be Orange County's Plan, and specific to Orange County.

31 Travis Myren said they will look at all of the commuter data, and there are existing
32 transportation models they will be using, along with SPOT the scoring plan and it will be based
33 on local needs with a regional component.

34 Commissioner McKee said his concern is that like the consultant they used for the
35 impact fees. He said Orange County needs concrete information that is data backed, and not
36 going to shift to and fro, so it can create a plan for Orange County and regional needs too. He
37 said he does not want data that gives a false picture.

38 Travis Myren said it will be fiscally constrained.

39 Commissioner Marcoplos said there will be a lot of local input, and he is confident that
40 they will get data provided locally.

41 Commissioner Greene said she is curious about Commissioner McKee's concern. She
42 said he is saying the County wants everything based on data and he wanted data that does not
43 change, but if the plan changes, so will the data. She said different options will have different
44 sets of data.

45 Commissioner Price said in the contract, under Article I, Scope of Work, item 1.1.1,
46 what is to be inserted in "type of work" and by whom; and In Article 8, Amendments to the
47 Agreement, item, what is to be inserted there and by whom.

48 John Roberts said the 2017 Orange County Transit Plan-as to type of work and any
49 amendments would have to be executed by whoever signs the original agreement and that
50 would be the County Manager.

1 Commissioner McKee said in response to Commissioner Greene's earlier comments, he
 2 said that he has watched two light rail projects fail. He said he watched the second plan veer
 3 away from data driven to ideology driven, and he knows there has to be flexibility, but he
 4 wanted to make sure the Board does not make the missteps as prior boards have made. He
 5 said the Board needs to design a transit plan for Orange County, along with its regional
 6 partners.

7 A motion was made by Commissioner Greene, seconded by Commissioner Marcoplos
 8 to award a consultant contract to update the 2017 Orange County Transit Plan and authorize
 9 the Manager to sign.

10
 11 **VOTE: UNANIMOUS**

12
 13 **a. Minutes – NONE**

14 **b. Recommendations for Employee Health Insurance and Other Benefits**

15 The Board approved the Manager's recommendations regarding employee health and dental
 16 insurance and other employee benefits effective July 1, 2020 through June 30, 2021, with no
 17 increase in appropriations for the FY2020/2021 Health Budget and an increase of funding for
 18 the Dental Budget of \$92,236. Further, the Manager is recommending that the County
 19 continues to participate as a member of the North Carolina Health Insurance Pool (NCHIP).

20 **c. Fiscal Year 2019-20 Budget Amendment #7**

21 The Board approved budget ordinance amendments for fiscal year 2019-20.

22 **d. Approval of Amendment to the Orange County Procurement and Disbursement**
 23 **Policy, Housing Rehabilitation Programs, Including Local and North Carolina**
 24 **Housing Finance Agency (NCHFA) Urgent Repair Activities**

25 The Board approved an amendment to the Orange County Procurement and Disbursement
 26 Policy for County- and State-funded urgent repair projects to allow the Department of Housing
 27 and Community Development to 1) select eligible contractors from the Approved Contractor
 28 Registry, on a rotating basis, to submit responsive and responsible bids for projects funded by
 29 the North Carolina Housing Finance Agency (NCHFA) Urgent Repair Program; 2) eliminate the
 30 10% retaining fee held for 60 days after the completion of an urgent repair project; and 3) make
 31 the partial payment requirements consistent with the standard contract used for rehabilitation
 32 work.

33 **e. Orange County Transit Plan (OCTP) Update Award of Contract**

34 The Board awarded a consultant contract to update the 2017 Orange County Transit Plan and
 35 authorize the Manager to sign.

36 **f. Appointment of Commissioner Sally Greene to the NCACC Opioid Litigation**
 37 **Settlement Work Group**

38 The Board appointed Commissioner Sally Greene to the North Carolina Association of County
 39 Commissioners' (NCACC) Opioid Litigation Settlement Work Group.

40 **g. Delegation of Emergency Contracting Authority to the County Manager- REMOVED**
 41 **FROM AGENDA**

42 The Board authorized the Manager to execute contracts and agreements in excess of the
 43 Manager's signature authority for the duration of the current State of Emergency.

44
 45 **9. County Manager's Report**
 46 **NONE**

47
 48 **10. County Attorney's Report**
 49 **NONE**

50

1 **11. *Appointments**
2 **NONE**
3

4 **12. Information Items**
5

- 6 • March 10, 2020 BOCC Meeting Follow-up Actions List
- 7 • MMC Facilitated Conversation about the Greene Tract - Final Session Notes - February
- 8 14, 2020
- 9

10 **13. Closed Session**
11 **NONE**
12

13 Chair Rich said she and staff are not sure how long the Board will need to do remote
14 meetings, but will keep the Board updated.

15 Commissioner Marcoplos thanked staff and the Chair for working so hard throughout
16 this emergency situation.

17 Chair Rich said she and staff will continue to push out all the information and facts to the
18 Board and to the public.
19

20 **14. Adjournment**
21

22 A motion was made by Commissioner Price, seconded by Commissioner Bedford to
23 adjourn the meeting at 8:16 p.m.
24

25 **VOTE: UNANIMOUS**
26

Penny Rich, Chair

27
28
29
30 Donna S. Baker
31 Clerk to the Board

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No.** 8-b

SUBJECT: Motor Vehicle Property Tax Releases/Refunds

DEPARTMENT: Tax Administration

ATTACHMENT(S):

Resolution
Releases/Refunds Data Spreadsheet
Reason for Adjustment Summary

INFORMATION CONTACT:

Nancy T. Freeman, Tax Administrator,
(919) 245-2735

PURPOSE: To consider adoption of a resolution to release motor vehicle property tax values for eleven taxpayers with a total of twelve bills that will result in a reduction of revenue.

BACKGROUND: North Carolina General Statute (NCGS) 105-381(a)(1) allows a taxpayer to assert a valid defense to the enforcement of the collection of a tax assessed upon his/her property under three sets of circumstances:

- (a) "a tax imposed through clerical error", for example when there is an actual error in mathematical calculation;
- (b) "an illegal tax", such as when the vehicle should have been billed in another county, an incorrect name was used, or an incorrect rate code (the wrong combination of applicable county, municipal, fire district, etc. tax rates) was used;
- (c) "a tax levied for an illegal purpose", which would involve charging a tax which was later deemed to be impermissible under state law.

NCGS 105-381(b), "Action of Governing Body" provides that "Upon receiving a taxpayer's written statement of defense and request for release or refund, the governing body of the taxing unit shall within 90 days after receipt of such a request determine whether the taxpayer has a valid defense to the tax imposed or any part thereof and shall either release or refund that portion of the amount that is determined to be in excess of the correct liability or notify the taxpayer in writing that no release or refund will be made".

For classified motor vehicles, NCGS 105-330.2(b) allows for a full or partial refund when a tax has been paid and a pending appeal for valuation reduction due to excessive mileage, vehicle damage, etc. is decided in the owner's favor.

FINANCIAL IMPACT: Approval of these release/refund requests will result in a net reduction of \$2,410.85 to Orange County, the towns, and school and fire districts. Financial impact year to date for FY 2019-2020 is \$19,165.20.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends that the Board:

- Accept the report reflecting the motor vehicle property tax releases/refunds requested in accordance with the NCGS; and
- Approve the attached release/refund resolution.

NORTH CAROLINA

RES-2020-017

ORANGE COUNTY

REFUND/RELEASE RESOLUTION (Approval)

Whereas, North Carolina General Statutes 105-381 and/or 330.2(b) allows for the refund and/or release of taxes when the Board of County Commissioners determines that a taxpayer applying for the release/refund has a valid defense to the tax imposed; and

Whereas, the properties listed in each of the attached “Request for Property Tax Refund/Release” has been taxed and the tax has not been collected: and

Whereas, as to each of the properties listed in the Request for Property Tax Refund/Release, the taxpayer has timely applied in writing for a refund or release of the tax imposed and has presented a valid defense to the tax imposed as indicated on the Request for Property Tax Refund/Release.

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY THAT the recommended property tax refund(s) and release(s) are approved.

Upon motion duly made and seconded, the foregoing resolution was passed by the following votes:

Ayes: Commissioners _____

Noes: _____

I, Donna Baker, Clerk to the Board of Commissioners for the County of Orange, North Carolina, DO HEREBY CERTIFY that the foregoing has been carefully copied from the recorded minutes of the Board of Commissioners for said County at a business meeting of said Board held on _____, said record having been made in the Minute Book of the minutes of said Board, and is a true copy of so much of said proceedings of said Board as relates in any way to the passage of the resolution described in said proceedings.

WITNESS my hand and the corporate seal of said County, this _____ day of _____, 2020.

Clerk to the Board of Commissioners

BOCC REPORT - REGISTERED MOTOR VEHICLES
APRIL 7, 2020

NAME	ACCOUNT NUMBER	BILLING YEAR	ORIGINAL VALUE	ADJUSTED VALUE	FINANCIAL IMPACT	REASON FOR ADJUSTMENT	ADDITIONAL EXPLANATION
Baker, Rachel	51842625	2019	10,070	0	(198.08)	Changed county to Durham (illegal tax)	
Enyedi, Mark	9937443	2019	19,436	10,550	(143.40)	Price paid (appraisal appeal)	
Funkhouser, William	19756012	2019	44,767	44,767	(320.54)	*Situs error (clerical error)	
Funkhouser, William	50659650	2019	18,504	18,504	(160.34)	*Situs error (clerical error)	
Goode, Steven	49119022	2019	39,260	39,260	(308.63)	*Situs error (clerical error)	
Kelly, William	51973039	2019	7,890	0	(161.69)	Changed county to Chatham (illegal tax)	
Lambert, Brent	46927407	2019	12,000	500	(185.58)	Antique plate (property classification)	
Loftin, Roscoe	47569158	2018	21,035	21,035	(177.12)	*Situs error (clerical error)	
Payne, Silas Mark	48689392	2018	32,500	32,500	(259.03)	*Situs error (clerical error)	
Robinson, Louise	45876016	2019	7,480	7,480	(150.70)	*Situs error (clerical error)	
Stubblefield, John Scott	51740995	2019	17,750	500	(165.49)	Antique plate (property classification)	
Walker, George	52038550	2019	20,250	20,250	(180.25)	*Situs error (clerical error)	
					(2,410.85)	TOTAL	

Adjustment Descriptions
<i>Clerical error G.S. 105-381(a)(1)(a): e.g. when there is an actual error in mathematical calculation.</i>
<i>Illegal tax G.S. 105-381(a)(1)(b): e.g. when the vehicle should have been billed in another county, an incorrect name was used, or an incorrect rate code was used.</i>
<i>Tax levied for an illegal purpose G.S. 105-381(a)(1)(c): e.g. charging a tax that was later deemed to be impermissible under State law.</i>
<i>Appraisal appeal G.S. 105-330.2(b): e.g. reduction in value due to excessive mileage or vehicle damage.</i>
<i>*Situs error: An incorrect rate code was used to calculate bill. Value remains constant but bill amount changes due to the change in specific tax rates applied to that physical location.</i>
<i>Classification GS 105-330-9(b): e.g. Antique automobiles are designated a special class of property under the NC Constitution.</i>
The spreadsheet represents the financial impact that approval of the requested release or refund would have on the principal amount of taxes.
Approval of the release or refund of the principal tax amount also constitutes approval of the release or refund of all associated interest, penalties, fees, and costs appurtenant to the released or refunded principal tax amount.

Military Leave and Earning Statement (LES): Is a document given on a monthly basis to members of the United States military which reports their pay, home of record and service status. The LES is required when applying for exemption from Motor Vehicle Property Taxes. Active duty, non-resident military personnel may be exempt from North Carolina motor vehicle property tax as allowed by United States Code, Title 50, Service members' Civil Relief Act of 1940. (Amended in 2009 by The Military Spouse's Residency Relief Act)

Titles and Brands: Section 1, Chapter 7
NCDMV Title Manual 14th Edition Revised January 2016

Title: Document that records the ownership of vehicles and the liens against them.

Custom-Built: A vehicle that is completely reconstructed or assembled from new or used parts. Will be branded "Specially Constructed Vehicle"

Flood Vehicles: A motor vehicle that has been submerged or practically submerged in water to the extent that damage to the body, engine, transmission or differential has occurred.

Reconstructed Vehicles: A motor vehicle required to be registered that has been materially altered from original construction due to the removal addition or substitution of essential parts.

Salvaged Motor Vehicles: Is a vehicle that has been damaged by collision or other occurrence to the extent that the cost of repairs exceeds 75% of fair market value, whether or not the motor vehicle has been declared a total loss by an insurer. Repairs shall include the cost of parts and labor, or a vehicle for which an insurance company has paid a claim that exceeds 75% of the Fair Market Value. If the salvaged vehicle is six model years old or newer, an Anti-Theft Inspection by the License and Theft Bureau is required.

Salvage Rebuilt Vehicle: A salvaged vehicle that has been rebuilt for title and registration.

Junk Vehicle: A motor vehicle which is incapable of operation or use upon the highways and has no resale value except as scrap or parts. The vehicle shall not be titled.

Antique Vehicle: A motor vehicle manufactured in 1980 and prior

Commercial Trucking (IRP): The International Registration Plan is a registration reciprocity agreement among jurisdictions in the US and Canada which provides for payment of license fee on the basis of fleet miles operated in various jurisdictions.

Total Loss: Repairs were more than the market value of the vehicle and the insurance company is unwilling to pay for the repairs.

Total Loss/Rebuilt: Whatever the repairs were to make the vehicle road worthy after a Total Loss status has been given. Vehicle must be 5 years old or older. Vehicle status then remains as salvaged or rebuilt.

Certificate of Destruction: NC DMV will not register this type of vehicle. It is not fit for North Carolina roads.

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No.** 8-c

SUBJECT: Property Tax Releases/Refunds

DEPARTMENT: Tax Administration

ATTACHMENT(S):

Resolution
Releases/Refunds Data Spreadsheet

INFORMATION CONTACT:

Nancy T. Freeman, Tax Administrator,
(919) 245-2735

PURPOSE: To consider adoption of a resolution to release property tax values for six taxpayers with a total of fourteen bills that will result in a reduction of revenue.

BACKGROUND: The Tax Administration Office has received six taxpayer requests for release or refund of property taxes. North Carolina General Statute 105-381(b), "Action of Governing Body" provides that "upon receiving a taxpayer's written statement of defense and request for release or refund, the governing body of the Taxing Unit shall within 90 days after receipt of such a request determine whether the taxpayer has a valid defense to the tax imposed or any part thereof and shall either release or refund that portion of the amount that is determined to be in excess of the correct liability or notify the taxpayer in writing that no release or refund will be made". North Carolina law allows the Board to approve property tax refunds for the current and four previous fiscal years.

FINANCIAL IMPACT: Approval of this change will result in a net reduction in revenue of \$32,494.30 to the County, municipalities, and special districts. The Tax Assessor recognized that refunds could impact the budget and accounted for these in the annual budget projections.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends that the Board approve the attached resolution approving these property tax release/refund requests in accordance with North Carolina General Statute 105-381.

NORTH CAROLINA

RES-2020-018

ORANGE COUNTY

REFUND/RELEASE RESOLUTION (Approval)

Whereas, North Carolina General Statutes 105-381 and/or 330.2(b) allows for the refund and/or release of taxes when the Board of County Commissioners determines that a taxpayer applying for the release/refund has a valid defense to the tax imposed; and

Whereas, the properties listed in each of the attached “Request for Property Tax Refund/Release” has been taxed and the tax has not been collected: and

Whereas, as to each of the properties listed in the Request for Property Tax Refund/Release, the taxpayer has timely applied in writing for a refund or release of the tax imposed and has presented a valid defense to the tax imposed as indicated on the Request for Property Tax Refund/Release.

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY THAT the recommended property tax refund(s) and release(s) are approved.

Upon motion duly made and seconded, the foregoing resolution was passed by the following votes:

Ayes: Commissioners _____

Noes: _____

I, Donna Baker, Clerk to the Board of Commissioners for the County of Orange, North Carolina, DO HEREBY CERTIFY that the foregoing has been carefully copied from the recorded minutes of the Board of Commissioners for said County at a business meeting of said Board held on _____, said record having been made in the Minute Book of the minutes of said Board, and is a true copy of so much of said proceedings of said Board as relates in any way to the passage of the resolution described in said proceedings.

WITNESS my hand and the corporate seal of said County, this _____ day of _____, 2020.

Clerk to the Board of Commissioners

Clerical error G.S. 105-381(a)(1)(a)
 Illegal tax G.S. 105-381(a)(1)(b)
 Appraisal appeal G.S. 105-330.2(b)

BOCC REPORT - REAL/PERSONAL
APRIL 7, 2020

NAME	ACCOUNT	NULLING YEA	ORIGINAL VAL	DJUSTED VALU	FINANCIAL IMPACT	REASON FOR ADJUSTMENT	ADDITIONAL INFORMATION
Berry, Anne Raphael	220525	2019	215,300	208,600	(108.11)	Incorrect value (clerical error)	Living area change made in 2016 not applied in 2017-2019
Berry, Anne Raphael	220525	2018	215,300	208,600	(105.87)	Incorrect value (clerical error)	Living area change made in 2016 not applied in 2017-2019
Berry, Anne Raphael	220525	2017	215,300	208,600	(103.68)	Incorrect value (clerical error)	Living area change made in 2016 not applied in 2017-2019
Blackwood, John C. Etal	138607	2019	290,250	N/A	(2,823.54)	Assessed in error (illegal tax)	Property removed from PUV in error, rollback reversed
Blackwood, John C. Etal	138607	2018	290,250	N/A	(3,013.07)	Assessed in error (illegal tax)	Property removed from PUV in error, rollback reversed
Blackwood, John C. Etal	138607	2017	290,250	N/A	(3,210.25)	Assessed in error (illegal tax)	Property removed from PUV in error, rollback reversed
Blackwood, John C. Etal	138605	2019	488,573	N/A	(4,759.28)	Assessed in error (illegal tax)	Property removed from PUV in error, rollback reversed
Blackwood, John C. Etal	138605	2018	488,573	N/A	(5,078.78)	Assessed in error (illegal tax)	Property removed from PUV in error, rollback reversed
Blackwood, John C. Etal	138605	2017	488,573	N/A	(5,411.13)	Assessed in error (illegal tax)	Property removed from PUV in error, rollback reversed
Boulais, Frederick P.	188445	2019	333,500	313,000	(342.17)	Incorrect value (clerical error)	Living area change made in 2016 not applied in 2018-2019
Boulais, Frederick P.	188445	2018	333,500	313,000	(337.55)	Incorrect value (clerical error)	Living area change made in 2016 not applied in 2018-2019
Fifth Third Bank	1076636	2019	388,131	-	(6,263.27)	Assessed in error (illegal tax)	Assets billed properly under account 1075458
Ivey, Michelle	1075606	2019	13,110	-	(379.79)	Assessed in error (illegal tax)	Gap bill: registered in South Carolina during gap period
Paul, Mark	3184398	2019	16,710	-	(557.81)	Assessed in error (illegal tax)	Gap bill: registered in New Jersey during gap period
				Total	(32,494.30)		
Gap Bill: A property tax bill that covers the months between the expiration of a vehicle's registration and the renewal of that registration or the issuance of a new registration.							
The spreadsheet represents the financial impact that approval of the requested release or refund would have on the principal amount of taxes.							
Approval of the release or refund of the principal tax amount also constitutes approval of the release or refund of all associated interest, penalties, fees, and costs appurtenant to the released or refunded principal tax amount.							

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No. 8-d**

SUBJECT: Resolution of Approval – Trail Easement

DEPARTMENT: Environment, Agriculture, Parks
and Recreation (DEAPR)

ATTACHMENT(S):

1. Resolution of Approval
2. Location Map
3. Easement Map
4. Trail Easement

INFORMATION CONTACT:

David Stancil, 245-2510
Christian Hirni, 245-2514

PURPOSE: To consider a resolution to approve the acceptance by Orange County of a trail easement granted by Christina Deprez for the purpose of connecting the Mountains to Sea Trail to NC 54 / Mebane-Oaks Road.

BACKGROUND: On March 19, 2019 the Board of Commissioners approved the purchase of land from Eric Knight for a trailhead for the future Mountains to Sea Trail on NC 54 near where the trail would enter Orange County from Saxapahaw, and prior to the future trail entering OWASA-owned land around Cane Creek Reservoir.

As a result of the County's purchase and discussions with Ms. Deprez, a narrow trail easement was agreed to from the County's land to Mebane-Oaks Road, so that hikers would not have to walk in the NC 54 right of way to reach the intersection.

FINANCIAL IMPACT: There is no cost for the trail easement. Orange County will cover transaction and closing fees, which should not exceed \$5,000 and will come from previously allocated Mountain to Sea Trail funds.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goal impacts are applicable to this item:

- **GOAL: CREATE A SAFE COMMUNITY**

The reduction of risks from vehicle/traffic accidents, childhood and senior injuries, gang activity, substance abuse and domestic violence.

The easement will make the Mountain to Sea Trail hiking connection to Mebane-Oaks Road safer from vehicle/traffic accidents by keeping hikers out of the NC 54 right-of-way.

ENVIRONMENTAL IMPACT: The following Orange County Environmental Responsibility Goal impact is applicable to this item:

- **RESULTANT IMPACT ON NATURAL RESOURCES AND AIR QUALITY**

Assess and where possible mitigate adverse impacts created to the natural resources of the site and adjoining area. Minimize production of greenhouse gases.

The trail easement will provide a permanent protected natural buffer along a busy highway, intersection, and developed land.

RECOMMENDATION(S): The Manager recommends that the Board adopt the resolution approving the acceptance by Orange County of the trail easement and authorize the Chair and the Clerk to sign the trail easement agreement, subject to final review by staff and County Attorney, with a closing and recordation of the document expected to occur on or about June 30, 2020.

ORANGE COUNTY BOARD OF COMMISSIONERS**RESOLUTION****Approval of Trail Easement between
Orange County
and
Christina Deprez**

WHEREAS, low impact recreation in Orange County is an important facet of the economy and time honored way of life in the County; and

WHEREAS, Orange County has an adopted goal promoting the Mountains to Sea Trail in the County; and

WHEREAS, one component of the Lands Legacy Program is the acquisition of conservation easements along the proposed route of the Mountains to Sea Trail; and

WHEREAS, the Christina Deprez trail easement includes approximately .25 acres along the NC 54 travel corridor with direct access to Mebane Oaks Road and the adjacent Orange County land; and

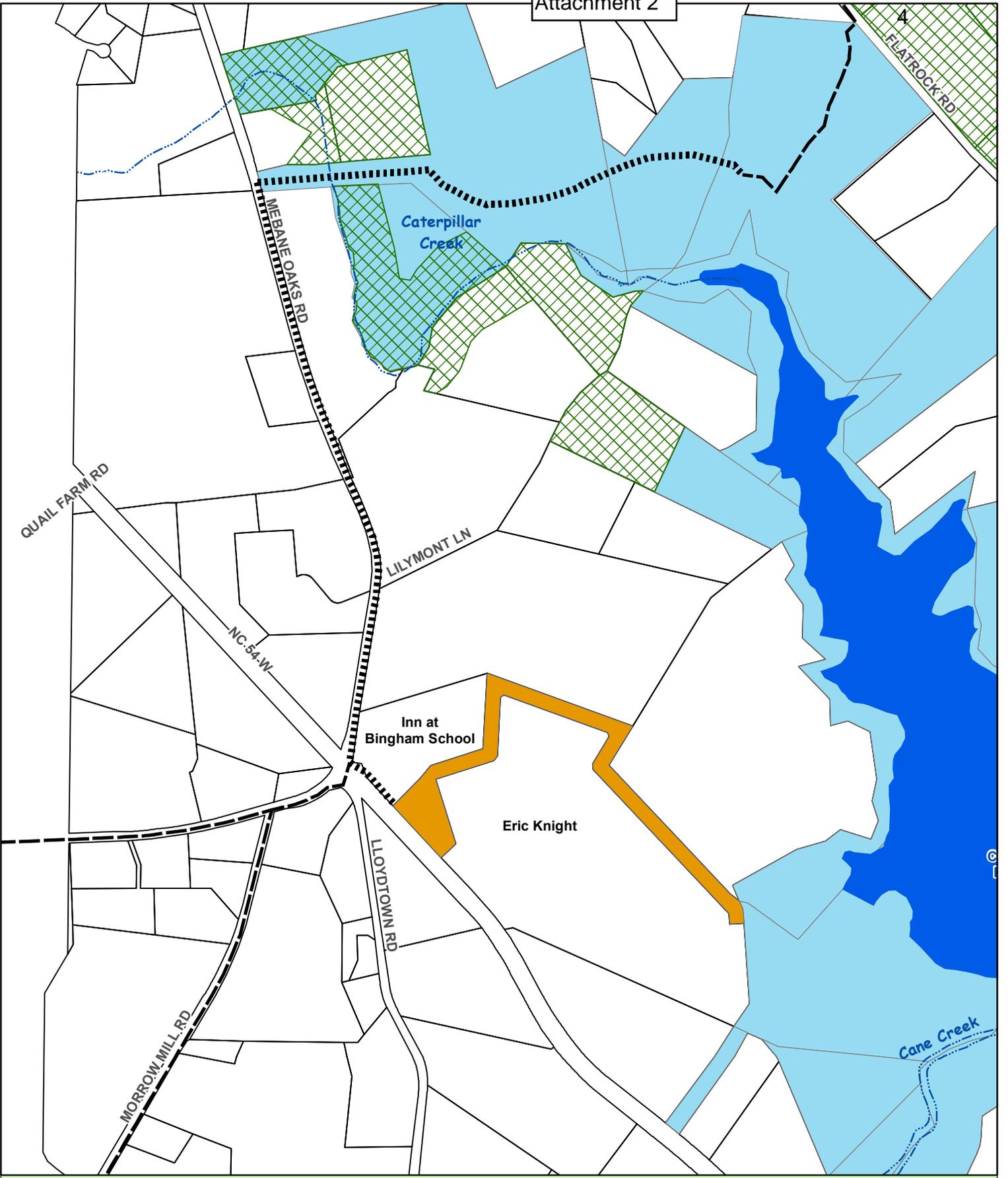
WHEREAS, a conservation easement on this approximately .25 acres would ensure the preservation of this trail and allow for safe passage to and from county owned land;

NOW, THEREFORE, BE IT RESOLVED that the Orange County Board of Commissioners does hereby 1) accept on behalf of Orange County the trail easement to land owned by Christina Deprez; 2) approve the execution of this trail easement agreement with Christina Deprez, in accordance with the terms of the proposed easement agreement, subject to final review by staff and the County Attorney; 3) authorize the Chair and the Clerk to sign the easement agreement on behalf of the Board, with a closing to occur on or about June 30, 2020; and 4) authorize County staff to sign any and all closing documents upon consultation with the County Attorney.

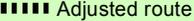
This the 7th day of April, 2020.

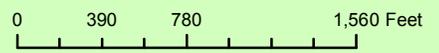
Penny Rich, Chair
Orange County Board of Commissioners

Donna Baker, Clerk to the Board



Acquisition of Land for MST

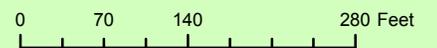
-  Adopted trail route
-  Adjusted route
-  County parkland & open space
-  Conservation easements held by other entities
-  OWASA land





Deprez Trail Easement

-  Deprez trail easement
-  Adopted trail route
-  Adjusted route
-  County parkland & open space



Attachment 4

This instrument prepared by:

John L. Roberts, Office of the Orange County Attorney
Box 8181, Hillsborough, NC 27278

Return after recording to:

Christian R. Hirni, D.E.A.P.R.
Box 8181, Hillsborough, NC 27278

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

PIN 9820422359

DEED OF TRAIL EASEMENT

This Deed of Trail Easement (“Easement”) is granted on this ___ day of _____, 2020, by **CHRISTINA H. DEPREZ**, having an address of 6720 Mebane Oaks Road, Mebane, NC 27302 (referred to as “Grantor”), to **ORANGE COUNTY, NORTH CAROLINA**, having an address of Post Office Box 8181, Hillsborough, NC 27278, (referred to herein as “Grantee”). The Grantor and Grantee are collectively referred to as “**The Parties**”.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successor and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

RECITALS

A. Grantor is the sole owner in fee simple of certain real property situated, lying, and being in Orange County, North Carolina, being more particularly described in that deed recorded in Deed Book 6631, Page 2268, Orange County Registry, North Carolina (hereinafter, the “Property”).

B. Grantee is an entity qualified to accept, hold and manage land and easements under the North Carolina Conservation and Historic Preservation Agreements Act, Chapter 121, Article 4 of the North Carolina General Statutes (the “Act”), which authorizes and permits the creation and enforcement of conservation easements for the purpose of, *inter alia*, retaining land areas predominantly in their historic, agricultural, natural, scenic, open or wooded condition.

C. Pursuant to the Act, Grantor desires to grant a trail easement over a certain portion of the Property, consisting of .25 acres, more or less, is the subject of this Easement and is marked on the plat of survey recorded in Plat Book 121, Page 3, Orange County Registry, and described in **Exhibit A** attached hereto and incorporated herein by this reference (hereinafter referred to as the “Trail Area”) within which a Trail may be constructed, thereby restricting and limiting the use of the Trail Area to the terms, conditions and purposes hereinafter set forth, and Grantee is willing to accept such easement.

D. By restricting and limiting the use of the Trail Area in accordance with the terms and conditions of this Easement, the Parties intend to preserve the natural features and resources of the Trail Area; protect the habitat of native plants and animals; sustain scenic values; maintain water quality and utilize the Trail Area for public educational, scientific and low-impact recreational pursuits (said purposes being hereinafter referred to as the “Conservation Values”).

E. The Parties acknowledge and agree that (i) the recording of this Easement shall be conclusive evidence of its acceptance of same by Grantee; (ii) Grantee will be the “holder” (as that term is defined in the Act) of this Easement and (iii) Grantee is a “qualified organization” and “eligible donee” within the meaning of Section 170(h)(3) of the Internal Revenue Code (the “Code”) and regulations promulgated thereunder.

F. Grantee intends to include the Trail within the Trail Area (“Trail”) as part of the North Carolina Mountains-to-Sea Trail and Grantor and Grantee agree that such inclusion grants the Grantee, and its agents or representatives, the right to establish a trail for use by the general public within the Trail Area.

G. The undersigned Grantee acknowledges that Grantor has donated the easement contained herein over the Trail Area in accordance with the provisions of Article V of this Easement.

H. The Parties acknowledge and agree that as a component of the North Carolina Mountains-to-Sea Trail, the Trail Area, in accordance with Chapter 143B, of the North Carolina General Statutes, shall be subject to a general management plan devised by the North Carolina Department of Natural and Cultural Resources (“NCDNCR”).

NOW, THEREFORE, for the reasons given and other good and valuable consideration and in consideration of their mutual covenants, terms, conditions and restrictions contained herein, Grantor hereby voluntarily grants and conveys to Grantee, its successors or assigns, and Grantee, its successors or assigns, hereby voluntarily accepts, forever and in perpetuity an Easement on the Property, which Easement is an immediately vested interest in real property of the nature and character described herein, and a right-of-way over, under, and across the Trail Area. Grantor promises that they will not perform, nor knowingly allow others to perform, any act on or affecting the Trail Area that is inconsistent with the covenants contained herein. Grantor authorizes Grantee to enforce these covenants in the manner described below.

ARTICLE I. GENERAL

1.1. Statement of Purpose. The purposes of this Easement are to prevent any use of the Trail Area that will significantly impair or interfere with the Conservation Values and to allow for the inclusion of the Trail Area in the North Carolina Mountain-to-Sea Trail so that the Trail Area may be used for educational, scientific and low-impact recreational activities by the general public pursuant to a general management plan that is consistent with the Conservation Values. Grantor intends that this Easement will restrict the use of the Trail Area to such activities as are consistent with these purposes. Grantee agrees that this Easement shall be held exclusively for the purposes set forth herein and as specified in Section 170(h)(4)(A) (or any successor section) of the Code and shall be construed to promote the purposes of the Act.

1.2. Perpetual Duration. This Easement over the Trail Area as further described in **Exhibit A**, shall be perpetual. It is an easement in gross, runs with the land, and is enforceable by Grantee against Grantor as provided herein, and against Grantor's representatives, successors, assigns, leases, agents and licensees.

1.3. Compliance with other Regulatory Requirements. The Grantee is responsible for complying with any and all additional permits or regulation to use or develop the Trail Area under the terms of this Easement, including Orange County, State of North Carolina or Federal requirements, regardless of any reserved rights or permissions contained in this Easement document.

ARTICLE II. RESERVED RIGHTS OF GRANTOR

Subject to the terms, conditions and restrictions contained herein, Grantor reserves for itself and its successors and assigns the following rights:

2.1. Quiet Enjoyment. All rights accruing from Grantor's fee ownership of the Trail Area, including the right to engage in or permit or invite others to engage in all uses of the Trail Area that are consistent with the Conservation Values, including any reasonable use of the Property that will not interfere with the trail and is not otherwise prohibited by the terms of this Easement.

2.2. Educational and Recreational Uses. Utilization of the Trail Area for scientific, educational and low-impact recreational activities to the same extent the Trail Area is utilized by Grantee for such purposes; specifically, Grantor retains the right to engage in and permit others to engage in such activities that may include, without limitation, walking, hiking, plant and animal observation and study.

2.3. Vegetation Removal. Cutting or clearing of vegetation for insect or disease control, control of non-native plants, removal of trees that threaten to fall on the Trail Area or on land outside the boundaries of the Trail Area. Grantor does not assume any responsibility or liability to the general public for failing to do so.

2.4. Fencing. Grantor may install fencing, at Grantor's expense, along the perimeter of the Trail Area, not to exceed four (4) feet in height and constructed of post-and-rail or other open weave construction that preserves scenic views from the Trail. Grantor shall not, through fencing or any other means, methods, or materials, impede access to or discourage use of the Trail.

2.5. Transfer. Grantor retains the right to sell, give, mortgage, lease, or otherwise convey the Trail Area subject to the terms of this Easement.

ARTICLE III. RESERVED RIGHTS OF GRANTEE

Grantor is not responsible for costs associated with construction and maintenance of the Trail or improvements or accessory facilities of the Trail except for improvements resulting from Grantor exercising a reserved right such as the right to relocate the Trail. Grantee reserves for itself and its successors and assigns the following rights:

3.1. Improvements. Grantee reserves the right to construct a trail as follows:

- (a) The Trail shall be constructed of a pervious surface, no more than four (4) feet in trail width and in accordance with best management practices to minimize soil erosion and water quality impacts.
- (b) The Trail may be covered, if at all, by wood chips, gravel, or other porous surface.
- (c) The Trail may include steps, water bars, and other trail surface structures necessary to facilitate safe passage and erosion control, as well as bridges and culverts for traversing wet areas within the Trail Area.

3.2. Accessory Facilities. Grantee reserves the right to add the following to the Trail Area:

- (a) Signs to mark the Trail and provide information regarding applicable time, place, and manner restrictions.
- (b) Signs for interpretive purposes and to indicate the interest of the Grantee in the Trail Area.
- (c) Fencing, gates and barriers to control access.

ARTICLE IV. PROHIBITED AND RESTRICTED ACTIVITIES

Any activity on, or use of, the Trail Area inconsistent with the purposes of this Easement is prohibited. Other than as provided herein, the Trail Area shall be maintained in its natural, scenic, wooded and open condition and restricted from any use that would impair or interfere with the Conservation Values or the purposes of this Easement. Except for those rights specifically reserved to Grantor in Article II and without limiting the generality of the foregoing, the following activities and uses are expressly prohibited or restricted as indicated:

4.1. Trail Area Use. Access to the Trail Area by the general public is subject to the following limitations:

- (a) The Trail may be used only for walking, running, hiking, nature study, and the like.
- (b) Use is limited to the hours between dawn and dusk.
- (c) Smoking or lighting of fires is prohibited.
- (d) Consumption of alcoholic beverages is prohibited.

4.2. Mechanized Vehicles. There shall be no use of motorized or mechanized vehicles on the Trail Area except as necessary for the construction, maintenance, operation and management of the North Carolina Mountains-to-Sea Trail. Bicycles are considered to be mechanized vehicles for the purposes of this Easement.

4.3. Industrial or Commercial Use: Industrial and commercial activities are prohibited in the Trail Area.

4.4. Residential Use, Structures, and Signs. There shall be no residential use of the Trail Area. There shall be no constructing or placing of any building, mobile home, billboard or other advertising display, antenna, utility pole, tower, conduit line, or any other temporary or permanent structure or facility on or above the Trail Area except for the following: underground utilities such as fiber optic cable or other communication and internet providing lines, placement and display of no trespassing signs, local, state or federal traffic or similar informational signs, boundary fencing, signs identifying the Conservation Values of the Trail Area, and/or signs identifying Grantor as owner of the Property and Grantee as holder of this Easement, signs identifying the Trail Area as a part of the North Carolina Mountains-to-Sea Trail, signs giving directions or prescribing rules and regulations for the use of the Trail Area, educational and interpretative signs, identification labels or any other similar temporary or permanent signs.

4.5. Agricultural, Timber Harvesting, Grazing and Horticultural Use. Agricultural, timber harvesting, grazing, horticultural and animal husbandry operations are prohibited; provided that this provision shall not prohibit plantings for wildlife habitat or wildlife management.

4.6. Disturbance of Natural Features, Plants and Animals. There shall be no cutting or removal of trees, or the disturbance of other natural features on the Trail Area except for the following: (i) as incidental to boundary marking or fencing as allowed hereunder; and (ii) cutting or clearing of vegetation for insect or disease control, control of non-native plants, removal of trees that threaten to fall on the Trail Area or on land outside the boundaries of the Trail Area and as necessary for the construction, maintenance, operation and management of the North Carolina Mountains-to-Sea Trail. Design and construction of the North Carolina Mountains-to-Sea Trail will be planned and built to minimize environmental impacts to the extent practical.

4.7. Dumping and Filling. The dumping, accumulation, storage, or burying of soil, trash, ashes, garbage, waste, appliances, abandoned or unlicensed vehicles, inoperable or broken machinery, debris, junk, radioactive or hazardous waste, or other materials on the Trail Area is

prohibited. Automobiles, trailers, machinery and recreational vehicles shall not be stored on the Trail Area.

4.8. Mineral Use, Excavation, Dredging. There shall be no filling, excavation, dredging, mining or drilling; no removal of topsoil, sand, gravel, rock, peat minerals or other minerals, and no change in the topography of the Trail Area in any manner except as reasonably necessary for the purposes of combating erosion and as reasonably necessary for any activities otherwise permitted on the Trail Area pursuant to the terms of this Easement.

ARTICLE V. FEDERAL TAX ITEMS

5.1. Qualified Conservation Contribution. The Easement granted under this agreement has been donated in whole or in part to Grantee by the undersigned Grantor. It is intended to qualify as a charitable donation of a partial interest in real estate (as defined under §170(f)(3)(B)(iii) of the Code) to a qualified organization (as defined in §1.170A-14(c)(1) of the Regulations).

5.2. Definitions of Code and Regulations. “Code” means the Internal Revenue Code of 1986, as amended through the applicable date of reference. “Regulations” mean the provisions of C.F.R. §1.170A-14 as amended through the applicable date of reference.

5.3. Public Benefit. This easement is given for public outdoor recreation and education and is for the substantial and regular use of the general public or the community. This Easement provides significant public benefit as defined in §1.170A-14(d)(2)(i) of the Regulations. Public policies and programs that illustrate and support the significant public benefit of this Easement include:

- (a) The 2030 Orange County Comprehensive Parks and Recreation Master Plan, which recommends the development of a master plan for the Orange County segment of the Statewide Mountains-to-Sea Trail as well as linking to the priorities set forth in the existing North Carolina State Trails Program; and
- (b) The Orange County Board of Commissioners’ goal (adopted June 21, 1999) to identify and coordinate the preservation of the County’s most significant natural areas; and
- (c) The Land Use Element of the Orange County Comprehensive Plan (adopted November 18, 2008) with its goal of “Land uses that are appropriate to on-site environmental conditions and features, and that protect natural resources, cultural resources, and community character;” and
- (d) The Orange County Lands Legacy Action Plan, which was adopted by the Orange County Board of Commissioners on December 12, 2017, and which sets an objective to acquire key parcels needed for a public pedestrian trail and wildlife corridor that would connect Hillsborough Riverwalk to the Haw River for the planned North Carolina Mountains-to-Sea Trail; and
- (e) N.C.G.S. § 113-34.1 authorizing the Department of Environment and Natural Resources to develop and maintain the North Carolina Mountains-to-Sea Trail, of which this easement will be a part.

5.4. Mineral Interests. No Person has retained a qualified mineral interest in the Trail Area of a nature that would disqualify the Easement for purposes of §1.170A-14(g)(4) of the Regulations.

5.5. Notice Required Under Regulations. To the extent required for compliance with §1.170A-13(g)(4)(ii) of the Regulations, Grantor agrees to notify Grantee before exercising any reserved right that may have an adverse impact on the conservation interests or public recreational purposes associated with the Trail Area.

5.6. Trail Area Right. In accordance with §1.170A-14(g)(6) of the Regulations, the undersigned Grantor agrees that the Easement granted under this agreement gives rise to a property right, immediately vested in the Grantee, that entitles the Grantee to compensation upon extinguishment of the easement. The fair market value of the property right is to be determined in accordance with the Regulations; i.e., it is at least equal to the proportionate value that this easement as of the Easement Date bears to the value of the Property as a whole as of the Easement Date. Grantee must use any funds received by application of this provision in a manner consistent with the recreational and conservation purposes of this Easement.

5.7. Qualification Under §2031(C) of the Code. To the extent required to qualify for exemption from federal estate tax under §2031(c) of the Code, and only to the extent such activity is not otherwise prohibited or limited under this Easement, Grantor agrees that commercial recreational uses are not permitted within the Trail Area.

ARTICLE VI. ONGOING RESPONSIBILITY OF GRANTOR AND GRANTEE

This Easement is not intended in any way to affect any existing obligation of the Grantor as owner of the Property. Among other things, this shall apply to:

6.1. Taxes. Grantor shall continue to be solely responsible for payment of all taxes and assessments levied against the Property. If Grantee is ever required to pay any taxes or assessments on their interest in the Property, Grantor shall upon demand reimburse Grantee for the same.

6.2. Upkeep and Maintenance. Grantor shall continue to be solely responsible for the upkeep and maintenance of the Trail Area, to the extent it may be required by law, except as described herein. Grantee shall have no obligation for the upkeep or maintenance of the Trail Area, except as described herein. Grantee shall be solely responsible for construction, upkeep, and maintenance of the Trail, except as described herein.

6.3. Transfer of Trail Area. Grantor agrees to incorporate by reference the terms of this Easement in any deed or other legal instrument by which they transfer or divest themselves of any interest, including leasehold interests, in the Trail Area. Grantor shall notify Grantee in writing at least thirty (30) days before conveying the Trail Area, or any interest therein. Failure of Grantor to do so shall not impair the validity of the Easement or limit its enforceability in any way.

6.4. Transfer of Easement. Grantee shall have the right to transfer this Easement to any public agency or private nonprofit organization that, at the time of transfer, is a qualified organization under 26 U.S.C. Section 170(h) of the Internal Revenue Code, as amended and under NGS 121-34 *et seq.*, provided the agency or organization expressly agrees to assume the responsibility imposed on Grantee by this Easement. As a condition of such transfer, Grantee shall require that the conservation purposes intended to be advanced hereunder shall be continued to be carried out. If Grantee ever cease to exist or no longer qualify under 26 U.S.C. Section 170(h) of the Internal Revenue Code, or applicable state law, a court with jurisdiction shall transfer this Easement to another qualified organization having similar purposes that agrees to assume the responsibility imposed by the Easement.

6.5. Inspection and Access. With reasonable advance notice to the Grantor or with Grantor's prior verbal consent, Grantee, their employees and agents, successors and assigns, shall have the right to enter the Trail Area for the purpose of inspecting the Trail Area to determine whether Grantor, their successors or assigns are complying with the terms, conditions and restrictions of this Easement.

6.6. Enforcement. Grantee shall have the responsibility for management, monitoring and enforcement of the terms of this Easement. Grantee shall complete and file the monitoring reports, a copy of which is kept on file with Orange County.

Grantee shall have the right to prevent violations and remedy violations of the terms of this Easement through judicial action, which shall include, without limitation, the right to bring proceedings in law or in equity against any party or parties attempting to violate the terms of this Easement. Except when an ongoing or imminent violation could irreversibly diminish or impair the Conservation Values of the Trail Area, Grantee shall give Grantor written notice of the violation and Grantor shall have thirty (30) days to cure the violation, before commencing any legal proceedings. If a court of competent jurisdiction determines that a violation may exist or has occurred, Grantee may obtain an injunction to stop the violation, temporarily or permanently. The parties agree that a court may issue an injunction or order requiring Grantor to restore the Trail Area to its condition prior to the violation, as restoration of the Trail Area may be the only appropriate remedy. The failure of Grantee to discover a violation or to take immediate legal action shall not bar it from doing so at a later time. In any case where a court finds no such violation has occurred, each party shall bear its own costs. In any case where the Court finds that a violation has occurred, Grantee shall have the right to recover its legal costs from Grantor, including attorney's fees or expenses associated with any enforcement or remedial action as it relates to the enforcement of this Easement.

ARTICLE VII. REPRESENTATIONS OF THE PARTIES

7.1. Grantor's Title Warranty. Grantor covenants, represents and warrants (i) that it is the sole owner and is seized of the Trail Area in fee simple and has the right to grant and convey this Easement; (ii) that there is legal access to the Trail Area; (iii) that the Trail Area is free and clear of any and all encumbrances, except those permitted title exceptions listed on **Exhibit B**, attached hereto and incorporated herein by this reference, none of which would nullify, impair

or limit in any way the terms or effect of this Easement; (iv) Grantor shall defend its title to the Trail Area against the claims of all persons whomsoever; and (v) Grantor covenants that Grantee, its successors and assigns, shall have the use of and enjoy all of the benefits derived from and arising out of this Easement.

7.2. Grantor's Environmental Warranty. Grantor knows of no release or threatened release of any Hazardous Materials on, at, beneath or from the Trail Area, or arising from or connected with a violation of any Environmental Laws. Grantor hereby promise to hold harmless and indemnify Grantee against all litigation, claims, demands, penalties and damages, including reasonable attorneys' fees, arising from or connected with the release or threatened release by Grantor, their agents, assigns, and guests, of any Hazardous Materials on, at, beneath or from the Trail Area, or arising from or connected with a violation of any Environmental Law.

"Environmental Law" or "Environmental Laws" means any and all Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, guidelines, policies or requirements of any governmental authority regulating or imposing standards of liability or standards of conduct (including common law) concerning air, water, solid waste, hazardous materials, worker and community right-to-know, hazard communication noise, radioactive material, resource protection, subdivision, inland wetlands and watercourses, health protection and similar environmental health, safety, building and land use as may now or at any time hereafter be in effect.

"Hazardous Materials" means any petroleum, petroleum products, fuel oil, waste oils, explosives, reactive materials, ignitable materials, corrosive materials, hazardous chemicals, hazardous wastes, hazardous substances, extremely hazardous substances, toxic substances, toxic chemicals, radioactive materials, infectious materials and any other element, compound, mixture, solution or substance which may pose a present or potential hazard to human health or the environment.

7.3. Liability. Grantor has entered into this Easement in order to make the Trail Area available to the public for recreational and educational purposes as contemplated by Chapter 38A and Section 143B-135.118 of the North Carolina General Statutes and therefore is afforded the statutory limitations upon liability of an "owner" under those provisions as they may be amended from time to time.

ARTICLE VIII. MISCELLANEOUS

8.1. Recording. Grantee shall record this instrument in a timely fashion in the official record of Orange County, North Carolina, and may re-record it at any time as may be required to preserve the rights of the Grantee.

8.2. Survival of Terms/Merger of Fee and Easement. Grantor and Grantee agree that the terms of this Easement shall survive any merger of this fee and easement interest in the Trail Area. In the event Grantee becomes owner of the Trail Area, or any portion thereof, Grantee

shall transfer its rights title and interest in this Easement to a third party in accordance with sections 6.4.

8.3. Amendment of Easement. This Easement may be amended only with the written consent of the Grantor, their successors and assigns, and the Grantee. Any such amendment shall be consistent with the purposes of this Easement and shall comply with Sec. 170(h) of the Internal Revenue Code, or any regulations promulgated in accordance with that section. Any such amendment shall also be consistent with the Uniform Conservation and Historic Preservation Agreements Act, N.C.G.S. Section 121-34 *et seq.*, or any regulations promulgated pursuant to that law. The Grantor and Grantee have no right or power to agree to any amendment that would affect the enforceability of this Easement.

8.4. Procedure in the Event of Termination of Easement. If it is determined that conditions on or surrounding the Trail Area have changed so much that it is impossible to fulfill the conservation purposes set forth above, a court with jurisdiction may, at the joint request of both the Grantor and Grantee, terminate this Easement.

If condemnation of a part of the Trail Area or of the entire Property by public authority renders it impossible to fulfill any of these conservation purposes, the Easement may be terminated through condemnation proceedings.

8.5. Interpretation. This Easement shall be interpreted under the laws of the State of North Carolina, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes.

8.6. Perpetual Duration; Severability. The Easement created by this Deed shall be a servitude running with the land in perpetuity. Every provision of this Deed of Trail Easement that applies to the Grantor or the Grantee shall also apply to their respective agents, heirs, executors, administrators, assigns, and all other successors as their interests may appear. Invalidity of any of the covenants, terms or conditions of this Easement, or any part thereof by court order or judgment shall in no way affect the validity of any of the other provisions hereof, which shall remain in full force and effect.

8.7. Subsequent Liens on the Trail Area. No provision of this Easement should be construed as impairing the ability of Grantor to use the Trail Area as collateral for subsequent borrowing. Any such liens shall be and remain subordinate to this Easement.

8.8. Subsequent Easements/Restrictions on the Trail Area. The grant of any easement or use restriction that might diminish or impair the Conservation Values of the Trail Area is prohibited. Any such easement or restriction shall be subordinated to this Easement.

8.9. Notices. Any notices required by this Easement shall be in writing and shall be personally delivered or sent by first class mail to Grantor or Grantee respectively, at the following address, unless a party has been notified in writing by the other of a change of address.

To the Grantor:

Christina H Deprez
6720 Mebane Oaks Road
Mebane, NC 27302

To the Grantee:

Orange County DEAPR
PO Box 8181
Hillsborough, NC 27278

8.10. Entire Agreement. This instrument sets forth the entire agreement of the Parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings or agreements relating to the Easement. If any provision is found to be invalid, the remainder of the provisions of this Easement, and the application of such provision to persons or circumstances other than those as to which it is found to be invalid, shall not be affected thereby.

8.11. Availability or Amount of Tax Benefits. Grantee make no warranty, representation or other assurance regarding the availability, amount or effect of any deduction, credit or other benefit to Grantor or any other person or entity under United States or any state, local or other tax law to be derived from the donation of any part of the value of this Easement or other transaction associated with the donation of this Easement. Grantor's donation is not conditioned upon the availability or amount of any such deduction, credit or other benefit. Grantee makes no warranty, representation or other assurance regarding the value of this Easement or of the Trail Area. As to all of the foregoing, Grantor is relying upon Grantor's own legal counsel, accountant, financial advisor or other consultant and not upon Grantee's legal counsel, accountant, financial advisor or other consultant of Grantee. In the event of any audit or other inquiry of a governmental authority into the effect of this donation upon the taxation or financial affairs involving Grantor or Grantor's heirs, successors or assigns or other similar matter then Grantee shall be reimbursed and indemnified for any cost or expense of any kind or nature whatsoever incurred by Grantee in responding or replying thereto.

8.12. Warranties and Representations of Owner. By signing this Easement, Grantor acknowledges, warrants and represents to Grantee that:

- (a) Grantor has had the opportunity to be represented by counsel of Grantor's choosing and fully understand that Grantor is hereby permanently relinquishing property rights which would otherwise permit Grantor to have a fuller use and enjoyment of the Trail Area.
- (b) There are no recorded or unrecorded leases or other agreements for the production of minerals or removal of timber from the Trail Area which would, if any of the activities permitted under such lease or other agreement were undertaken by Grantor, violate the covenants or restrictions in this Easement or otherwise defeat the conservation Purpose.

TO HAVE AND TO HOLD this Deed of Conservation Easement unto Grantee, their successors and assigns, forever.

IN WITNESS WHEREOF, the Grantor and Grantee, intending to legally bind themselves, have set their hands on the date first written above.

GRANTOR:

Christina H Deprez

Accepted:

GRANTEE:

ORANGE COUNTY, NORTH CAROLINA

By: _____
Penny Rich, Chair
Orange County Board of Commissioners

ATTEST:

By: _____
Donna S. Baker, Clerk to the
Board of Commissioners

Acknowledgments

NORTH CAROLINA
COUNTY OF ORANGE

I, _____, a Notary Public for said County and State do hereby certify that _____ personally appeared before me and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal this the ____ day of January, 2020.

Notary Public

My commission expires:

NORTH CAROLINA
COUNTY OF ORANGE

I, _____, a Notary Public of Orange County, North Carolina do hereby certify that Donna S. Baker personally appeared before me this day and acknowledged that she is Clerk to the Board of Commissioners for Orange County, North Carolina and that by authority duly given and as the act of Orange County, North Carolina the foregoing instrument was signed in its name by the Chair of the Orange County Board of Commissioners, and attested by her as Clerk to said Board of Commissioners.

Witness my hand and official stamp or seal this the ____ day of January, 2020.

Notary Public

My commission expires:

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No. 8-e**

SUBJECT: Resolution Regarding Orange County Becoming a Socially Conscious Animal Community

DEPARTMENT: Animal Services

ATTACHMENT(S):

Resolution

Socially Conscious Animal Community
Fundamentals (Infographic)
[http://scsheltering.org/shareable-
information/](http://scsheltering.org/shareable-information/)

INFORMATION CONTACT:

Bob Marotto, Director, Animal Services,
919.932.4963

Amanda Schwoerke, Chair, Animal
Services Advisory Board,
203.815.5481

PURPOSE: To approve a resolution regarding Orange County becoming a socially conscious animal community.

BACKGROUND: Orange County has made a strong commitment to progressive and innovative animal services for its residents and their animals. This is evident in the creation of Animal Services as a free-standing county department (2005); the opening of a state-of-the-art Animal Services Center (2009); the creation of an award winning Community Spay and Neuter Program; and the positive community relations including ongoing collaboration between policy makers, staff and the Animal Services Advisory Board (ASAB).

A significant development in the field of animal services and animal welfare over the last few years has been the development of a perspective committed to creating a socially conscious animal community. Animal Services staff and the ASAB believe that this perspective is overdue and very beneficial to animal welfare and the human-animal bond in the community and beyond.

This perspective has emerged as a result of community experiences animal shelters, animal welfare and historic efforts to save animal lives around the country. The perspective is well described as follows in its public presentation (<http://scsheltering.org/shareable-information/>):

“The Socially Conscious Animal Community is a framework that allows each of us to understand our role in creating best outcomes for pets. This concept is based on respectful treatment of animals. It’s about placing every healthy and safe animal that ends up in a shelter or rescue. It’s about transparency and leadership. It’s about thoughtful public policy. It’s about safe communities. We must work together to create the best outcomes for all animals while nurturing the human-animal bond.”

Critical components of this perspective include but are not limited to the following:

- A holistic approach to a community as opposed to a narrower focus on animal shelters whether they be publically run or non-profits.
- Recognition that animal welfare and the human-animal bond depends upon not only community animal shelters but a variety of actors including policymakers, news media outlets, veterinarians, and rescue organizations.
- Collaboration between animal shelters and agencies and various community partners.
- Life-saving policies and practices that do not end up being detrimental to the welfare of shelter (or other) animals.
- Life-saving policies that do not adversely affect the safety of households, neighborhoods or communities.

This perspective has emerged, in part, as a response to challenges arising from life-saving efforts over the last few decades. There are some animals that are dangerous to families and communities and should not be rehomed through standard adoption procedures – and sometimes not at all. Whether it be due to behavioral challenges or medical problems, animals should not be kept in shelters indefinitely to avoid euthanasia. The result is not only that their quality of life deteriorates but that the numbers negatively impact the quality of life for other shelter animals.

Animal Services staff and the ASAB recognize these concerns and appreciate the holistic approach taken by the socially conscious animal community perspective. Staff and the ASAB also believe that many of the operational practices and programs of Animal Services already fall within this framework, suggesting the extent to which Orange County is itself already a socially conscious animal community. These practices include the Community Spay/Neuter Program, Volunteer Program, collaboration with animal rescue groups, veterinarians and other community partners, and close working relations with the media and numerous local law enforcement agencies.

Animal Services staff and the ASAB are excited to intentionally work toward making Orange County an even more socially conscious animal community. Both believe this perspective will encourage the community to invest in animal welfare and the human-animal bond, foster a culture of transparency, promote ethical decision making, strengthen mutual respect, inspire continual learning, and assist with ongoing collaboration.

FINANCIAL IMPACT: The resolution has no financial impact. Events and outreach done in conjunction with the socially conscious animal community perspective are ongoing and already a part of Animal Services activities and operations.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends that the Board approve the attached resolution and authorize the Chair to sign the resolution

RES-2020-020

ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS
SOCIALLY CONSCIOUS ANIMAL COMMUNITY RESOLUTION

WHEREAS, cats and dogs provide companionship to and share the homes of thousands of individuals in Orange County; and

WHEREAS, there is a strong and progressive tradition of animal protection and animal welfare in Orange County; and

WHEREAS, Orange County Animal Services is recognized for its achievements and innovation as a result of the commitment the County has made to providing excellent services for residents and their animals; and

WHEREAS, a significant development in the field of animal services and animal welfare in recent years has been the development of a perspective committed to creating a socially conscious animal community; and

WHEREAS, the socially conscious animal community perspective is important to the evolution of the field of animal service and animal welfare and its practice in our own and other communities; and

WHEREAS, this perspective strives to place every healthy and safe animal that ends up in a shelter or rescue, advance the health and safety of our communities, provide thoughtful leadership and public policy, and involve all sectors in promoting animal welfare and the human-animal bond; and

WHEREAS, the Animal Services Advisory Board and staff believes that the socially conscious animal community approach is already evident in the mission and operation of Orange County Animal Services and its relationship with the community; and

WHEREAS, the Animal Services Advisory Board and staff believes there is value in working toward making Orange County an even more socially conscious animal community with active involvement from community partners, stakeholders and others; and

WHEREAS, the Animal Services Advisory Board and staff believe that doing so will foster a culture of transparency, strengthen mutual respect, and encourage the community to further promote animal welfare and the human-animal bond;

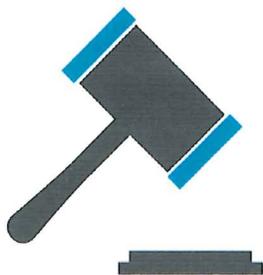
NOW, THEREFORE, BE IT RESOLVED that the Board of County Commissioners declares Orange County, North Carolina as a socially conscious animal community and calls upon the people of the County to observe this declaration as part of their relationship with County services and entities.

THIS THE 7th DAY OF April 2020.

Penny Rich, Chair
Orange County Board of Commissioners

Policy Makers can help create a Socially Conscious Animal Community by:

- Creating, supporting and defending animal cruelty and neglect laws



- Understanding all consequences of animal legislation



- Valuing animals



- Investing sufficiently in your community's animal services programs



- Seeking expertise from trusted animal welfare organizations and professionals



- Understanding that humane communities include healthy relationships between people and pets



- Recognizing the vital role animal control agencies play in public safety



Rescue Groups can help create a Socially Conscious Animal Community by:

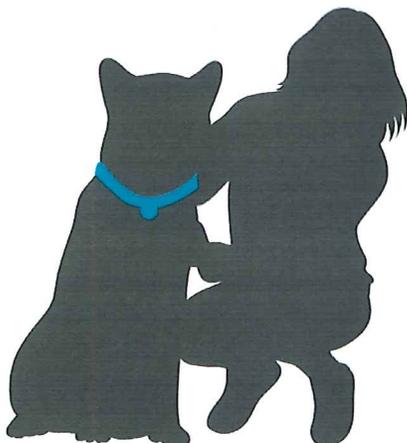
- Partnering with Socially Conscious shelters



- Supporting the fundamental tenants of Socially Conscious Sheltering



- Focusing your programs on animals who struggle within shelter systems



- Helping move animals to locations where they are most likely to be adopted

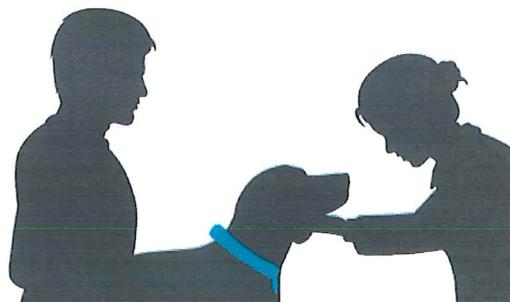


Veterinarians can help create a Socially Conscious Animal Community by:

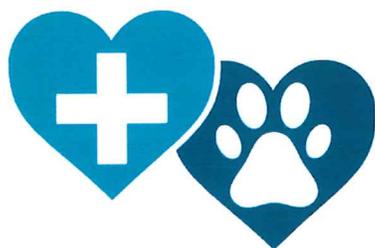
- Offering effective medicine choices



- Providing care to indigent pet owners, when able



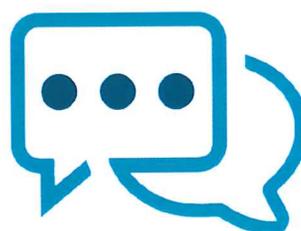
- Collaborating with Socially Conscious animal welfare organizations



- Trusting and sharing evidence-based behavior expertise and resources



- Volunteering your time, skill and expertise



- Impacting thoughtful public policy

- Knowing the resources available for pet owners



Law enforcement can help create a Socially Conscious Animal Community by:

- Acting on animal cruelty and neglect complaints



- Partnering with Socially Conscious animal welfare organizations

- Enforcing the unique laws regarding animal investigations



- Supporting healthy relationships between people and pets



- Considering the best outcome for each animal throughout an investigation



- Recognizing the connection between cruelty to animals and violence toward humans



Media partners can help create a Socially Conscious Animal Community by:

- Accurately informing your audience on the complex world of animal welfare



- Partnering with Socially Conscious animal welfare organizations (feature adoptable pets, support and promote events)



- Sharing stories that highlight collaborations within the community



- Sharing stories that highlight the good work of Socially Conscious animal welfare organizations



- Seeking expertise from trusted animal welfare organizations and professionals

You can help create a Socially Conscious Animal Community by:

- Supporting Socially Conscious animal welfare organizations

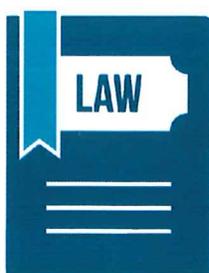


- Reporting animal neglect and cruelty and recognizing the vital role that humane law enforcement serves in your community



- Seeking to understand the complex world of animal welfare

- Understanding all consequences of animal legislation



- Adopting and fostering pets

- Valuing the human-animal bond



- Volunteering



- Taking responsibility for your pet's medical, behavioral and social needs



**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No.** 8-f

SUBJECT: Change in BOCC Meeting Schedule for 2020

DEPARTMENT: County Commissioners

ATTACHMENT(S):

INFORMATION CONTACT:

Donna Baker, 245-2130, Clerk to the Board

PURPOSE: To consider changes to the Board of Commissioners' meeting calendar for 2020.

BACKGROUND: Pursuant to North Carolina General Statute 153A-40, the Board of County Commissioners must fix the time and place of its meetings or provide a notice of any change in the Meeting Schedule.

Due to current public health concerns, the Board of Commissioners will be conducting Virtual Board meetings during the month of April utilizing Zoom. Members of the Board of Commissioners will be participating in the meetings remotely. As in prior meetings, members of the public will be able to view and listen to the meetings via real-time video streaming on the County's website and on Spectrum Cable TV. The meetings will also be video-recorded for future television broadcast and reference on the County's website. If a meeting(s) needs to be canceled, the County will provide proper notice.

April 7th – BOCC Virtual Business Meeting
 April 14th – BOCC Virtual Budget Work Session
 April 20th – CANCELED- BOCC/Legislative Breakfast Meeting
 April 21st – BOCC Virtual Business Meeting
 April 23rd – BOCC Virtual Work Session
 April 28th – BOCC Virtual Joint School Boards Meeting

FINANCIAL IMPACT: There is no financial impact associated with this item.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends the Board amend its meeting calendar for 2020:

April Virtual Meetings:

April 7th – BOCC Virtual Business Meeting

April 14th – BOCC Virtual Budget Work Session

April 20th – CANCELED- BOCC/Legislative Breakfast Meeting

April 21st – BOCC Virtual Business Meeting

April 23rd – BOCC Virtual Work Session

April 28th – BOCC Virtual Joint School Boards Meeting

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No. 8-g**

SUBJECT: General Obligation Bond Sale of \$20,060,000 for Cedar Ridge High School Wing and Various Other Orange County School Improvements

DEPARTMENT: Finance and Administrative Services

ATTACHMENT(S):

1. General Obligation Bond Sale Resolution
2. PowerPoint Presentation

INFORMATION CONTACT:

Gary Donaldson, 919-245-2453
Paul Laughton, 919-245-2152
Bob Jessup, 919-933-9891

PURPOSE: To adopt the attached General Obligation (GO) bond resolution for the following purposes:

- 1) Formally authorize the sale of \$20,060,000 in school bonds;
- 2) Formally pledge the County's taxing power to provide for payment on the bonds;
- 3) Approve the proposed form of the bonds;
- 4) Approve the form of the draft official statement for use in offering bonds to investors;
- 5) State the County's agreement to comply with the relevant provisions of federal tax law and the federal rules for continuing disclosure to the securities markets; and
- 6) Authorize County staff to complete the process of issuing the bonds and authorizing the final principal payment schedule.

BACKGROUND: On November 8, 2016, Orange County voters approved \$120 million in School Bonds, of which the Orange County Schools GO Bond allocation is \$47.9 million based on the Average Daily Membership at the time of the referendum.

The current GO Bond Financing Plan includes the issuance of \$20,060,000 in School General Obligation Bonds for Orange County Schools. Bond proceeds will fund:

- a wing addition to Cedar Ridge High School (\$14,500,000)
- safety and security initiatives at schools district-wide (\$1,500,000)
- roofing/building waterproofing replacements at A. L. Stanback Middle School and Grady A. Brown Elementary (\$1,312,993)
- classroom and building improvements at Cameron Park Elementary (\$1,000,000)
- mechanical systems/HVAC replacements at Cameron Park Elementary and Grady A. Brown Elementary (\$1,751,007).

The bond sale is scheduled for May 12, 2020 and will be administered by the Local Government Commission. Following this issuance there will remain \$14.4 million in authorized and unissued School GO bonds and \$2.5 million in authorized and unissued Affordable Housing GO bonds.

The County staff and Orange County Schools (OCS) have worked to develop a Financing Plan that meets the OCS Cash flow requirements, County Debt Affordability, and Local Government Commission bond approval requirements.

In accordance with the County Capital Investment Program, and in advisement with the County's bond counsel and financial advisor, the County staff recommends that the County proceed with the General Obligation Bond sale. Careful consideration has been taken by the financing team to enter the bond markets at this time and the team is daily monitoring market conditions up through the bond sale.

The actual interest rates on these bonds will be set when the Local Government Commission takes competitive bids from underwriters on May 12, 2020.

FINANCIAL IMPACT: The amortization schedule is based on 20 Year Level Principal. The GO debt issuance is factored into the County's Debt Affordability Model.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goal is applicable to this item:

- **GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY**
The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for themselves and their dependents.

ENVIRONMENTAL IMPACT: The following Orange County Environmental Responsibility Goal impact is applicable to this item:

- **ENERGY EFFICIENCY AND WASTE REDUCTION**
Initiate policies and programs that: 1) conserve energy; 2) reduce resource consumption; 3) increase the use of recycled and renewable resources; and 4) minimize waste stream impacts on the environment.

RECOMMENDATION(S): The Manager recommends that the Board approve the attached GO Bond resolution.

Resolution for the Sale of School Bonds

WHEREAS --

The voters of Orange County have previously approved the issuance of up to \$120,000,000 of the County's general obligation bonds to pay capital costs of providing school facilities. The County still has \$34,600,000 of those school bonds left to be issued. The Board has now determined that the County should issue \$20,060,000 of the remaining school bonds.

This resolution provides for the issuance of these bonds and takes related action, such as approving the form of the disclosure document that will be used to provide information to prospective bond investors.

BE IT THEREFORE RESOLVED by the Board of Commissioners of Orange County, North Carolina, as follows:

1. *County Will Sell School Bonds* - The County will issue and sell up to \$20,060,000 of the unissued school bonds (referred to as the "Bonds" in this resolution) for their authorized purpose.

2. *Payment Provisions.* The Bonds will bear interest at the rates determined at the time of their sale by the Local Government Commission (currently scheduled for April 21), with interest calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in annual installments as the Finance Officer may determine after consultation with the LGC, except that the final maturity for the Bonds must not extend beyond December 31, 2040.

3. *Pledge of Faith, Credit and Taxing Power --* The County's full faith and credit are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the County will levy and collect an annual ad valorem tax, without restriction as to rate or amount, on all locally taxable property

in the County sufficient to pay the principal of and interest on the Bonds as the same become due.

4. Approval of Official Statement for Offering - There has been made available to each member of the Board a draft of an official statement (the "Official Statement") relating to the Bonds, which is designed to provide appropriate information about the County and the financing to prospective investors in the Bonds. The draft Official Statement remains subject to completion and amendment.

The Board approves the LGC's distribution of the Official Statement to prospective purchasers of the Bonds. The Official Statement as distributed must be in substantially the form presented to this meeting, which the Board approves, with changes as the Finance Officer may approve. The Board ratifies the prior actions of the Finance Officer and other County representatives, in collaboration with the LGC staff, in preparing the text of the Official Statement.

The Board acknowledges that it is the County's responsibility, and ultimately the Board's responsibility, to ensure that the Official Statement in its final form neither contains an untrue statement of a material fact nor omits to state a material fact required to be included therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. By the adoption of this resolution, the Board members acknowledge and accept their own responsibility for causing the County to fulfill these responsibilities for the Official Statement.

The County deems the Official Statement as distributed by the LGC to be a "final official statement" within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of certain final Bond pricing and other information that Rule 15c2-12 allows to be omitted.

5. Prepayment Provisions - The Board directs the Finance Officer, upon advice from the LGC, to determine the terms and conditions under which the Bonds will be subject to prepayment prior to maturity. The Finance Officer shall execute a certificate prior to the initial delivery of the Bonds designating prepayment terms

and conditions. This certificate will be conclusive evidence of the Finance Officer's determination of these terms and conditions.

6. *Form of Bonds; Payment Details* -- The Bonds will be designated "General Obligation School Bonds, Series 2020."

The Bonds will be in substantially the form set out in Exhibit A. The Bonds will be dated the date of their initial issuance, will be in fully registered form, will be in denominations of \$5,000 and integral multiples thereof and will be numbered for identification from R-1 upward.

The Bonds must be signed by the manual or facsimile signature of the Board's Chair or the County Manager, and the County's seal must be affixed to the Bonds (or a facsimile of the seal printed on the Bonds) and attested by the manual or facsimile signature of the Clerk to this Board or any Deputy or Assistant Clerk. No Bond will be valid unless at least one of the signatures appearing on the Bond (which may be the signature of the LGC's representative required by law) is manually applied or until the Bond has been authenticated by the manual signature of an authorized officer or employee of a bond registrar selected by the Finance Officer.

Interest on each Bond will be payable semiannually (a) from its date, if it is authenticated prior to the first interest payment date, or (b) otherwise from the interest payment date that is, or immediately precedes, the date on which it is authenticated (unless payment of interest is in default, in which case such Bond will bear interest from the date to which interest has been paid). Principal, interest and any prepayment premium will be payable in lawful money of the United States.

The Board directs the Finance Officer to execute a certificate prior to the initial delivery of the Bonds designating the final aggregate principal amount of the Bonds (up to the maximum authorized amount of \$20,060,000), the final principal payment schedule, and the interest payment dates for the Bonds. This certificate will be conclusive evidence of the Finance Officer's approval and determination of these matters.

7. Finance Officer as Registrar; Payments to Registered Owners -- The Board appoints the Finance Officer as Registrar for the Bonds. As Registrar, the Finance Officer shall maintain appropriate books and records of the ownership of the Bonds. The County will treat the registered owner of each Bond as the person exclusively entitled to payment of principal, interest and any prepayment premium and the exercise of all rights and powers of the owner, except that the County will make payments to the person shown as owner on the registration books at the end of the calendar day on the 15th day of the month (whether or not a business day) preceding each interest payment date.

8. Advertising Bonds for Sale - The Board directs the Finance Officer, in collaboration with the LGC, to take all proper steps to advertise the Bonds for sale in accordance with standard LGC procedures, including through the use of a "Notice of Sale" document in the LGC's customary form and in substantially the same form as used for prior County bond sales. The Board directs the Finance Officer to review and approve a form of Notice of Sale as that officer may determine to be in the County's best interest.

9. LGC To Sell Bonds -- The County asks the LGC to sell the Bonds, to receive and evaluate bids and to award the Bonds based on the best bid received.

10. Completing Official Statement after Sale - After the LGC has received bids and awarded the Bonds to the successful bidder, the Board directs the Finance Officer, in collaboration with the LGC, to prepare a final Official Statement within the meaning of Rule 15c2-12. The Board authorizes the Finance Officer to approve the final document as a final Official Statement. The County, together with the LGC, will arrange for the delivery within seven business days of the sale date of a reasonable number of copies of the final Official Statement to the successful bidder on the Bonds for delivery to each potential investor requesting a copy of the final Official Statement and to each entity to which the bidder and members of the bidding group initially sell the Bonds.

11. County Officers To Complete Closing - The Board authorizes the Finance Officer and all other County officers and employees to take all proper steps

to deliver the Bonds to the purchaser upon payment for the Bonds, and to take all other proper steps to complete the issuance of the Bonds.

The Board authorizes the Finance Officer to hold the executed Bonds, and any other documents permitted by this resolution, in escrow on the County's behalf until the conditions for the delivery of the Bonds and other documents have been completed to the Finance Officer's satisfaction. The Finance Officer may then release the executed Bonds and other documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the Board specifically authorizes the Finance Officer to approve changes to any documents previously signed by County officers or employees, provided that the Bonds must be in substantially the form approved by this resolution and that any changes must not substantially alter the intent of the document from that expressed in the form originally executed. The Finance Officer's authorization of the release of any such document for delivery will constitute conclusive evidence of that officer's approval of any changes.

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

12. *Undertaking for Continuing Disclosure* -- The County undertakes, for the benefit of the beneficial owners of the Bonds, to provide continuing disclosure with respect to the Bonds as described in Exhibit B.

The Board designates the Finance Officer as the County officer to be primarily responsible for the County's compliance with its undertakings for continuing disclosure provided for in this resolution. The Finance Officer will provide for the filings and reports (including the reports of material events) constituting the continuing disclosure provided for in this resolution.

13. Resolutions as to Tax Matters -- The County will not take or omit to take any action the taking or omission of which will cause the 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 Bonds to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the County will comply with any Code provision that may require the County at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Bonds, and the County will pay any such required rebate from its general funds. For this paragraph, "Code" means the United States Internal Revenue Code of 1986, as amended, including applicable Treasury regulations.

14. Book-Entry System for Bond Registration -- The County will issue the Bonds by means of a book-entry system, with one bond certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. The book-entry system for registration will operate as described in the Official Statement. Therefore, so long as the book-entry system of registration with DTC is in effect, (a) the County will make Bond payments only to DTC or its nominee as registered owner of the Bonds, (b) the County will not be responsible or liable for any transfer of payments to parties other than DTC or for maintaining, supervising or reviewing the records maintained by DTC or any other person related to the Bonds, and (c) the County will not send redemption notices (or any other notices related to the Bonds) to anyone other than DTC or its nominee. The Board, by resolution, may elect to discontinue the County's book-entry system with DTC. The Board authorizes the Finance Officer to enter into any agreements that officer deems appropriate to put into place and carry out the book-entry system with DTC.

15. Finding as to Useful Life and Term of the Bonds - The Board finds and determines that the average weighted maximum useful life of the projects to be financed with the proceeds of the Bonds is at least twenty-five years, subject to ordinary maintenance for projects of this type, and therefore the term of the Bonds will be within that maximum useful life.

16. *Miscellaneous Provisions* – The Board authorizes all County officers and employees to take all further action as they may consider desirable in carrying out the purposes of this resolution. The Board ratifies all prior actions of County officers and employees in this regard. Upon the absence, unavailability or refusal to act of the Chair, the County Manager or the Finance Officer, any of the other named officers may assume any responsibility or carry out any function assigned to another officer in this resolution. In addition, upon the unavailability of the Chair or the Clerk, respectively, any of the rights or responsibilities directed to such officers may be carried out or exercised by the Vice Chair or any Deputy or Assistant Clerk. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

EXHIBIT A - Form of Bonds**REGISTERED****REGISTERED****Number R-X**

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

ORANGE COUNTY

General Obligation School Bond, Series 2020

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	August 1, ____	May 7, 2020	684 609 XXX

REGISTERED OWNER: ***CEDE & CO.*******

PRINCIPAL AMOUNT: **_ THOUSAND DOLLARS
(\$____,000)*****

ORANGE COUNTY, NORTH CAROLINA (the "County"), for value received, promises to pay to the registered owner of this Bond, or registered assigns or legal representative, the principal amount stated above on the maturity date stated above, subject to prior redemption as described below, and to pay interest on this Bond semiannually on each February 1 and August 1, beginning February 1, 2021, at the annual rate stated above. Interest is payable (a) from the dated date stated above, if this Bond is authenticated prior to February 1, 2021, or (b) otherwise from the February 1 or August 1 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond will bear interest from the date to which interest has been

paid). Interest is calculated based on a 360-day year consisting of twelve 30-day months.

This Bond is one of an issue of the County's \$20,060,000 General Obligation School Bonds, Series 2020 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued pursuant to a resolution adopted by the County's governing Board of Commissioners on April 7, 2020, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act.

The County's full faith and credit are pledged for the payment of principal of and interest on this Bond.

The Bonds are issued by means of a book-entry system, with one bond certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. Transfer of beneficial ownership interests in the Bonds in the principal amount of \$5,000 or any integral multiple thereof will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal and interest on the Bonds are payable by the County to DTC or its nominee as registered owner of the Bonds. The County is not responsible or liable for such transfer of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Bonds maturing prior to August 1, 2031, are not subject to redemption prior to maturity. Bonds maturing on August 1, 2031, and thereafter are redeemable, at the County's option, from any moneys that may be made available for that purpose, in whole or in part on any date not earlier than August 1, 2030, at a redemption price of 100% of the principal amount to be redeemed, plus interest accrued to the redemption date, without premium.

If less than all of the Bonds stated to mature on different dates are called for redemption, the County will select the Bonds to be redeemed in such manner as the County may determine. If less than all of the Bonds of any one maturity are called

for redemption, the particular Bonds or portions of Bonds to be redeemed from that maturity will be selected by lot in such manner as the County in its discretion may determine; provided, however, that the portion of each Bond to be redeemed will be in the principal amount of \$5,000 or some integral multiple thereof, and that, in selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. Notwithstanding the foregoing, so long as a book-entry system with DTC is used for determining beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants will determine which of the Bonds within any such maturity are to be redeemed. If a portion of a Bond is called for redemption, the County will issue a new Bond to the registered owner in a principal amount equal to the unredeemed portion, upon the registered owner's surrender of the Bond.

The County will send notice of redemption to DTC or its nominee as the registered owner of the Bonds in such manner as may be provided for under DTC's then-current operating procedures. The County will send this notice not more than 60 days and not less than 30 days prior to the date fixed for redemption. The County is not responsible for sending redemption notices to anyone other than DTC or its nominee.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the County so elects, the County will discontinue the book-entry system with DTC. If the County does not identify another qualified securities depository to replace DTC, the County will deliver replacement Bonds in the form of fully registered certificates.

The County Finance Officer has been appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records indicating ownership of the Bonds. The County will treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that the County will make Bond payments to the person shown as owner on the County's registration books on the **Record Date**, which is the end of the calendar day on the 15th day of

the month (whether or not a business day) preceding each interest payment date. Principal and interest are payable in lawful money of the United States of America.

The County intends that North Carolina law will govern this Bond and all matters of its interpretation.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

IN WITNESS WHEREOF, Orange County, North Carolina, has caused this Bond to be signed by its County Manager, its seal to be affixed hereto and attested by the Clerk to its Board of Commissioners, and this Bond to be dated May 7, 2020.

(SEAL)

ATTEST:	
<p style="text-align: center;"><i>[Sample only - do not sign]</i> Clerk, Board of Commissioners Orange County, North Carolina</p>	<p style="text-align: center;"><i>[Sample only - do not sign]</i> County Manager Orange County, North Carolina</p>

The Bonds have been approved by the North Carolina Local Government Commission in accordance with the Local Government Bond Act.

[Sample only - do not sign]
 Greg C. Gaskins
 Secretary, Local Government Commission

**[Orange County, North Carolina
\$20,060,000 General Obligation School Bonds, Series 2020]
ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

_____ (Please print or type transferee's name and address, including zip code)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OR TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

<p>Signature Guaranteed: _____ NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program</p>	<p>_____ (Signature of Registered Owner) NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular without alteration or enlargement or any change whatsoever.</p>
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**[Orange County, North Carolina
\$20,060,000 General Obligation School Bonds, Series 2020]**

Exhibit B -- Undertaking for Continuing Disclosure

The County undertakes, for the benefit of the beneficial owners of the Bonds, to provide the following items and information to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each of the County's fiscal years, audited County financial statements 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 are not available by seven months from the end of any fiscal year, unaudited County financial statements for such fiscal year, to be replaced subsequently by audited County financial statements to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each of the County's fiscal years, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year (which data will be prepared at least annually, will specify the date as to which such information was prepared and will be delivered with any subsequent material events notices specified in subparagraph (c) below) for the type of information included under heading "The County - Debt Information" and "- Tax Information" in the final Official Statement (excluding any information on overlapping or underlying units), and (ii) the combined budget of the County 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;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on any 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) modifications to rights of the beneficial owners of the Bonds, if material;

(8) calls for redemption of the Bonds (other than calls pursuant to sinking fund redemption), if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the Bonds;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar proceedings related to the County or any other person or entity that may at any time become legally obligated to make payments on the Bonds (collectively, the "Obligated Persons");

(13) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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 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 Bondholders, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties; and

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

“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 an obligation described in 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.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority

having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

If the County 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 with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an event of default and will not result in any acceleration of payment of the Bonds. All actions will be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The County shall provide the documents and other information referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The County may discharge its undertaking as set forth in this resolution by providing such information in any manner that the United States Securities and Exchange Commission subsequently authorizes in lieu of the manner described above.

The County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the County's judgment, 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 County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the final 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, as determined either by parties unaffiliated with the County or by

the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the bond resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the effect of the change in the type of operating data or financial information being provided.



Series 2020 General Obligation Bonds

Gary Donaldson, Chief Financial Officer

April 7, 2020

GO Referendum GO Bond Issuances to Date

Voter Authorization of \$120 million School GO Bonds

\$85 million of GO School Bonds issued to date:

- \$21 million Series 2017B GO School Bonds for both Orange County Schools (OCS) and Chapel Hill-Carrboro City Schools (CHCCS) CHCCS
- \$64.4 million Series 2018 GO School Bonds for CHCCS/Chapel Hill High School
- \$20 million this Series 2020 GO School Bonds for OCS

Remaining Authorized and Unissued GO School Bonds of \$14.5 million

Background and Purpose

- November 8, 2016 voters approved \$120 million in School Bonds of which the Orange County Schools GO Bond allocation is \$47.9 million based on the Average Daily Membership
- Bond Referendum was approved by two-thirds of the Orange County voters
- \$14.5 million of authorized and unissued GO School Bonds and \$2.5 million of Affordable Housing GO Bonds remains to be issued by FY 2022-23
- To fund Orange County Schools projects:

- Cedar Ridge High School Wing	:	\$14.5 million
- District-wide Security Initiatives		\$1.5 million
- A.L. Stanbeck/Grady Brown Elementary roofing/waterproofing		\$1.3 Million
- Cameron Park Elementary Classroom improvements		\$1 million
- Cameron Park/Grady Brown Elementary Mechanical and HVAC		\$1.7 million
Total:		\$20 Million

20 Year Level Principal

General Obligation School Bonds, Series 2020

Maturity Date	Principal
Total	20,060,000
8/1/2021	1,005,000
8/1/2022	1,005,000
8/1/2023	1,005,000
8/1/2024	1,005,000
8/1/2025	1,005,000
8/1/2026	1,005,000
8/1/2027	1,005,000
8/1/2028	1,005,000
8/1/2029	1,005,000
8/1/2030	1,005,000
8/1/2031	1,005,000
8/1/2032	1,005,000
8/1/2033	1,000,000
8/1/2034	1,000,000
8/1/2035	1,000,000
8/1/2036	1,000,000
8/1/2037	1,000,000
8/1/2038	1,000,000
8/1/2039	1,000,000
8/1/2040	1,000,000

Preliminary and subject to change

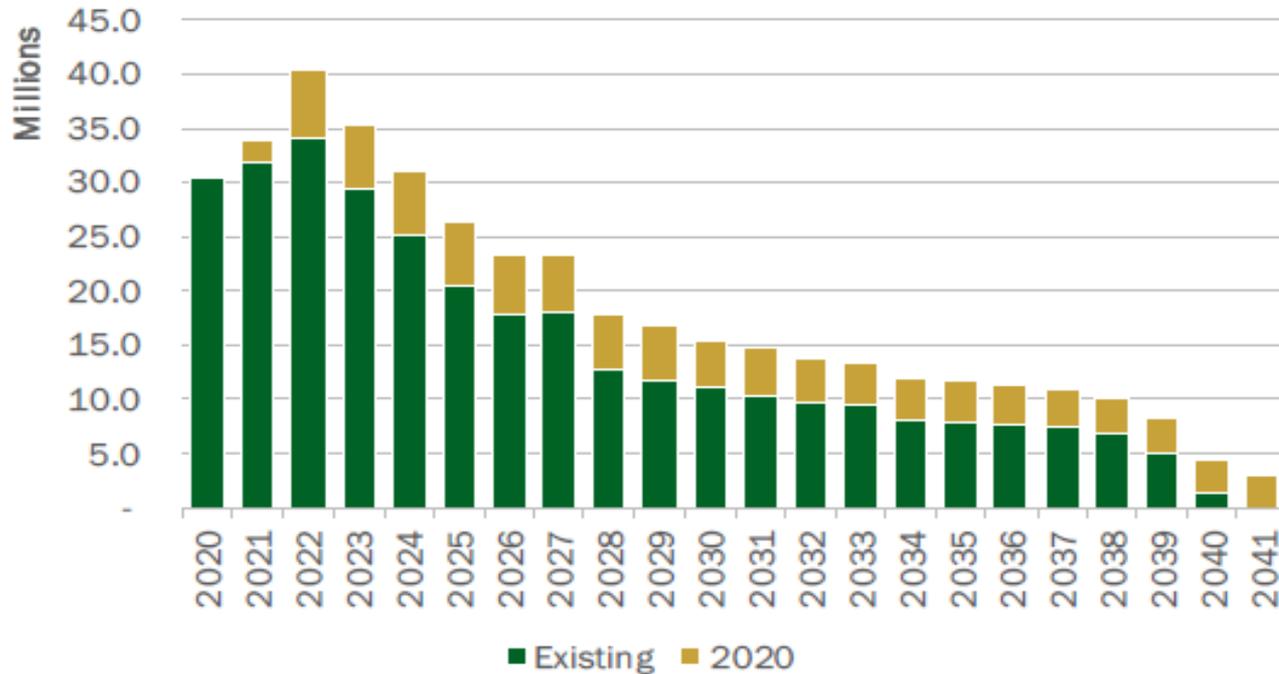
Key Debt Model Metrics

Debt Ratios	10-Year Payback	Debt to Assessed Value	DS to GF Revenues
2020	65.17%	1.63%	13.26%
2021	64.61%	1.69%	14.33%
2022	62.52%	1.88%	16.75%
2023	62.33%	1.88%	16.49%
2024	64.14%	1.82%	16.66%
2025	65.88%	1.69%	15.79%
2026	68.11%	1.53%	15.07%

Note: Includes the Spring 2020 Financing plus future 2021-2026 CIP projects as of March 23, 2020.

Debt Service Retirement and Additional Debt Capacity

Existing and Proposed Tax Supported Debt Service



Note: Additional Debt Capacity beginning FY 2025; with proposed GO Bond Referendum November 2024

Questions/Comments

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 7, 2020

**Action Agenda
Item No. 8-h**

SUBJECT: Adoption of the Final Financing Resolution Authorizing the Issuance of Approximately \$40,000,000 in Installment Purchase Financing for Various Capital Investment Plan Projects

DEPARTMENT: Finance and Administrative Services

ATTACHMENT(S):

- Attachment 1. Resolution Approving Financing Terms and Documents for 2020 Installment Financing
 - Attachment 2. Deed of Trust
 - Attachment 3. Trust Agreement
 - Attachment 4. Draft Preliminary Official Statement
 - Attachment 5. Bond Purchase Agreement
 - Attachment 6. School Project Category Descriptions
 - Attachment 7. PowerPoint
-

INFORMATION CONTACT:

Gary Donaldson, (919) 245-2453
Paul Laughton, (919) 245-2152
Robert Jessup, (919) 933-9891

PURPOSE: To adopt the final financing resolution authorizing the issuance of approximately \$40,000,000 in installment financing to finance capital investment projects and equipment for the fiscal year, including amounts to pay transaction costs.

BACKGROUND: At the March 10, 2020 Board Business meeting, the Board of County Commissioners conducted a public hearing and received preliminary information on capital projects and equipment financing. The Board made a preliminary determination to finance costs of these projects and equipment and financing costs by the use of an installment financing, as authorized under Section 160A-20 of the North Carolina General Statutes.

County staff has been in contact with the Local Government Commission (LGC) staff and expects no issues in receiving full LGC approval (expected the same day of this Board meeting - April 7, 2020).

If the Board adopts the attached resolution authorizing final approval for the financing, staff expects to price the bonds and to set the final interest rates and other terms of the financing on April 15, 2020 contingent on market conditions.

FINANCIAL IMPACT: A preliminary estimate of maximum debt service applicable to the capital investment projects and equipment financing would require the highest debt service payment of \$4.2 million in FY 2021-22. The tax rate equivalent for the estimated highest debt service payment is approximately \$2.23 cents.

SOCIAL JUSTICE IMPACT: There is no Orange County Social Justice Goal impact associated with this item.

ENVIRONMENTAL IMPACT: There is no Orange County Environmental Responsibility Goal impact associated with this item.

RECOMMENDATION(S): The Manager recommends that the Board of Commissioners approve the final financing resolution authorizing the steps to proceed with the financing of the stated capital projects and equipment.

Resolution providing final approval of terms and documents for Spring 2020 installment financing

WHEREAS –

The Board of Commissioners has previously determined to carry out various public improvements and acquisitions, as identified in the County's capital improvement plan and as described on Exhibit A.

The Board has determined to carry out the financings by using a single installment financing, as authorized under Section 160A-20 of the North Carolina General Statutes. This financing plan also includes the use of limited obligation bonds, which represent interests in the installment payments to be made by the County that can be sold to investors.

The County staff has made available to the Board the draft documents listed on Exhibit B (the "Documents"), and a draft of an official statement designed to provide information about the County and the financing to prospective investors in the bonds. These items relate to the County's carrying out the financing plan.

This resolution provides the County Board's final approval of the financing terms and the substantially final financing documents.

BE IT THEREFORE RESOLVED by the Board of Commissioners of Orange County, North Carolina, as follows:

1. *Determination to Proceed with Financing* -- The Board confirms its decision to carry out the proposed installment financing as described above, to provide financing for new public assets and improvements.

Under the financing plan, the County will receive funds from the sale of the limited obligation bonds to carry out the projects. The County will repay the funds over time, with interest. The County will secure its repayment obligation by granting a mortgage-like interest in some or all of the following facilities: (a) the County's Government Services Annex at 208 S. Cameron St. in Hillsborough, along with the

County's Link Center and the District Attorney's office building; (b) the County's Emergency Operations Center on Meadowlands Drive in Hillsborough; (c) the County's Visitors Center on Franklin St. in Chapel Hill; (d) the proposed site of the new Northern County Campus; and (e) the County's Southern Campus in Chapel Hill.

2. *Approval of Documents; Direction to Execute Documents* -- The Board approves the forms of the Documents submitted to this meeting. The Board authorizes the Chair and the County Manager, or either of them, to execute and deliver the Documents when in final form. The Documents in their respective final forms must be in substantially the forms presented, with changes as the Chair or the County Manager may approve. The execution and delivery of any Document by an authorized County officer will be conclusive evidence of that officer's approval of any changes.

The Documents in final form, however, must provide for the principal amount of limited obligation bonds to not exceed \$45,000,000, an annual true interest cost of the financing not to exceed 5.50%, and a financing term not to extend beyond December 31, 2040. The amount financed under the Documents may include amounts to pay financing expenses and other necessary and incidental costs.

3. *Sale of Bonds; Approval of Official Statement* - The Board appoints Robert W. Baird & Co. Incorporated, as senior manager, and FHN Financial Capital Markets, as co-manager, to underwrite a public offering of the proposed limited obligation bonds.

The Board approves the draft official statement submitted to this meeting as the form of the preliminary official statement pursuant to which the underwriters will offer the bonds for sale. The preliminary official statement as distributed to prospective investors must be in substantially the form presented, with such changes as the Finance Officer may approve. The Board directs the Finance Officer, after the sale of the bonds, to complete and otherwise prepare the preliminary official statement as an official statement in final form.

The Board authorizes the use of the preliminary official statement and the final official statement (collectively, the "Official Statement") by the underwriters in connection with the sale of the bonds.

The Board acknowledges that it is the County's responsibility, and ultimately

the Board's responsibility, to ensure that the Official Statement neither contains an untrue statement of a material fact nor omits to state a material fact required to be included therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4. *Officers to Complete Closing* - The Board authorizes the County Manager, the Finance Officer and all other County officers and employees to take all proper steps to complete the financing in accordance with the terms of this resolution.

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

Without limiting the generality of the previous paragraphs, the Board specifically authorizes the County Manager (a) to approve and enter into, on behalf of the County, any additional agreements appropriate to carry out the financing plan contemplated by this resolution, and (b) to approve changes to any documents previously signed by County officers or employees, provided that the changes do not substantially alter the intent from that expressed in the form originally signed. The County Manager's authorization of the release of any document for delivery will constitute conclusive evidence of her approval of any changes.

In addition, the County Manager and the Finance Officer are authorized to take all appropriate steps for the efficient and convenient carrying out of the County's ongoing responsibilities with respect to the financing. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Documents, this resolution or otherwise with respect to the bonds.

5. *Other Financing Participants* - Sanford Holshouser LLP will serve as the County's bond counsel. Davenport & Company LLC will serve as the County's financial adviser. The Bank of New York Mellon Trust Company, N.A., will serve as Trustee under the Supplemental Trust Agreement referenced in Exhibit B.

6. *Miscellaneous Provisions* – The Board authorizes all County officers and employees to take all further action as they may consider desirable to carry out the purposes of this resolution. In particular, the Board directs the Clerk to this Board to apply the County’s seal to the final form Documents, and to attest to the application of the seal. The Board ratifies all prior actions of County officers and employees to this end. Upon the unavailability or refusal to act of the County Manager, the Chair or the Finance Officer, any other of those officers may assume any responsibility or carry out any function assigned in this resolution. In addition, the Vice Chair or any Deputy or Assistant Clerk may carry out or exercise any rights or responsibilities assigned in this resolution to the Chair or the Clerk. The Board repeals all other Board proceedings, or parts of proceedings, in conflict with this resolution, to the extent of the conflict. This resolution takes effect immediately.

Exhibit A – list of projects to be financed with estimated amounts

Component	Estimated Cost
Facility, Accessibility, Safety and Security Projects	\$ 212,634
Generator Projects	\$ 33,000
HVAC Projects	\$ 230,218
Major Plumbing Repairs	\$ 50,885
Northern Campus – Detention Center	\$ 21,989,681
Northern Campus – EAC	\$ 5,677,065
Northern Campus – Parks Operations	\$ 1,404,810
Government Services (Link) Remediation	\$ 581,503
Skill Development Relocation - Europa Center Upfits	\$ 254,953
Roofing and Façade Projects	\$ 686,167
Parks and Recreation Facility Renovations. Repairs, Safety Improvements	\$ 246,500
Conservation Easements	\$ 259,514
River Park, Phase II	\$ 118,509
ITGC Initiatives	\$ 197,826
IT Infrastructure	\$ 489,910
Communication Systems	\$ 273,221
Solid Waste - Equipment and Vehicles	\$ 717,228
Solid Waste - Administrative Building Remediation	\$ 281,324
Sportsplex Capital Items - 2 Vans	\$ 70,090
Schools - Recurring Capital Needs	\$ 3,000,000
Schools - Improvements to Older Facilities	\$ 472,941
Schools – Other Various Projects	\$ 3,242,252
Total Project Costs	\$ 40,490,231

The County will also use additional loan proceeds to pay financing costs.

Exhibit C -- Draft Documents

(a) A draft dated March 9, 2020, of a Third Supplemental Trust Agreement to be dated on or about May 1, 2020, between the County and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), providing for the advance of funds to the County, for the issuance of limited obligation bonds, for the County's obligation to repay the amounts advanced, and for the County's responsibilities for the use and care of the collateral

(b) A draft dated March 9, 2020, of a Deed of Trust Supplement #3 to be dated on or about May 1, 2020, from the County to a deed of trust trustee for the Trustee's benefit, providing for a security interest in property to secure the County's obligations under the limited obligation bonds and the other financing documents.

(c) A draft of a Bond Purchase Agreement to be dated on or about April 16, 2020, providing for the underwriters' obligation to purchase the bonds. The final form of this Agreement will set out the final principal amount, principal payment schedule and interest rates for the bonds, and the other terms and conditions for the underwriters' obligation to purchase the bonds.

s☆h draft of March 9

Prepared by and return after recording to:

Robert M. Jessup Jr.
Sanford Holshouser LLP
209 Lloyd St., Suite 350
Carrboro, NC 27510

DEED OF TRUST SUPPLEMENT #3

PINs	9874-15-3612	9864-39-4358
	9874-80-2738	9880-00-8527

Brief description:

Link Center Building at 200 S. Cameron St., Government Services Annex at 208 S. Cameron St. and District Attorney’s office building at 144 E. Margaret Lane, all in Hillsborough

Future North Campus Site off Highway 70

Emergency Operations Center on Meadowlands Drive in Hillsborough

Southern Campus Site off Homestead Rd. in Chapel Hill

Supplements RB 6486, Page 413; RB 6613, Page 17; and RB 6633, Page 1121; also see RB _____, Page _____ (partial release)

STATE OF NORTH CAROLINA)	The collateral is or includes fixtures.
)	
ORANGE COUNTY)	This instrument secures future advances.
)	

DEED OF TRUST SUPPLEMENT #3

THIS DEED OF TRUST SUPPLEMENT #3 (this "Supplement") is dated as of May 1, 2020, and is granted by **ORANGE COUNTY, NORTH CAROLINA**, a political subdivision of the State of North Carolina (the "County"), to **Amy K. Johnson**, as trustee (the "Deed of Trust Trustee"), for the benefit of **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE** ("BNY-M").

RECITALS:

The County is issuing its [\$45,000,000] Limited Obligation Bonds, Series 2020 (the "2020 Bonds"), under a Third Supplemental Trust Agreement dated as of May 1, 2020 (the "2020 Agreement"), between the County and BNY-M, as trustee. The County is issuing the 2020 Bonds to provide funds, to be used together with other available funds, to acquire, construct, equip and otherwise improve a variety of County facilities and assets, as well as to pay financing costs and other related costs.

The 2019B Agreement supplements a Trust Agreement dated as of June 1, 2018 (the "2018 Agreement"), between the County and BNY-M, as trustee, which the parties previously supplemented by a First Supplemental Trust Agreement dated as of May 1, 2019, and a Second Supplemental Trust Agreement dated as of October 1, 2019 (as supplemented, the "Prior Agreement"). Under the Prior Agreement, the County issued its \$7,510,000 Limited Obligation Bonds, Series 2018, its \$14,135,000 Limited Obligation Bonds, Series 2019A, and its \$29,745,000 Limited Obligation Bonds, Series 2019B (together, the "Prior Bonds"). The County secured its repayment obligation with respect to the Prior Bonds by granting a security interest in certain Mortgaged Property, as defined in the 2019B Deed of Trust (as defined below).

The parties have now agreed that the Mortgaged Property will also secure the County's repayment obligations with respect to the 2020 Bonds as provided in the 2020 Agreement.

Accordingly, **this Supplement supplements the Deed of Trust and Security Agreement** granted by the County for the benefit of BNY-M dated as of June 1, 2018 (the "2018 Deed of Trust") and recorded at RB 6486, Page 413, Orange

County Registry, which has been previously supplemented by instruments recorded at RB 6613, Page 17, and RB 6633, Page 1121 (this is the “2019B Deed of Trust”), Orange County Registry (those instruments, together with the 2018 Deed of Trust, are referred to as the “Existing Deed of Trust” in this Supplement). The Existing Deed of Trust, as modified by this Supplement, is referred to as the “Modified Deed of Trust” in this Supplement.

The Mortgaged Property includes the real property described in Exhibit A. The County is the record owner of that real property.

The County executes and delivers this Supplement to secure current advances under the 2020 Agreement of [\$45,000,000], as well as (a) total outstanding advances with respect to the Prior Bonds of approximately \$50,595,000 and (b) potential future advances up to a total maximum principal amount of \$200,000,000, all as described and pursuant to the Existing Deed of Trust. The time during which such future advances may be made is 30 years from June 1, 2018. The current scheduled date for final repayment of amounts secured under this Supplement and the Existing Deed of Trust is October 1, 2040.

NOW, THEREFORE,

(1) in consideration of the execution and delivery of the 2020 Bonds and the 2020 Agreement and other good and valuable consideration, the receipt and sufficiency of which the County acknowledges,

(2) to secure the County’s performance of all its covenants under this Supplement, the Existing Deed of Trust, the 2020 Agreement, the Prior Agreement, the 2020 Bonds and the Prior Bonds (together, the “Loan Documents”), and

(3) to charge the Mortgaged Property with that payment and performance,

the County sells, grants and conveys to the Deed of Trust Trustee, her successors and assigns forever, in trust, with power of sale, the Mortgaged Property, as defined in the 2019B Deed of Trust, which includes the property described in Exhibit A;

BUT TAKE NOTE THAT Parcel 4 as defined in the 2019B Deed of Trust has previously been released from the lien of the Existing Deed of Trust;

TO HAVE AND TO HOLD the Mortgaged Property with all privileges and appurtenances belonging thereunto, to the Deed of Trust Trustee, her successors and assigns forever, upon the trusts, terms and conditions and for the purposes set out below, in fee simple in trust;

SUBJECT, HOWEVER, to the encumbrances described in Exhibit B;

BUT THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST: if the County pays its "Obligations," as defined in Section 1-1 below, in full and in accordance with the Loan Documents, and the County complies with all the terms, covenants and conditions of the Loan Documents, this conveyance will be null and void and will be canceled of record at the County's request and cost, and title will revert as provided by law;

BUT IF, HOWEVER, THERE OCCURS AN EVENT OF DEFAULT UNDER THE LOAN DOCUMENTS, then BNY-M will have the remedies provided for in this Modified Deed of Trust, including directing the Deed of Trust Trustee to sell the Mortgaged Property under power of sale.

The County covenants with the Deed of Trust Trustee and BNY-M that the County is seized of and has the right to convey the Mortgaged Property in fee simple, that the Mortgaged Property is free and clear of all liens and encumbrances other than Permitted Encumbrances, as defined in the Prior Agreement and the 2020 Agreement, that title to the Mortgaged Property is marketable, and that the County will forever warrant and defend title to the Mortgaged Property (subject to the Permitted Encumbrances) against the claims of all persons.

THE COUNTY COVENANTS AND AGREES with the Deed of Trust Trustee and BNY-M (and their respective heirs, successors and assigns), in consideration of the foregoing, as follows:

1. Security Provided

1-1 Security for Payment and Performance. The Modified Deed of Trust secures the County's payment, as and when the same become due and payable, of all amounts payable by the County under the Loan Documents (the "Obligations") and the County's timely compliance with all terms, covenants and

conditions of (a) the Loan Documents and (b) any Additional Bonds, as defined in and as may be executed and delivered pursuant to the Prior Agreement.

1-2 Present and Future Advances. This Deed of Trust is executed to secure all the County's present and future obligations to the Trustee related to the Mortgaged Property as described in and pursuant to the Modified Deed of Trust. The total amount, including present and future obligations, that may be secured by this Modified Deed of Trust at any one time is \$200,000,000. The period within which future obligations may be incurred is 30 years from June 1, 2018.

1-3 Existing Deed of Trust Otherwise Confirmed. Except as provided by this Supplement, the County ratifies, approves and confirms the terms of the Existing Deed of Trust.

1-4 County's Obligation Limited. Notwithstanding any other provision of the Loan Documents, the parties intend that this transaction will comply with North Carolina General Statutes Section 160A-20. No deficiency judgment may be entered against the County in violation of Section 160A-20.

No provision of this Supplement should be construed or interpreted as creating a pledge of the County's faith and credit within the meaning of any constitutional debt limitation. No provision of this Supplement should be construed or interpreted as an illegal delegation of governmental powers, nor as an improper donation or lending of the County's credit within the meaning of the North Carolina constitution. The County's taxing power is not and may not be pledged, directly or indirectly contingently, to secure any moneys due under this Supplement.

Nothing in this Section is intended to impair or prohibit foreclosure under the Modified Deed of Trust if the Obligations are not paid when due or otherwise upon the occurrence of an Event of Default under the Loan Documents.

No provision of this Supplement restricts the County's future issuance of any of its bonds or other obligations payable from any class or source of the County's moneys (except to the extent the Loan Documents restrict the incurrence of additional obligations secured by the Mortgaged Property).

To the extent of any conflict between this Section and any other provision of this Supplement, this Section takes priority.

2. Miscellaneous

2-1 Notices.

(a) Any communication provided for in this Supplement must be in writing (not to include facsimile transmission or electronic mail).

(b) Any communication under this Supplement will be deemed given on the delivery date shown on a United States Postal Service certified mail receipt, or a delivery receipt (or similar evidence) from a national commercial package delivery service, if addressed as follows:

(i) if to the County, to Orange County Manager, Re: Notice under 2020 LOBs Deed of Trust, Post Office Box 8181, Hillsborough, NC 27278

(ii) if to the Deed of Trust Trustee, to Deed of Trust Trustee, c/o The Bank of New York Mellon Trust Company, N.A., Re: Notice for 2020 Financing for Orange County, 10161 Centurion Parkway North, Jacksonville, FL 32256

(iii) if to BNY-M, to The Bank of New York Mellon Trust Company, N.A., Re: Notice for 2020 Financing for Orange County, 10161 Centurion Parkway North, Jacksonville, FL 32256

(c) Any addressee may designate additional or different addresses for communications by notice given under this Section to each of the others. The County must send copies of any notices it sends to the Deed of Trust Trustee also to BNY-M.

2-2 Definitions. All capitalized terms used in this Supplement and not otherwise defined have the meanings ascribed to them otherwise in the Loan Documents.

2-3 Governing Law; Forum. The County, BNY-M and the Deed of Trust Trustee intend that North Carolina law will govern this Supplement and all matters of its interpretation. To the extent permitted by law, the County, BNY-M and the Deed of Trust Trustee agree that any action brought with respect to this Supplement must be brought in the North Carolina General Court of Justice in Orange County, North Carolina.

2-4 Limitation of Liability of Officers and Agents. No officer, agent or employee of the County, BNY-M or the Deed of Trust Trustee will be subject to any personal liability or accountability by reason of the execution of this Supplement or any other documents related to the transactions contemplated by this Supplement. Those officers or agents are deemed to execute documents in their official capacities only, and not in their individual capacities. This Section does not relieve any officer, agent or employee from the performance of any official duty provided by law.

2-5 Covenants Run with the Land. All covenants contained in the Modified Deed of Trust run with the real estate encumbered by the Modified Deed of Trust

2-6 Further Instruments. Upon the request of BNY-M or the Deed of Trust Trustee, the County will execute, acknowledge and deliver any further instruments reasonably necessary or desired by BNY-M or the Deed of Trust Trustee to carry out more effectively the purposes of this Supplement or any other document related to the transactions contemplated by this Supplement, and to subject to the liens and security interests of this Supplement all or any part of the Mortgaged Property intended to be given or conveyed, whether now given or conveyed or acquired and conveyed subsequent to the date of this Supplement.

2-7 Entire Agreement; Amendments. This Supplement, together with the other Loan Documents, constitutes the County's entire agreement with the Trustee and the Deed of Trust Trustee with respect to its general subject matter. This Supplement may not be changed except in accordance with the other Loan Documents. The consent of the Deed of Trust Trustee is not required for any changes.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the County has caused this instrument to be signed, sealed and delivered by duly authorized officers, as of the day and year first above written.

(SEAL)

ATTEST:

**ORANGE COUNTY,
NORTH CAROLINA**

Donna S. Baker
Clerk, Board of Commissioners

By: _____
Bonnie B. Hammersley
County Manager

* * * * *

**STATE OF NORTH CAROLINA;
ORANGE COUNTY**

I, a Notary Public of such County and State, certify that Bonnie B. Hammersley and Donna S. Baker personally came before me this day and acknowledged that they are the County Manager and the Clerk of the Board of Commissioners, respectively, of Orange County, North Carolina, and that by authority duly given and as the act of such County, the foregoing instrument was signed in the County's name by such County Manager, sealed with its corporate seal and attested by such Clerk.

WITNESS my hand and official stamp or seal, this _____ day of _____, 2020.

[SEAL]

Notary Public

My commission expires: _____

[Deed of Trust Supplement #3 dated as of May 1, 2020
for the benefit of The Bank of New York Mellon Trust Company, N.A., as Trustee]

EXHIBIT A – Pledged Sites Description

TRACT 1 [Government Service Annex, Link Center and District Attorneys' Office]:

BEING that certain property containing 9.202 acres, more or less, adjacent to South Cameron Street as shown on a plat entitled "Recombination Survey Properties of Orange County" as prepared by Riley Surveying, P.A. dated June 5, 2007 and recorded June 7, 2007 in Plat Book 102, Page 36, Orange County Register of Deeds.

PIN Number: 9874-15-3612

TRACT 2 [North Campus Site]:

BEING all of that 19.334-acre parcel, more or less, shown on survey entitled "Recombination Survey, Property of Orange County" dated as of September 6, 2019 and recorded in Plat Book 120, Page 159, Orange County Registry.

PIN Number: 9864-39-4358

TRACT 3 [E-911 Center in the Meadowlands -- Approximately 22,000-square foot building located on Meadowlands Drive, Hillsborough]

BEGINNING at a point located in the eastern margin of the 60 foot wide right-of-way of Meadowlands Drive, said beginning point being further located South 12° 12' 30" West 360.84 feet from a nail located at the intersection of the center line of Meadowlands Drive with the center line of the 60 foot wide right-of-way of N.C. Highway 70; and running thence from said beginning point South 73° 36' 46" East 407.39 feet to a point; thence South 04° 48' 02" West 329.70 feet to a point; thence North 67° 16' 01" West 494.62 feet to a point located in the aforesaid easterly margin of the right-of-way of Meadowlands Drive; thence with said easterly margin of the right-of-way of Meadowlands Drive in two calls as follow: (1) with the arc of a circular curve to the left having a radius of 525.05 feet (and a chord course and distance of North 23° 54' 22" East 134.12 feet), an arc distance of 134.49 feet to a point; thence (2) North 16° 34' 02" East 135.34 feet to the point or place of BEGINNING; containing 3.00 acres and being Lot A as shown on a survey entitled "Subdivision of Property Surveyed for Meadowlands Associates" by Alois Callemyn Land Surveyors dated February

26, 1996 and recorded in Plat Book 75, Page 146, in the Orange County Registry.

PIN Number: 9874-80-2738

TRACT 4 - Intentionally omitted

TRACT 5 [Southern Campus Site]

BEGINNING in the center of the public road leading from Calvander to Orange Church witnessed by an iron stake on the South side of said road; running thence South 2 degrees 30 minutes east 1,304 feet to an iron stake and pointers in the line of the University of North Carolina property; thence with said property East 1,194 feet to an iron stake in Will Freeland's land; thence with his line North 1,190 feet to the center of said road; thence with the center of said road North 84 degrees West 1,250 feet to the beginning, containing 34.10 acres, more or less, as surveyed by J. Ralph Weaver, County Surveyor, on November 20, 1940, and being part of the land formerly owned by Mrs. J. Walker Womble.

BEING also described as the Lands of the County of Orange and the Project Homestead Lease Lot as shown on that plat entitled "Easement Plat for Orange County Senior Center" and recorded in Plat Book 102, Page 99, Orange County Registry.

PIN Number: 9880-00-8527

EXHIBIT B -- Existing Encumbrances

As to all Tracts: the Deed of Trust and Security Agreement granted by the County for the benefit of BNY-M dated as of June 1, 2018, and recorded at RB 6486, Page 413, Orange County Registry, as previously supplemented (referred to as the “Existing Deed of Trust” in this instrument, and further defined above).

All references to books and pages in the lists below are to the Orange County Registry.

As to Tract 1:

1. Subject to Matters shown on plats recorded in Plat Book 102, Page 34; Plat Book 102, Page 36; Plat Book 59, Page 179; and Plat Book 110, Page 91.
2. Conservation Easement to Orange County recorded in Book 4296, page 308.
3. Title to that portion of the Land lying below the mean high water mark of Eno River.
4. Riparian rights incident to the Land.
5. Easement to the Town of Hillsborough recorded in Book 1030, Page 546.
6. Easement(s) to Duke Power Company recorded in Book 1146, Page 153.
7. Right of Way Agreement between Orange County and Duke Energy Carolinas, LLC recorded in Book 5905, Page 73.

As to Tract 2:

1. Subject to matters shown on plat recorded in Plat Book 118, Page 105.
2. Subject to matters shown on plat recorded in Plat Book 94, Page 68 including a 30-foot joint driveway easement and septic easement located on the Land.
3. Rights of others for ingress and egress purposes in and to the use of easements located on the Land.
4. Commissioners’ Second Revised Final Report recorded in Book 3446, Page 26 and Order of Confirmation recorded in Book 3446, Page 29.
5. Title to that portion of the Land within the right-of-way of US Hwy 70 and West Hill Ave.
6. Easement(s) to Duke Power Company recorded in Book 114, Page 95.
7. Easement(s) and/or Right(s) of Way to Jean A. Hall, heirs and assigns recorded in Book 3446 at Page 39, Orange County Registry.
8. Non-exclusive perpetual right and easement of ingress and egress for a driveway for Dorothy Hall Holloway and Husband, Bill Holloway and their successors and assigns, recorded in Book 3831 at Page 375, Orange County Registry.
9. Declaration of Restrictions and Provisions for Private Road Maintenance recorded in Book 376 at Page 552.

10. Easement recorded in Book 376 at Page 555, Orange County Registry.
11. Easement(s) and/or Right(s) of Way to Hillsboro Power and Light Co. recorded in Book 87 at Page 437, Orange County Registry.
12. Easement(s) and/or Right(s) of Way to State Highway Commission recorded in Book 183 at Page 512, Orange County Registry.
13. Terms and conditions and rights of others in and to that Buffer Easement recorded in Book 6625 at Page 2007, Orange County Registry.
14. Buffer Easement recorded in Book 6625 at Page 2012, Orange County Registry.

As to Tract 3:

1. Restrictions appearing of record in Book 654, Page 517 and amended in Book 1081 at Page 425.
2. Subject to matters shown on plat recorded in Plat Book 75, Page 146.
3. Easement(s) to Town of Hillsborough recorded in Book 804, Page 444.
4. Easement(s) to Duke Power Company recorded in Book 676, Page 500.
5. Easement(s) to Public Service Company of North Carolina recorded in Book 1083, Page 235.
6. Title to that portion of the Land within the right-of-way of Meadowland Drive.
7. Termination Agreement recorded in Book 4126, Page 346.
8. Town of Hillsborough Conditional Use Permit #2007-04 recorded in Book 4416, Page 496.
9. Sand Filter SCM (Stormwater Control Measure) Operation and Maintenance Agreement recorded in Book 6468 at Page 214, Orange County Registry.
10. Stormwater Control Measure Access and Maintenance Easement to the Town of Hillsborough recorded in Book 6616 at Page 1294, Orange County Registry.

Tract 4 – Intentionally omitted

As to Tract 5:

1. Special Needs Housing Program Deed of Trust, Assignment of Rents and Leases, and Security Agreement from Inter-Faith Council for Social Service, Inc. to A. Robert Kucab, Trustee for North Carolina Housing Finance Agency to secure a note in the amount of \$150,000.00 and recorded in Book 1636, page 285, Orange County Registry. As modified by Modification to Promissory Note, Deed of Trust and Declaration of Deed Restrictions recorded in Book 5911, page 372, Orange County Registry.
2. Orange County Home Program Deed of Trust and Security Agreement from Interfaith Council for Social Services, Inc. to Geoffrey E. Gledhill, Trustee for the benefit of Orange County to secure a note in the amount of \$50,000.00 and recorded in Book 1731, Page 1, Orange County Registry. As affected by

- that Request for Notice recorded in Book 2358, Page 156, Orange County Registry.
3. Lease from Orange County, North Carolina as Lessor and Inter-Faith Council for Social Service, Inc. recorded in Book 1579, Page 152, Orange County Registry.
 4. Agreement between Interfaith Council for Social Service, Inc., Orange County, and Orange Water and Sewer Authority recorded in Book 1543, Page 313, Orange County Registry.
 5. Restrictions appearing in that Declaration of Deed Restrictions between Inter-Faith Council for Social Service, Inc. and North Carolina Housing Finance Agency recorded in Book 1636, Page 300, Orange County Registry.
 6. Matters shown on plat recorded in:
 - a. Plat Book 59, Page 96;
 - b. Plat Book 78, Page 51;
 - c. Plat Book 78, page 88;
 - d. Plat Book 80, Page 179; and
 - e. Plat Book 102, Page 99, Orange County Registry.
 7. Easement(s) and/or Right(s) of way to Duke Power Company as recorded in Book 131 at Page 368 and Book 1610 at Page 213, Orange County Registry.
 8. Easement(s) and/or Right(s) of Way to University of North Carolina recorded in Book 136 at Pages 341 and 528, Orange County Registry.
 9. Ordinance to Extend the Corporate Limits of the Town of Chapel Hill recorded in Book 725, Page 436, Orange County Registry and adopted Ordinance to Extend the Corporate Limits of the Town of Chapel Hill recorded in Book 818, Page 223, Orange County Registry.
 10. Deed of Easement to Orange Water and Sewer Authority recorded in Book 1684, Page 47 and Book 1684, Page 50, Orange County Registry.
 11. Right of Way Agreement between Orange County and Duke Energy Corporation recorded in Book 3800, Page 116 and Book 4162, Page 547, Orange County Registry.
 12. Stormwater Operations and Management Plan recorded in Book 4349, Page 234, Orange County Registry.
 13. Orange Water and Sewer Authority Dedication recorded in Book 4504, Page 77, Orange County Registry.
 14. Town of Chapel Hill Special Use Permit recorded in Book 1283, Page 256, Orange County Registry as modified by that Modification of Special Use Permit recorded in Book 1437, Page 33; by Special Use Permit Modification recorded in Book 4349, Page 228; and by that Special Use Permit Modification recorded in Book 5878, Page 49, Orange County Registry.

s☆h draft of March 9

Third Supplemental Trust Agreement

by and between

Orange County, North Carolina

and

**The Bank of New York Mellon Trust
Company, N.A., as Trustee**

Relating to the issuance of

**[\$45,000,000]
Limited Obligation Bonds
Series 2020**

THIS THIRD SUPPLEMENTAL TRUST AGREEMENT is dated as of May 1, 2020 (this "Supplemental Agreement"), is between **ORANGE COUNTY, NORTH CAROLINA**, a political subdivision of the State of North Carolina (the "County"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association having an office in Jacksonville, Florida, as trustee (the "Trustee"), and relates to the issuance of [\$45,000,000] Limited Obligation Bonds, Series 2020 (the "2020 Bonds").

RECITALS

The County and the Trustee executed and delivered a Trust Agreement dated as of June 1, 2018 (the "2018 Agreement"). The 2018 Agreement provides for the issuance of a 2018 series of limited obligation bonds (the "2018 Bonds"), and allows for the issuance of additional series of limited obligation bonds. The 2018 Agreement provides that the parties will enter into a supplemental agreement for each issue of limited obligation bonds.

The County and the Trustee are now entering into this Supplemental Agreement to supplement the 2018 Agreement and provide for the issuance of the 2020 Bonds as additional bonds under the Trust Agreement. The 2020 Bonds are issued and secured on a parity with the 2018 Bonds.

The County is issuing the 2020 Bonds to provide funds to be used, together with other available funds, on a project (the "2020 Project") to acquire, construct, equip and otherwise improve a variety of County facilities and assets, including those described in Exhibit A, and to pay financing costs and other related costs.

Each of the 2020 Bonds represents an "installment contract" within the meaning of Section 160A-20 of the North Carolina General Statutes, between the County and the owner of that Bond. The Trustee serves under this Supplemental Agreement for and on behalf of the bondholders.

Unless the context clearly requires otherwise, capitalized terms used in this Supplemental Agreement and not otherwise defined have the meanings set forth in Exhibit B or in the "Prior Agreement," as defined in Exhibit B.

NOW, THEREFORE, in consideration of the covenants contained in this Supplemental Agreement, the parties agree as follows:

ARTICLE I

THE 2020 Bonds

Section 1.01. Provision for 2020 Bonds; Advance. (a) The County will issue, and the Trustee will authenticate and deliver, 2020 Bonds in an aggregate principal amount of [\$45,000,000].

(b) The County acknowledges that the amount paid to it from the issuance and sale of the 2020 Bonds is equal to the face amount of the 2020 Bonds (i) reduced by the amount of a discount for the underwriting of the 2020 Bonds and (ii) increased by the net original issue premium in the offering of the 2020 Bonds. This total amount is \$_____. The County will use the amount paid as provided in this Supplemental Agreement to pay 2020 Project Costs.

Section 1.02. Bonds Constitute Installment Contracts. Each of the 2020 Bonds, together with the County's corresponding obligations under the Trust Agreement and the Deed of Trust, constitutes a separate "installment contract" within the meaning of Section 160A-20 between the County and the owner of that Bond. The County's payment obligations, and its other obligations under this Agreement and with respect to the Bonds, are secured by the lien on the Mortgaged Property created under the Deed of Trust and by the other security provided for in the Trust Agreement.

Section 1.03. Agreement Supplements 2018 Agreement; 2020 Bonds Are Additional Bonds. (a) This Supplemental Agreement is a "supplemental agreement" for the issuance of Additional Bonds as provided in the 2018 Agreement, and the 2020 Bonds are "Additional Bonds" as defined in the 2018 Agreement.

(b) Except as modified by this Supplemental Agreement, all terms of the Prior Agreement remain in effect and apply with respect to the 2020 Bonds to the same extent as to all Prior Bonds. The continuing disclosure obligations set out in Section 4.01 of the First Supplemental Trust Agreement between the County and the Trustee dated as of May 1, 2019 apply to the County with respect to the 2020 Bonds.

Section 1.04. Form and Details; Payments. The 2020 Bonds will be designated "Limited Obligation Bonds, Series 2020," and will be in substantially the form of Exhibit C, with changes as the Trust Agreement may permit or require. The 2020 Bonds will be numbered R-1 upward for identification. The 2020 Bonds are payable as to interest semiannually on each Payment Date at the following rates (calculated based on a 360-day year consisting of twelve 30-day months), and are payable as to principal on October 1 in the following years and amounts:

Maturity Date (October 1)	Principal Amount (\$)	Rate (%)
[To come]		

Exhibit D shows a schedule of payments due on the 2020 Bonds with respect to each Payment Date. Upon any redemption of the 2020 Bonds, the County will recalculate the schedule of payments to reflect the redemption, and will then deliver a substitute Exhibit D to the Trustee reflecting the recalculated payment schedule.

Section 1.05. Redemption Dates and Prices. The 2020 Bonds are subject to redemption as described in Section 2.01.

Section 1.06. Delivery of 2020 Bonds. The Trustee will authenticate and deliver the 2020 Bonds when it has received the following items:

- a) Certified copies of County Board resolutions (i) approving the terms and conditions under which the 2020 Bonds are to be executed and delivered and (ii) authorizing the execution, delivery and issuance of the 2020 Bonds, this Supplemental Agreement, and Deed of Trust Supplement #3 (as described in Exhibit B)
- b) Evidence satisfactory to the Trustee that the LGC has approved the issuance of the 2020 Bonds

- c) An executed copy of this Supplemental Agreement
- d) An executed copy of Deed of Trust Supplement #3 , which extends the benefit of the security provided to the Trustee under the Prior Deed of Trust to secure the County's performance of its obligations under this Supplemental Agreement and 2020 Bonds, as contemplated by Section 1.06(iv) of the 2018 Agreement
- e) An Opinion of Bond Counsel to the effect that the execution and delivery of the 2020 Bonds as Additional Bonds is permitted under the terms of the Prior Agreement and has been duly authorized
- f) A County Certificate directing the Trustee as to the application of the proceeds from the sale of the 2020 Bonds
- g) Evidence of the issuance or proposed issuance of one or more lender's title insurance policies (or an appropriate endorsement to an existing policy) in favor of the Trustee, in an aggregate face amount of insurance equal to the total amount of Outstanding Bonds plus the principal amount of the 2020 Bonds, and including the instrument referenced in (d) above as an insured instrument

Section 1.07. Limited Obligation. The 2020 Bonds are limited obligations of the County, as provided and described in Section 4.05 of the 2018 Agreement.

ARTICLE II

REDEMPTION

Section 2.01. Redemption Dates and Prices. The 2020 Bonds maturing on or after October 1, 2031, are subject to redemption at the County's option, in whole or in part on any date on or after October 1, 2030, upon payment of the principal amount to be redeemed plus interest accrued to the redemption date, without premium.

Section 2.02. Selection of 2020 Bonds for Redemption.

(a) If less than all the 2020 Bonds are to be redeemed, they will be redeemed among maturities in any manner the County chooses.

(b) If less than all of the 2020 Bonds of any maturity are to be redeemed, the Trustee must select the 2020 Bonds to be redeemed by lot; provided, however, that so long as a book-entry system with DTC is used for determining beneficial ownership of 2020 Bonds, if less than all of the 2020 Bonds within a maturity are to be redeemed, the parties agree that DTC may determine which of the 2020 Bonds within the maturity are to be redeemed in accordance with DTC's then-current rules and procedures.

(c) In any case, (i) the portion of any 2020 Bond to be redeemed must be in the principal amount of \$5,000 or some integral multiple thereof, and (ii) in selecting 2020 Bonds for redemption, each 2020 Bond will be considered as representing that number of 2020 Bonds which is obtained by dividing the principal amount of that 2020 Bond by \$5,000. If a portion of a 2020 Bond is called for redemption, the County will prepare, and the Trustee will deliver, a new 2020 Bond in principal amount equal to the unpaid portion to the registered owner upon the surrender of the 2020 Bond.

Section 2.03. Redemption Notices. (a) The Trustee, at the County's direction, upon being satisfactorily indemnified with respect to expenses, and with at least two Business Days' notice, will send notice of redemption no less than 30 nor more than 60 days prior to the redemption date, as follows:

(i) For any 2020 Bonds being called for redemption for which DTC or its nominee is the registered owner, to DTC, in whatever manner may be provided for under DTC's standard operating rules as then in effect (and if the Trustee is unable to determine those rules, by registered or certified mail, return receipt requested);

(ii) For any 2020 Bonds for which no book-entry-only system of registration is in effect, to each of the registered owners of those 2020 Bonds at their addresses as shown on the Trustee's registration books, by registered or certified mail; and

(iii) In any case, both (A) to the MSRB for posting on the EMMA System and (B) to the LGC.

The County, however, acknowledges and agrees that the Trustee is not acting as the disclosure or dissemination agent for purposes of Rule 15c2-12 in connection with any notice to be posted with the MSRB via the EMMA System. Notwithstanding anything in this Supplemental Agreement to the contrary, the only remedy for the Trustee's failure to post any notice (not limited to redemption notices) with the EMMA System will be an action by the holders of the 2020 Bonds, as applicable, for specific performance or similar remedy to compel performance.

Failure to give any notice specified in (i) or (ii), as applicable, or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2020 Bonds with respect to which no failure has occurred. Failure to give any notice specified in (iii), or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2020 Bonds with respect to which the notice specified in (i) or (ii) is correctly given. Any notice mailed as provided in this Supplemental Agreement will conclusively be presumed to have been given regardless of whether received by any Owner.

(b) Any redemption notice may state that the redemption to be effected is conditioned upon --

- (i) the Trustee's receipt on or prior to the redemption date of moneys sufficient to pay the principal of and interest on the 2020 Bonds to be prepaid; or
- (ii) any other condition not unacceptable to the Trustee.

If a notice contains a condition and the Trustee either (i) does not receive moneys sufficient to pay the principal of and interest on the 2020 Bonds on or prior to the redemption date, or (ii) the stated condition is not fulfilled,

in either case on or prior to the redemption date,

then redemption will not be made, and the Trustee must, within a reasonable time, give notice the same way the redemption notice was given that the moneys

were not so received (or condition was not fulfilled) and the redemption was not made.

(c) Each redemption notice must specify (i) the complete designation of the 2020 Bonds to be redeemed, (ii) the CUSIP numbers of the 2020 Bonds to be redeemed, (iii) the dated dates, maturity dates and interest rates of the 2020 Bonds to be redeemed, (iv) the date fixed for redemption, (v) any conditions to the redemption, as contemplated by subsection (b) above, (vi) the principal amount of 2020 Bonds or portions thereof to be redeemed, (vii) the applicable redemption price, (viii) the address of the place or places of payment, (ix) the Trustee's name and telephone number, and the name of a contact person, (x) that interest accrued to the date fixed for redemption will be paid as specified in the notice, and (xi) that on and after the established redemption date, interest on 2020 Bonds which have been redeemed will cease to accrue. The Trustee must also include in any redemption notice any additional information provided by the County for use in the notice.

Section 2.04. 2020 Bonds Payable on Redemption Date; Interest Ceases To Accrue. If on or before the date fixed for redemption funds are deposited with the Trustee to pay the principal of and interest accrued to the redemption date on 2020 Bonds called for redemption, the 2020 Bonds (or portions of 2020 Bonds) called for redemption cease to accrue interest from and after the redemption date. Thereafter, those 2020 Bonds (a) are no longer entitled to the benefits provided by the Trust Agreement and (b) are not deemed to be Outstanding under the Trust Agreement.

ARTICLE III

DEPOSIT AND USE OF 2020 PROCEEDS; OTHER FUNDS

Section 3.01. Disbursement of Proceeds. The Trustee will apply proceeds from the sale of the 2020 Bonds as provided in the certificate described in Section 1.06(f).

Section 3.02. Creation and Use of 2020 Proceeds Fund. The Trustee will establish a special fund designated as the "Orange County 2020 Proceeds Fund."

The Trustee will keep this Fund separate and apart from all other funds and moneys held by it, and will hold and administer this Fund as provided in this Supplemental Agreement. Moneys in the 2020 Proceeds Fund will be expended only as described in Sections 3.03 and 3.04. The Trustee is not required to disburse any moneys from the 2020 Proceeds Fund during the continuation of any Event of Default.

Section 3.03. Deposits to 2020 Proceeds Fund; Payment of Project Costs. (a) The Trustee will deposit into the 2020 Proceeds Fund the amount specified in the certificate referenced in Section 1.06(f) and all other amounts paid to it for deposit in the 2020 Proceeds Fund.

(b) The Trustee will disburse moneys in the 2020 Proceeds Fund from time to time, either to pay 2020 Project Costs directly or to reimburse the County for previous expenditures on any of those costs, upon receipt of a requisition substantially in the form of Exhibit E. The Trustee will accept requisitions that the County submits by electronic mail or by facsimile transmission. The Trustee may rely conclusively on requisitions as authorization for payments, and the Trustee has no duty or responsibility to verify any matters in the requisitions.

(c) Unless otherwise directed by the County, the Trustee will disburse moneys from the 2020 Proceeds Fund that are due to the County by wire transfer to any bank account in the United States as the County may designate to the Trustee from time to time.

Section 3.04. Transfer of Unexpended Proceeds. Upon the first to occur of (a) July 1, 2023, or (b) receipt of a County Certificate stating that there are no more 2020 Project Costs to be paid from the 2020 Proceeds Fund, the Trustee will withdraw all remaining moneys in the 2020 Proceeds Fund and deposit those moneys in the Payment Fund. The Trustee will then apply those moneys to Bond payments as directed by a County Representative. In the absence of any direction from the County, the Trustee will deposit those moneys in the Interest Account and use them to pay interest on the 2020 Bonds as the same becomes due.

Section 3.05. Use of Funds and Accounts from 2018 Agreement. The Trustee is to maintain and administer the Bond Payment Fund (and its principal and interest accounts) and the Net Proceeds Fund established under the 2018

Agreement to the same effect and purpose as provided in the 2018 Agreement with respect to the 2020 Bonds as to the 2018 Bonds and all Bonds generally.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Notices.

(a) Any communication provided for in this Supplemental Agreement or the 2020 Bonds must be in writing (not to include facsimile transmission or electronic mail, except as provided in Section 3.03).

(b) Any communication sent under this Agreement must also be sent to the County and the Trustee, along with any other parties to which the communication may be addressed. Any party sending a communication under this Supplemental Agreement that relates to amendments or defaults must also send a copy to the LGC.

(c) Any communication under this Supplemental Agreement will be deemed given on the delivery date shown on a United States Postal Service certified mail receipt, or a delivery receipt (or similar evidence) from a national commercial package delivery service, if addressed as follows:

(i) if to the County, to Orange County Manager, Re: Notice under 2020 LOBs Trust Agreement, Post Office Box 8181, Hillsborough, NC 27278

(ii) if to the Trustee, to The Bank of New York Mellon Trust Company, N.A., Re: Notice for 2020 Financing for Orange County, 10161 Centurion Parkway North, Jacksonville, FL 32256

(iii) If to the LGC, to the North Carolina Local Government Commission, Attn: Secretary of the Commission, Re: Notice for 2020 Orange County LOBs Financing, Longleaf Building, 3200 Atlantic Ave., Raleigh, NC 27604

(d) Any addressee (including the LGC) may designate additional or different addresses for communications by notice given under this Section to each of the others.

(e) Whenever this Supplemental Agreement requires the giving of a notice, the person entitled to receive the notice may waive the notice, in writing. The giving or receipt of the notice will then not be a condition to the validity of any action taken in reliance upon the waiver.

Section 4.02. Definition of "Restricted Yield." With respect to the 2020 Bonds, a "Restricted Yield" means a "yield," within the meaning of Treas. Regs. Secs. 1.103-13(c), -13(d), 1.148-9T(a), or any successor or other provision that may be applicable, not in excess of a "yield" equal to _____%.

Section 4.03. Consent to Jurisdiction. The Trustee consents to jurisdiction in the State of North Carolina for any lawsuit arising from this Supplemental Agreement, or arising from any of the related transactions contemplated by this Supplemental Agreement.

Section 4.04. Binding Effect; Limitation of Rights. This Supplemental Agreement is binding upon, inures to the benefit of and is enforceable by the parties and their respective successors and assigns. Nothing expressed or implied in this Supplemental Agreement or the 2020 Bonds gives any person other than the Trustee, the County and the Owners any right, remedy or claim under or with respect to this Supplemental Agreement.

Section 4.05. Severability. If any provision of this Supplemental Agreement is determined to be unenforceable, that does not affect any other provision of this Supplemental Agreement.

Section 4.06. Counterparts. This Supplemental Agreement may be signed in several counterparts, including separate counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 4.07. Definitions; Rules of Interpretation. Unless the context clearly requires otherwise, capitalized terms used as defined terms in this Supplemental Agreement and not otherwise defined have the meanings set forth in

Exhibit B, and if not defined there will have the meanings set forth in the Prior Agreement. This Supplemental Agreement will be interpreted in accordance with the rules of interpretation set forth in the 2018 Agreement.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties have caused this Third Supplemental Trust Agreement to be executed in their corporate names by their duly authorized officers, all as of May 1, 2020.

(SEAL)

ATTEST:

**ORANGE COUNTY,
NORTH CAROLINA**

Donna S. Baker
Clerk, Board of Commissioners

By: _____
Bonnie B. Hammersley
County Manager

**The Bank of New York
Mellon Trust Company, N.A.,
as Trustee**

By: _____
Terence Rawlins, Vice President

[Third Supplemental Trust Agreement dated as of May 1, 2020]

Exhibit A – list of projects to be financed with estimated amounts

[To come]

The County also expects to use financing proceeds to pay Financing Costs.

The amounts stated above are estimates only. The County may use any portion of the 2020 Bond proceeds for any of the 2020 Project Costs, subject to the County's obligation to undertake and complete those components of the project related to the "Mortgaged Property," as defined in the Deed of Trust, and the limitation on the use of funds only for 2020 Project Costs.

Components of the 2020 Project related to the Mortgaged Property include the following:

- The Northern Campus improvements described in the table above
- The Link Center and Emergency Services Building remediations referenced in the table above

EXHIBIT B – Definitions; Rules of Construction

For all purposes of this Supplemental Agreement, unless the context requires otherwise, the following terms have the following meanings.

“2020 Bonds” means the County’s Limited Obligation Bonds, Series 2020, originally issued in the aggregate principal amount of [\$45,000,000] pursuant to the Prior Agreement and this Supplemental Agreement.

“2020 Proceeds Fund” means the Orange County 2020 Proceeds Fund established pursuant to Section 3.02.

“2020 Project” has the meaning assigned in the preambles to this Supplemental Agreement.

“2020 Project Costs” means “Project Costs,” as defined in the 2018 Agreement, related to the 2020 Project.

“Deed of Trust” means the Prior Deed of Trust as modified by the “Deed of Trust Supplement #3” dated as of May 1, 2020, also granted by the County for the Trustee’s benefit.

“Payment Date” with respect to the 2020 Bonds means each April 1 and October 1, beginning October 1, 2020.

“Prior Agreement” means the Trust Agreement dated as of June 1, 2018, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented by (a) a First Supplemental Trust Agreement dated as of May 1, 2019, between the County and the Trustee, and (a) a Second Supplemental Trust Agreement dated as of November 1, 2019, also between the County and the Trustee.

“Prior Deed of Trust” means the Deed of Trust and Security Agreement dated as of June 1, 2018, from the County to a Deed of Trust Trustee for the County’s benefit, as supplemented by (a) a Deed of Trust Supplement #1 dated as of May 1, 2019, and (b) a Deed of Trust Supplement #2 dated as of November 1, 2019.

“Supplemental Agreement” means this Third Supplemental Trust Agreement, as it may be properly amended or supplemented from time to time.

“Trust Agreement” means the Prior Agreement as modified and supplemented by this Supplemental Agreement, as it may be further amended or supplemented from time to time.

All other capitalized terms used in this Third Supplemental Trust Agreement and not otherwise defined have the meanings ascribed thereto in the Prior Agreement.

bear interest from the date to which interest has been paid). Principal and interest are payable in lawful money of the United States of America.

This Bond is one of an issue of [\$45,000,000] Limited Obligation Bonds, Series 2020 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued under, and are equally and ratably secured by, a Trust Agreement dated as of June 1, 2018, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as previously supplemented and as supplemented by a Third Supplemental Trust Agreement between the County and the Trustee and dated as of May 1, 2020 (as supplemented, the "Trust Agreement").

This Bond constitutes an installment contract within the meaning of Section 160A-20 of the North Carolina General Statutes between the County and the owner (from time to time) of this Bond. The Bonds are payable solely from funds appropriated on an annual basis by the County's governing Board of Commissioners and other funds available for the purpose of payment pursuant to the Trust Agreement, such as certain net insurance and condemnation awards and the proceeds of remedial action, which revenues and other moneys have been pledged as described in the Trust Agreement to secure payment of the Bonds. Neither the County's faith and credit nor its taxing power is pledged to the payment of any amounts due under the Bonds. As provided for under that Section 160A-20, no deficiency judgment may be rendered against the County in any action for breach of a contractual obligation under the Bonds or the Trust Agreement.

To further secure its obligations under the Trust Agreement, the County has granted, for the benefit of the Trustee on behalf of the owners of the Bonds, a security interest in certain public facilities and the related real property, and certain other property, pursuant to the Trust Agreement and a Deed of Trust and Security Agreement dated as of June 1, 2018, as previously supplemented and as supplemented by a Deed of Trust Supplement #3 dated as of May 1, 2020, delivered by the County for the Trustee's benefit (as supplemented, the "Deed of Trust").

The security provided to owners of the Bonds under the Deed of Trust and otherwise is on parity with the security provided to owners of prior bonds issued under the Trust Agreement. Additional Bonds secured by a parity interest in the

property securing the Bonds may be issued under the terms and conditions set forth in the Trust Agreement.

Reference is made to the Trust Agreement and the Deed of Trust referenced above for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County and the Trustee, the rights of the Owners of the Bonds and the terms upon which the Bonds are executed, delivered and secured, to all of which provisions the owner of this Bond, by the acceptance of this Bond, agrees.

The Bonds are issued by means of a book-entry system, with one certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. Transfer of beneficial ownership interests in the Bonds in the principal amount of \$5,000 or any integral multiple thereof will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal and interest on the Bonds are payable to DTC or its nominee as registered owner of the Bonds. Neither the Trustee nor the County is responsible or liable for the transfer of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the County so elects, the County and the Trustee will discontinue the book-entry system with DTC. If the County does not identify another qualified securities depository to replace DTC, the County will prepare and execute, and the Trustee will authenticate and deliver in exchange, replacement Bonds in the form of fully-registered Bonds.

Prior to any transfer of any Bonds outside of the book-entry only system as contemplated above (including, but not limited to, the initial transfer outside the book-entry only system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under the United States Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Bonds may not be redeemed prior to maturity except as provided in this Bond and in the Trust Agreement.

The Bonds maturing on or after October 1, 2031, are subject to redemption at the County's option in whole or in part on any date on or after October 1, 2030, upon payment of the principal amount to be prepaid plus interest accrued to the redemption date, without premium.

If less than all the Bonds are to be redeemed pursuant to this provision, they will be redeemed among maturities in any manner the County chooses. If less than all the Bonds of any maturity are called for redemption, the Trustee will select the Bonds to be redeemed by lot; provided, however, that so long as a book-entry system with DTC is used for recording beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants will determine which of the Bonds within any such maturity are to be redeemed.

In any case, (1) the portion of any Bond to be prepaid will be in the principal amount of \$5,000 or some integral multiple thereof, and (2) in selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unpaid portion will be issued to the registered owner upon the surrender of the Bond.

The Trustee will send notice of redemption to DTC or its nominee as the Owner of the Bonds as provided in the Trust Agreement. The Trustee will send the notice not more than 60 days nor less than 30 days prior to the date fixed for redemption. Neither the Trustee nor the County is responsible for sending notices of redemption to anyone other than DTC or its nominee, so long as all the Bonds to be redeemed are held in a book-entry-only form with DTC.

If on or before the date fixed for redemption funds have been deposited with the Trustee to pay the principal and interest accrued to the redemption date with respect to the Bonds called for redemption, the Bonds or portions thereof thus called for redemption will cease to accrue interest from and after the redemption

date, will no longer be entitled to the benefits provided by the Trust Agreement, and will not be deemed to be Outstanding under the Trust Agreement.

The Owner of this Bond has no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement. Changes to or supplements of the Trust Agreement may be made to the extent and in the circumstances permitted by the Trust Agreement.

Ownership of this Bond will be registered on the Bond Register (as defined in the Trust Agreement) kept for that purpose by the Trustee, which will act as Bond registrar for the Bonds. This Bond may be exchanged, and its transfer may be effected, only by its Owner in person or by attorney duly authorized in writing at the designated office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon exchange or registration of such transfer a new registered Bond or Bonds of the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued in exchange therefor.

The County and the Trustee may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal of and interest due on this Bond and for all other purposes, and neither the County nor the Trustee will be affected by any notice to the contrary, except that interest payments will be made to the persons shown as Owners on the Trustee's registration books on the **Record Date**, which is the end of the calendar day on the 15th day of the month (whether or not a business day) preceding each Payment Date.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the execution and delivery of this Bond have happened, exist and have been performed.

This Bond and the issue of which it is a part are issued with the intent that North Carolina law will govern this Bond and all matters of its interpretation.

This Bond will not be entitled to any benefit under the Trust Agreement or be valid or obligatory for any purpose until the Trustee has executed the Certificate of Authentication appearing on this Bond.

IN WITNESS WHEREOF, the County has caused this instrument to be signed, sealed and delivered by duly authorized officers, as of the day and year first above written.

(SEAL)
ATTEST:

ORANGE COUNTY
NORTH CAROLINA

Donna S. Baker
Clerk, Board of Commissioners

By: _____
Bonnie B. Hammersley
County Manager

[Orange County, North Carolina
[\$45,000,000] Limited Obligation Bonds, Series 2020]

This Bond has been approved under the provisions of Section 160A-20 and Article 8, Chapter 159 of the General Statutes of North Carolina.

Greg C. Gaskins
Secretary, North Carolina
Local Government Commission

By _____
[Greg C. Gaskins or
Designated Assistant]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds referred to in the Third Supplemental Trust Agreement dated as of May 1, 2020, between Orange County, North Carolina, and The Bank of New York Mellon Trust Company, N.A., as trustee.

Date of Authentication: _____

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee**

By: _____
Authorized Officer

**[Orange County, North Carolina
[\$45,000,000] Limited Obligation Bonds, Series 2020]**

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or type transferee’s name and address, including zip code)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:

[Empty rectangular box for identifying number]

the within bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said certificate on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(Signature of Owner)

NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program (“STAMP”) or similar program

NOTICE: The signature above must correspond with the name the Owner as it appears on the front of this certificate in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT D – Schedule of Payments on 2020 Bonds

Principal is payable in the amounts and on the dates as shown below, subject to redemption of the 2020 Bonds as provided in this Supplemental Agreement. Interest is payable on the dates shown below.

The 2020 Bonds will bear interest from the Closing Date until paid. Interest is calculated at the rates shown in Section 1.04. The schedule below shows the expected interest payment amounts.

The County’s obligation with respect to the 2020 Bonds on each Payment Date is the amount shown below as the “total payment” for that date, subject to adjustment as provided in Section 3.05(c) of the 2018 Agreement.

Payments are due to the Bondholders on the indicated Payment Dates. The County will deposit the amounts required for payment with the Trustee by the 25th day of the month preceding the Payment Date.

Payment Date	Principal	Interest	Total Payment
[To come]			

Exhibit E – Form of Requisition

[Date] _____

The Bank of New York Mellon Trust Company, N.A., as Trustee
 Attention: Corporate Trust
 Regarding: Requisition under 2020 Supplemental
 Trust Agreement for Orange County, North Carolina

RE: Request by Orange County, North Carolina (the "County"), for disbursement of funds from a Bond Proceeds Fund created under a Third Supplemental Trust Agreement dated as of May 1, 2020 (the "2020 Agreement"), with Orange County, North Carolina (the "County")

To the Trustee:

Pursuant to the terms and conditions of the 2020 Agreement, the County authorizes and requests the disbursement of funds from the "Orange County 2020 Proceeds Fund" established under that 2020 Agreement for the costs described below.

Capitalized terms used in this requisition and not otherwise defined have the meanings ascribed in the 2020 Agreement.

This is requisition number 2020 - ____ from the 2020 Proceeds Fund.

Total Amount for Disbursement	
Payee	
Payee's address	

Orange County makes this requisition pursuant to the following representations:

1. The County has appropriated in its current fiscal year funds sufficient to pay the Bond Payments and estimated Additional Payments due in the current fiscal year.
2. The purpose of this disbursement is for payment of 2020 Project Costs as provided for in the Trust Agreement.
3. The requested disbursement has not been subject to any previous requisition.
4. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable herein to any of the persons, firms or corporations named herein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition.
5. This requisition contains no items representing payment on account of any percentage entitled to be retained on the date of this requisition.
6. No Event of Default is continuing, and no event or condition is existing which, with notice or lapse of time or both, would become an Event of Default.
7. The County has insurance in place that complies with the insurance requirements of the Trust Agreement.
8. No portion of the amounts set forth in this requisition represents amounts paid or payable as North Carolina state sales taxes.

ORANGE COUNTY, NORTH CAROLINA

By: **[Exhibit Form Only - Do Not Sign]**

Title: _____
County Representative

Attachment 4

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2020

NEW ISSUE BOOK-ENTRY ONLY

Ratings: Moody's: []
 S&P: []
 Fitch: []

In the opinion of Bond Counsel, under existing law and subject to conditions described under "TAX TREATMENT" herein, interest on the 2020 Bonds paid by the County (1) is not includable in the recipient's gross income for federal income tax purposes, (2) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (3) is exempt from current State of North Carolina income taxes. See "TAX TREATMENT" herein for additional information regarding other federal, State and local tax consequences arising from ownership or receipt of interest on the 2020 Bonds.



\$[]*

**ORANGE COUNTY, NORTH CAROLINA
 LIMITED OBLIGATION BONDS, SERIES 2020**

Dated: Date of Delivery

Due: October 1, as shown on the inside front cover

This Official Statement has been prepared by Orange County, North Carolina (the "County") to provide information on the Orange County, North Carolina, Limited Obligation Bonds, Series 2020 (the "2020 Bonds"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Security: The payment by the County of the principal of and interest on the 2020 Bonds is limited to funds appropriated for that purpose by the Board of Commissioners for the County in its sole discretion, except to the extent payable from Bond proceeds, investment earnings, Net Proceeds related to casualty or condemnation proceeds, or amounts derived from the enforcement of remedies on default.

As security for the 2020 Bonds, the Prior Bonds and all other Bonds issued under the Trust Agreement (as such terms are defined herein), the County has executed and delivered a deed of trust, as amended, and will execute and deliver a supplement to such deed of trust granting, among other things, a lien of record on the Mortgaged Property subject to Permitted Encumbrances (as such terms are defined herein).

THE OBLIGATION TO MAKE PAYMENTS WITH RESPECT TO THE 2020 BONDS IS NOT A GENERAL OBLIGATION OF THE COUNTY, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONIES DUE TO THE OWNERS OF THE 2020 BONDS. See the caption "SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS" herein.

Redemption: The 2020 Bonds are subject to redemption as described herein.

Purpose: Proceeds of the 2020 Bonds will be used to (1) finance the acquisition, construction, equipping and improvement of certain County facilities as further described herein and (2) pay certain costs incurred in connection with the issuance of the 2020 Bonds.

Interest Payment Dates: April 1 and October 1 of each year, commencing October 1, 2020.

Denomination: \$5,000 or integral multiples thereof.

Delivery: On or about May __, 2020.

Bond Counsel: Sanford Holshouser LLP

County Attorney: John L. Roberts, Esq.

Financial Advisor: Davenport & Company LLC

Underwriters' Counsel: McGuireWoods LLP

Trustee: The Bank of New York Mellon Trust Company, N.A.

BAIRD

FHN Financial Capital Markets

The date of this Official Statement is April __, 2020.

*Preliminary, subject to change.

MATURITY SCHEDULE FOR 2020 BONDS*

Due October 1	Principal Amount	Interest Rate	Yield	CUSIP**
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* Preliminary, subject to change.

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IN CONNECTION WITH THIS OFFERING, ROBERT W. BAIRD & Co. INCORPORATED AND FHN FINANCIAL CAPITAL MARKETS (THE "UNDERWRITERS") MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2020 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources that are deemed to be reliable.

NEITHER THE 2020 BONDS NOR THE TRUST AGREEMENT (AS SUCH TERMS ARE DEFINED HEREIN) HAVE BEEN REGISTERED OR QUALIFIED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2020 BONDS OR THE TRUST AGREEMENT IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE 2020 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE 2020 BONDS SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF.

References to web site addresses presented herein (including the appendices hereto) are for informational purposes only and may be in the form of hyperlinks solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not intended to be active hyperlinks or incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final by the County for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). 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.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

ORANGE COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Penny Rich, Chair
Renee Price, Vice-Chair
Jamezetta Bedford
Mark Dorosin
Sally Greene
Mark Marcoplos
Earl McKee

COUNTY STAFF

Bonnie B. Hammersley County Manager
Travis Myren..... Deputy County Manager
Gary Donaldson Chief Financial Officer
Paul Laughton Deputy Director, Finance and Administrative Services
John L. Roberts, Esq. County Attorney

BOND COUNSEL

Sanford Holshouser LLP

FINANCIAL ADVISOR

Davenport & Company LLC

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\$[_____]*
Orange County, North Carolina
Limited Obligation Bonds, Series 2020

INTRODUCTION

The purpose of this Official Statement, which includes the Appendices hereto, is to provide certain information in connection with the Orange County, North Carolina Limited Obligation Bonds, Series 2020 in the aggregate principal amount of \$[_____]* (the “2020 Bonds”).

The 2020 Bonds will be issued pursuant to a Trust Agreement dated as of June 1, 2018 (the “2018 Trust Agreement”), as previously supplemented and as supplemented by a Third Supplemental Trust Agreement dated as of May 1, 2020 (the “Third Supplemental Trust Agreement” and, together with the 2018 Trust Agreement, as previously supplemented, the “Trust Agreement”), each between Orange County, North Carolina (the “County”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

Pursuant to the Trust Agreement, the County has previously issued its (1) \$7,510,000 Limited Obligation Bonds, Series 2018 (the “2018 Bonds”), of which \$6,715,000 in principal amount is currently Outstanding, (2) \$14,135,000 Limited Obligation Bonds, Series 2019A (the “2019A Bonds”), all of which remain Outstanding, and (3) \$29,745,000 Limited Obligation Bonds, Series 2019B (the “2019B Bonds” and, together with the 2018 Bonds and the 2019A Bonds, the “Prior Bonds”), all of which remain Outstanding.

Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in Appendix C hereto under the caption “**DEFINITIONS.**”

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by the Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

THE COUNTY

The County is a political subdivision of the State of North Carolina (the “State”). See Appendix A, “**THE COUNTY,**” hereto for certain information regarding the County. The County’s most recent audited financial statements are contained in Appendix B hereto.

PURPOSE

The 2020 Bonds are being issued in order to (1) finance the acquisition, construction, equipping and improvement of certain County facilities as further described herein and (2) finance certain costs incurred in connection with the execution and delivery of the 2020 Bonds. See “**THE PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS**” herein.

SECURITY

The payment by the County of the principal of and interest on the 2020 Bonds is limited to funds appropriated for that purpose by the Board of Commissioners for the County in its sole discretion, except

* Preliminary, subject to change.

to the extent payable from Bond proceeds, investment earnings, Net Proceeds related to casualty or condemnation proceeds, or amounts derived from the enforcement of remedies on default.

As security for the 2020 Bonds, the Prior Bonds and any additional bonds issued under the Trust Agreement on a parity therewith (the “Additional Bonds” and, together with the 2020 Bonds and the Prior Bonds, the “Bonds”), the County has executed and delivered to a deed of trust trustee (the “Deed of Trust Trustee”), for the benefit of the Trustee, a Deed of Trust dated as of June 1, 2018 (as previously supplemented and amended, the “Existing Deed of Trust”), granting a lien of record on the site of the County’s Government Services Annex located in Hillsborough, North Carolina (the “Government Services Annex”), the County’s Meadowlands Emergency Operations Center located in Hillsborough, North Carolina (the “Emergency Operations Center”), land owned by the County in Hillsborough, North Carolina, which will be the site of the County’s Northern Campus (the “Northern Campus”), the County’s Link Center (the “Link Center”), the County District Attorney’s office building (the “District Attorney’s Building”), the site of the County’s Southern Campus (the “Southern Campus”), and the real estate improvements thereon and appurtenances thereto, all as more particularly described in the Existing Deed of Trust (collectively, the “Mortgaged Property”), subject only to Permitted Encumbrances (as defined in **Appendix C** hereto).

As security for the Bonds and in connection with the issuance of the 2020 Bonds, the County will execute and deliver to the Deed of Trust Trustee, for the benefit of the Trustee, a Deed of Trust Supplement #3 dated as of May 1, 2020 (the “Third Deed of Trust Supplement”), supplementing the Existing Deed of Trust (as so supplemented, the “Modified Deed of Trust”), to provide that the Modified Deed of Trust shall also secure the 2020 Bonds.

The Modified Deed of Trust authorizes future obligations evidenced by Additional Bonds as described below, to be secured by the Modified Deed of Trust, provided that the total amount of present and future obligations secured by the Modified Deed of Trust at any one time does not exceed \$200,000,000 and such future obligations are incurred not later than 30 years from June 1, 2018.

In addition, the County will grant to the Trustee a lien on and security interest in all moneys held by the Trustee in the funds and accounts created under the Trust Agreement.

If a default occurs under the Trust Agreement, the Trustee is authorized to direct the Deed of Trust Trustee to foreclose on the Mortgaged Property and apply the proceeds received as a result of any such foreclosure to the payment of the amounts due to the owners of the 2020 Bonds and the Prior Bonds, subject to the rights of the owners of any other Bonds. No assurance can be given that any such proceeds will be sufficient to pay the principal of and the interest on the Bonds. In addition, no deficiency judgment can be rendered against the County if the proceeds from any such foreclosure sale (together with other funds that may be held by the Trustee under the Trust Agreement) are insufficient to pay the Bonds in full. The 2020 Bonds do not constitute a pledge of the County’s faith and credit within the meaning of any constitutional provision. See the caption “**SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS**” herein.

THE 2020 BONDS

The 2020 Bonds will be dated as of their date of delivery. Interest is payable on April 1 and October 1 of each year, beginning October 1, 2020, at the rates set forth on the inside front cover page of this Official Statement. Principal is payable, subject to redemption as described herein, on October 1 in the years and in the amounts set forth on the inside front cover page of this Official Statement.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then-outstanding Bonds and without notice to such Owners, Additional Bonds may be delivered and secured on parity with the 2020 Bonds and the Prior Bonds to provide funds (a) to expand or improve the Pledged Facilities, (b) to construct further improvements to the Pledged Sites, (c) to refund any Outstanding Bonds, (d) to pay financing costs or establish reserves in connection with the issuance of Additional Bonds, (e) for any other purpose that may be allowed by law from time to time, including the acquisition and construction of additional public facilities, whether or not those facilities are related to the Pledged Facilities or the Pledged Sites, or (f) for any combination of such purposes.

BOOK-ENTRY ONLY

The 2020 Bonds will be delivered in book-entry form only without physical delivery of certificates to beneficial owners of the 2020 Bonds. Payments to beneficial owners of the 2020 Bonds will be made by The Depository Trust Company (“DTC”), New York, New York, and its participants. See Appendix E, “**BOOK-ENTRY ONLY SYSTEM**” hereto. So long as Cede & Co. is the registered owner of the 2020 Bonds, references herein to registered owner or Owners of the 2020 Bonds means Cede & Co. and not the beneficial owners of the 2020 Bonds.

TAX STATUS

In the opinion of Bond Counsel, under existing law and subject to conditions described under “**TAX TREATMENT**” herein, interest on the 2020 Bonds paid by the County (1) is not includable in the recipient’s gross income for federal income tax purposes, (2) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (3) is exempt from current State of North Carolina income taxes. See “**TAX TREATMENT.**”

PROFESSIONALS

Robert W. Baird & Co. Incorporated and FHN Financial Capital Markets (the “Underwriters”) are underwriting the 2020 Bonds. The Bank of New York Mellon Trust Company, N.A. is serving as Trustee with respect to the 2020 Bonds. Davenport & Company LLC is serving as financial advisor. Sanford Holshouser LLP is serving as Bond Counsel. John L. Roberts, Esq. is the County Attorney. McGuireWoods LLP is serving as counsel to the Underwriters.

ADDITIONAL INFORMATION

Summaries of the Trust Agreement and the Modified Deed of Trust, including a list of definitions of certain terms, are included as Appendix C. All quotations from and summaries and explanations of the Trust Agreement and the Modified Deed of Trust contained in this Official Statement, including in Appendix C, do not purport to be complete. Reference is made to such documents for full and complete statements of their respective provisions.

Additional information and copies in reasonable quantity of the principal financing documents may be obtained from the County at 200 South Cameron Street, Hillsborough, North Carolina 27278, Attention: Chief Financial Officer. Copies of such documents can also be obtained during the offering period from Robert W. Baird & Co. Incorporated at 380 Knollwood Street, Suite 440, Winston-Salem, North Carolina 27103 or FHN Financial Capital Markets at 845 Crossover Lane, Memphis, Tennessee 38117. After the offering period, copies of such documents may be obtained from the Trustee at 10161 Centurion Parkway, Jacksonville, Florida 32256.

THE 2020 BONDS

AUTHORIZATION

The County is issuing the 2020 Bonds pursuant to the provisions of Section 20 of Chapter 160A of the North Carolina General Statutes and Article 8 of Chapter 159 of the North Carolina General Statutes, each as amended (collectively, the “Act”), and a resolution of the Board of Commissioners of the County adopted on April 7, 2020. Each 2020 Bond will be deemed an “installment contract” under the Act.

In addition, the County’s issuance of the 2020 Bonds received the approval of the North Carolina Local Government Commission (the “LGC”) on April 7, 2020. The LGC is a division of the State Treasurer’s office charged with general oversight of local government finance in the State of North Carolina (the “State”). LGC approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing (which includes the financing arrangement for the 2020 Bonds), the LGC must determine, among other things, that (1) the proposed financing is necessary and expedient, (2) the financing, under the circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are not excessive for the local government.

GENERAL

Payment Terms. The 2020 Bonds will be dated their date of delivery. Interest on the 2020 Bonds is payable on each April 1 and October 1 (the “Payment Dates”), beginning October 1, 2020, at the rates set forth on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest payments will be made to the person shown as the owner of the 2020 Bond as of the applicable Record Date. “Record Date” means the end of the calendar day on the 15th day of the month (whether or not a Business Day) preceding a Payment Date. Principal on the 2020 Bonds is payable on October 1 in the years and amounts set forth on the inside front cover page of this Official Statement. Payments will be effected through DTC. See Appendix E, “**BOOK-ENTRY ONLY SYSTEM**” hereto.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2020 Bonds, transfers and exchanges of beneficial ownership interests in the 2020 Bonds will be available only through DTC Participants and DTC Indirect Participants. See Appendix E, “**BOOK-ENTRY ONLY SYSTEM**” hereto. The Trust Agreement describes provisions for transfer and exchange applicable if a book-entry system is no longer in effect. These provisions generally provide that the transfer of the 2020 Bonds is registrable by the Owners thereof, and the 2020 Bonds may be exchanged for an equal aggregate, unredeemed principal amount of 2020 Bonds of the authorized denomination and of the same maturity and interest rate, only upon presentation and surrender of the 2020 Bonds to the Trustee at the principal corporate trust office of the Trustee together with an executed instrument of transfer in a form approved by the Trustee in connection with any transfer. The Trustee may require the person requesting any transfer or exchange to reimburse it for any shipping and tax or other governmental charge payable in connection therewith.

REDEMPTION PROVISIONS

Optional Redemption. The 2020 Bonds maturing on or after October 1, 20__ are subject to redemption at the County’s option, in whole or in part on any date on or after October 1, 20__, upon payment of the principal amount to be redeemed plus interest accrued to the redemption date, without premium.

Selection. If less than all of the 2020 Bonds are to be optionally redeemed as described above, the County in its discretion may elect which maturities of 2020 Bonds are to be redeemed. If less than all the 2020 Bonds of any maturity are to be redeemed, the Trustee shall select the 2020 Bonds to be redeemed by lot; provided, however, that so long as a book-entry system with DTC is used for determining beneficial ownership of 2020 Bonds, if less than all the 2020 Bonds within a maturity are to be redeemed, the parties agree that DTC may determine which of the 2020 Bonds within the maturity are to be redeemed in accordance with DTC's then-current rules and procedures.

In any case, (1) the portion of any 2020 Bond to be redeemed must be in the principal amount of \$5,000 or some multiple thereof, and (2) in selecting 2020 Bonds for redemption, each 2020 Bond will be considered as representing that number of 2020 Bonds which is obtained by dividing the principal amount of that 2020 Bond by \$5,000. If a portion of a 2020 Bond is called for redemption, a new 2020 Bond of the same maturity in principal amount equal to the unpaid portion will be delivered to the registered owner upon the surrender of the 2020 Bond.

Effect of Call for Redemption. If on or before the date fixed for redemption funds are deposited with the Trustee to pay the principal and interest accrued to the redemption date with respect to the 2020 Bonds called for redemption, the 2020 Bonds or portions of the 2020 Bonds called for redemption cease to accrue interest from and after the redemption date, and thereafter those 2020 Bonds (1) are no longer entitled to the benefits provided by the Trust Agreement and (2) are not deemed to be Outstanding under the Trust Agreement.

Notice of Redemption. The Trustee, at the County's direction, upon being satisfactorily indemnified with respect to expenses and with at least two Business Days' notice, will send notice of redemption no less than 30 nor more than 60 days prior to the redemption date, as follows: (1) with respect to any 2020 Bonds being called for redemption for which DTC or its nominee is the registered owner, to DTC, in whatever manner may be provided for under DTC's standard operating rules as then in effect (and if the Trustee is unable to determine those rules, by registered or certified mail, return receipt requested); (2) with respect to any 2020 Bonds for which no book-entry only system of registration is in effect, to each of the registered owners of those 2020 Bonds at their addresses as shown on the Trustee's registration books, by registered or certified mail; and (3) in any case, both (A) to the Municipal Securities Rulemaking Board for posting on its "EMMA" continuing disclosure system, or any successor system, and (B) to the LGC.

Failure to give any notice specified in (1) or (2), as applicable, or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2020 Bonds with respect to which no failure has occurred. Failure to give any notice specified in (3), or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2020 Bonds with respect to which the notice specified in (1) or (2) is correctly given. Any notice mailed as provided in the Trust Agreement will conclusively be presumed to have been given regardless of whether received by any Owner.

Notwithstanding anything in the Trust Agreement to the contrary, the only remedy for the Trustee's failure to post any notice with the EMMA system will be an action by the holders of the 2020 Bonds, as applicable, in mandamus for specific performance or similar remedy to compel performance.

Any redemption notice, except a redemption notice in respect of a sinking fund payment date, may state that the redemption to be effected is conditioned upon (1) the Trustee's receipt on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the 2020 Bonds to be redeemed; or (2) any other condition not unacceptable to the Trustee. If a notice contains a condition and the Trustee either (i) does not receive moneys sufficient to pay the principal of and premium, if any, and interest on the 2020 Bonds on or prior to the redemption date, or (ii) the stated condition is not

fulfilled, in either case on or prior to the redemption date, then redemption will not be made and the Trustee must, within a reasonable time, give notice in a manner in which the redemption notice was given that the moneys were not so received (or condition was not fulfilled) and the redemption was not made.

SECURITY AND SOURCES OF PAYMENT OF 2020 BONDS

GENERAL

The 2020 Bonds are payable from payments to be made by the County pursuant to the Trust Agreement and from certain other moneys, including certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property, which payments and other moneys have been pledged to such payment as provided in the Trust Agreement.

PAYMENT OF BONDS; LIMITED OBLIGATION; BUDGET AND APPROPRIATIONS

The County shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner described in the Trust Agreement. The County is obligated to pay Additional Payments in amounts sufficient to pay the fees and expenses of the Trustee, taxes or other expenses required to be paid pursuant to the Trust Agreement. Additional Payments are to be paid by the County directly to the person or entity to which such Additional Payments are owed.

In the Trust Agreement, the County agrees to include in the initial proposal for each of the County's annual budgets for review and consideration by the Board of Commissioners for the County, in any Fiscal Year, items for all Bond Payments and the reasonably estimated Additional Payments coming due in such Fiscal Year. Notwithstanding that the initial proposed budget includes an appropriation for Bond Payments and Additional Payments, the Board of Commissioners may determine not to include such an appropriation in the final County budget for such Fiscal Year; further, the Board of Commissioners may amend an adopted budget to reduce or delete an approved appropriation. An Event of Nonappropriation constitutes an Event of Default under the Trust Agreement, which entitles the Trustee to exercise its remedies under the Trust Agreement, including its rights to foreclose on the Mortgaged Property under the Modified Deed of Trust.

IN CONNECTION WITH THE BOND PAYMENTS AND THE ADDITIONAL PAYMENTS, THE APPROPRIATION OF FUNDS THEREFOR IS WITHIN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS OF THE COUNTY.

TRUST AGREEMENT

Under the Trust Agreement, the County has granted to the Trustee for the benefit of the Owners of the Bonds a lien on and security interest in all moneys and securities from time to time held by the Trustee under the Trust Agreement.

DEED OF TRUST

General. In connection with the execution and delivery of the Prior Bonds, the County executed and delivered the Existing Deed of Trust, to provide security for its obligations under the Trust Agreement by granting a lien of record on the Mortgaged Property. In connection with the execution and delivery of the 2020 Bonds, the County will execute and deliver the Third Deed of Trust Supplement, to provide that the Modified Deed of Trust shall also secure the 2020 Bonds. The Modified Deed of Trust secures the Prior Bonds, the 2020 Bonds and any Additional Bonds issued under the Trust Agreement.

ONLY THE SITES ON WHICH (1) THE GOVERNMENT SERVICES ANNEX, (2) THE EMERGENCY OPERATIONS CENTER, (3) THE LINK CENTER (4) THE DISTRICT ATTORNEY'S BUILDING, (5) THE NORTHERN CAMPUS, AND (6) THE SOUTHERN CAMPUS ARE LOCATED WILL BE INCLUDED IN THE DEFINITION OF "MORTGAGED PROPERTY" AND, CONSEQUENTLY, SUCH REAL PROPERTY AND ANY IMPROVEMENTS THEREON WILL BE SUBJECT TO THE LIEN CREATED BY THE MODIFIED DEED OF TRUST. See "**THE PLAN OF FINANCE**" herein.

The Modified Deed of Trust authorizes future obligations evidenced by Additional Bonds executed and delivered under the Trust Agreement to be secured by the Modified Deed of Trust, provided that the total amount of present and future obligations secured thereby at any one time does not exceed \$200,000,000 and such future obligations are incurred not later than 30 years from June 1, 2018.

The Modified Deed of Trust will be recorded in the office of the Register of Deeds of Orange County, North Carolina, and the liens created thereby will be insured by a title insurance policy. The title insurance policy is subject to certain exceptions described therein, including a survey exception with respect to certain portions of the Mortgaged Property.

Release of Security. The Trustee is required, upon the County's direction and at any time, to execute and deliver all documents necessary to effect the release of all or a portion of the Mortgaged Property from the lien of the Modified Deed of Trust upon the County's compliance with the following requirements:

(a) The County must file with the Trustee a certificate executed by a County Representative, (i) stating that (A) no Event of Default is continuing, (B) that the grant or release will not materially impair the intended use of the property remaining subject to the Modified Deed of Trust and (C) the release complies with the requirements of the Modified Deed of Trust, (ii) providing a copy of the proposed instrument of grant or release, including a complete legal description of the property to be released, (iii) providing a written application signed by a County Representative requesting such instrument be executed and delivered, and (iv) providing evidence of compliance with (b) or (c) below, and.

(b) In the case of a proposed release of all the Mortgaged Property, the County must pay to the Trustee (or other fiduciary) an amount (i) which is sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Trust Agreement and (ii) which is required to be used for such payment.

(c) In connection with the release of a portion (but less than all) of the Mortgaged Property, the County must provide evidence to the Trustee that the appraised, tax or insured value of that portion of the Mortgaged Property that is proposed to remain subject to the lien of the Modified Deed of Trust is not less than 50% of the aggregate principal component of the Bonds Outstanding at the time the release is effected.

In addition to the provisions for release described above, the County may from time to time grant easements, licenses, rights-of-way and other similar rights with respect to any part of the Mortgaged Property, and the County may release such interests, with or without consideration, and the County may dispose of any undesirable or unnecessary Fixture, so long as such grant or disposition does not materially impair the intended use of the Mortgaged Property.

See "**THE DEED OF TRUST— Restriction on Transfers; Releases; Grants of Easements**" in Appendix C hereto.

ENFORCEABILITY

The enforceability of the parties' obligations under the Trust Agreement and the Modified Deed of Trust are subject to bankruptcy, insolvency, reorganization and other laws related to or affecting the enforcement of creditors' rights generally and, to the extent that certain remedies under such instruments require or may require enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

NOTWITHSTANDING ANYTHING THEREIN TO THE CONTRARY, THE DELIVERY OF THE 2020 BONDS SHALL NOT BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. IN ADDITION, NEITHER THE 2020 BONDS NOR THE TRUST AGREEMENT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATES THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS FOR ANY FISCAL YEAR IN WHICH THE 2020 BONDS ARE OUTSTANDING. IF THE COUNTY FAILS TO MAKE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS, THE TRUSTEE MAY DECLARE THE ENTIRE UNPAID PRINCIPAL OF THE BONDS TO BE IMMEDIATELY DUE AND PAYABLE AND DIRECT THE DEED OF TRUST TRUSTEE TO INSTITUTE FORECLOSURE PROCEEDINGS UNDER THE MODIFIED DEED OF TRUST AND PROCEED IN ACCORDANCE WITH LAW TO ATTEMPT TO DISPOSE OF THE MORTGAGED PROPERTY AND APPLY THE PROCEEDS OF SUCH DISPOSITION TOWARD ANY BALANCE, OWING BY THE COUNTY ON THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUCH PROCEEDS WILL BE SUFFICIENT TO PAY ALL PRINCIPAL OF AND INTEREST ON THE BONDS. IN ADDITION, SECTION 160A-20(f) OF THE NORTH CAROLINA GENERAL STATUTES PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR BREACH OF ANY CONTRACTUAL OBLIGATION AUTHORIZED UNDER SECTION 160A-20 AND THAT THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE FROM THE COUNTY. See **"THE TRUST AGREEMENT—Defaults and Remedies under the Trust Agreement - Acceleration"** and **"– Other Remedies"** and **"THE DEED OF TRUST—Defaults and Remedies; Foreclosure"** in Appendix C hereto and the caption **"CERTAIN RISKS OF 2020 BOND OWNERS"** herein.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then Outstanding 2020 Bonds, Additional Bonds may be delivered and secured on parity with the 2020 Bonds and the Prior Bonds to provide funds (a) to expand or improve the Pledged Facilities, (b) to construct further improvements to the Pledged Sites, (c) to refund any Outstanding Bonds, (d) to pay financing costs or establish reserves in connection with the issuance of Additional Bonds, (e) for any other purpose that may be allowed by law from time to time, including the acquisition and construction of additional public facilities, whether or not those facilities are related to the Pledged Facilities or the Pledged Sites, or (f) for any combination of such purposes. See **"THE TRUST AGREEMENT—Additional Bonds"** in Appendix C hereto.

USE OF NET PROCEEDS

The County must elect to use Net Proceeds and other funds available therefor, subject to provisions of the Trust Agreement, to repair and restore the Mortgaged Property or to redeem or defease the Bonds in whole (but not in part) pursuant to the optional redemption provisions described above or the defeasance provisions of the Trust Agreement, as appropriate. The County has no option to redeem the 2020 Bonds from Net Proceeds other than in accordance with the optional redemption provisions described above (which provide for no optional redemption prior to October 1, 20__).

AVAILABLE SOURCES FOR PAYMENT

GENERAL

The County may pay its obligations under the Trust Agreement from any source of funds, including revenues generated by the projects financed under the Trust Agreement and other facilities in the County, available to it in each year and appropriated therefor until maturity of the 2020 Bonds.

GENERAL FUND REVENUES

The County's general fund revenues for the fiscal year ended June 30, 2019 were approximately \$220.7 million and for the fiscal year ending June 30, 2020 are budgeted to be \$225.2 million. General fund revenues are derived from various sources, including property taxes (which account for approximately 72% of the general fund revenues), sales taxes, fees and charges, as well as intergovernmental revenues. For the fiscal year ended June 30, 2019, the County imposed a property tax of \$0.8504 per \$100 of assessed value, all of which was appropriated to the General Fund by the County's Board of Commissioners. For the fiscal year ending June 30, 2020, the County will impose a property tax of \$0.8679 per \$100 of assessed value. A rate of \$0.8504 per \$100 of assessed value in the fiscal year ended June 30, 2019 generated approximately \$158.9 million. A rate of \$0.8654 per \$100 of assessed value in the fiscal year ending June 30, 2020 is estimated to generate approximately \$162.9 million. The General Statutes of North Carolina permit counties to impose property taxes of up to \$1.50 per \$100 of assessed value for certain purposes without the requirement of a voter referendum. See Appendix B hereto for a description of the uses of the County's general fund revenues for the fiscal year ended June 30, 2019.

THE PLAN OF FINANCE

The 2020 Bonds are being issued to provide funds to (1) finance the acquisition, construction, equipping and improvement of certain County facilities as further described below and (2) finance certain costs incurred in connection with the execution and delivery of the 2020 Bonds.

THE PROJECTS

Proceeds of the 2020 Bonds will be used to finance a variety of County projects. The County has adopted a practice of completing an annual financing to finance a broad range of acquisitions and improvements, so as to reduce its frequency of transactions and to handle projects that do not lend themselves conveniently to separate financings. The projects included in the current financing can be summarized, and the current estimates of the costs thereof, as follows:

ProjectEstimated Cost**Total**

\$

THE MORTGAGED PROPERTY

The 2020 Bonds, the Prior Bonds and any Additional Bonds will be secured by the Mortgaged Property. The Mortgaged Property includes the County’s Government Services Annex, the Emergency Operations Center, the Link Center, the District Attorney’s Building, the County’s Southern Campus (all as described below), and the associated real estate, and the planned site for the County’s proposed new Northern Campus (as further described below). The “Mortgaged Property” is defined in the Modified Deed of Trust to include these facilities and real estate, and any additional improvements to the facilities and real estate, but generally does not include any equipment or furnishings associated with the property.

Government Services Annex. The Government Services Annex is a one-story building consisting of approximately 12,000 square feet on an approximately 9.32-acre site located at 208 South Cameron Street in Hillsborough, North Carolina. The Government Services Annex currently houses the County’s Board of Elections and related functions. The County has owned this property since it was built in 1968. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately **\$1.6 million**.

Meadowlands Emergency Operations Center. The Emergency Operations Center is a two-story building consisting of approximately 22,000 square feet on an approximately three-acre site located in the Meadowlands Office Park in Hillsborough, North Carolina. This facility serves as the headquarters for the County’s Emergency Management Services, including Public Safety Answering Point and all other E-911 operations. The County used a portion of the proceeds of the 2019A Bonds to finance certain repairs to the Emergency Operations Center necessary to address water intrusion. The County has owned this property since 2005. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) at approximately **\$4.6 million**.

Link Center. The Link Center is located at 200 South Cameron Street in Hillsborough, North Carolina. The County used a portion of the proceeds of the 2019A Bonds, and intends to use a portion of the proceeds of the 2020 Bonds, to finance improvements to the Link Center. The County estimates the value of this building (not including equipment, which is generally not part of the Mortgaged Property) at approximately **\$3.7 million**.

District Attorney's Building. The District Attorney's Building is located at 144 East Margaret Lane in Hillsborough, North Carolina. The County used a portion of the proceeds of the 2019A Bonds to finance certain repairs to the District Attorney's Building to remediate water intrusion. The County estimates the value of this building (not including equipment, which is generally not part of the Mortgaged Property) at approximately **\$1.1 million**.

The Government Services Center, the Link Center and the District Attorney's Building are all located on a single 9.2-acre parcel that has a listed tax value of **\$690,000**.

Southern Campus. The County's Southern Campus is located at 2551 Homestead Road in Chapel Hill, North Carolina. The Southern Campus is the site of the County's Seymour Senior Center and the Southern Human Services Center. The County is using a portion of the proceeds of the 2019B Bonds to construct and equip additional parking spaces and improvements to the driveway and access road into the Southern Campus and to construct and equip an expansion to the Seymour Senior Center, which expansion will include additional programming space. The insured value of the buildings located on the Southern Campus (not including equipment, which is generally not part of the Mortgaged Property) is approximately **\$7.9 million**. The real estate on which the Southern Campus sits has a tax value, according to County tax records, of approximately **\$6.1 million**. Together with the improvements and expansions financed with the 2019B Bonds, the County estimates the total value of the Southern Campus to be approximately **\$19.7 million**. The County has leased an approximately 3-acre portion of the Southern Campus site and certain improvements located thereon to a nonprofit corporation to be used to provide short-term housing for homeless families and individuals. The nonprofit has mortgaged its leasehold interest in the property under two deeds of trust and has agreed to certain restrictive covenants related to the use of the property in connection with one such mortgage. If there were to be a foreclosure on the Southern Campus, the purchaser in such foreclosure would take title to the property subject to such lease and leasehold deeds of trust. The lease and the restrictive covenants are currently scheduled to expire on **July 1, 2020**, but may be extended.

Northern Campus Site. The County acquired approximately 19 acres of land off U.S. Highway 70 in the northern section of the County in April 2018 to be the site of a new "Northern Campus" for the County. There are no structures currently on this property. The County intends to use a portion of the proceeds of the 2020 Bonds to build several buildings on this site, including a new 144-bed detention center, an agricultural and environmental center, and a parks and recreation administration building. The County financed site preparation related to such planned buildings with the proceeds of the 2019B Bonds. Such buildings will become part of the collateral for the Bonds. The County paid approximately \$394,500 for this property, and after providing for the rezoning of the property from an agricultural-residential classification to an institutional classification (to allow for the construction of the detention center and other buildings), the County estimates the current value of this property to be approximately **\$1.2 million**. The County commissioned an independent environmental evaluation of the Northern Campus before completing the acquisition, and this evaluation called for no additional environmental action to be undertaken by the County prior to construction.

NO OTHER FACILITY OR IMPROVEMENT FINANCED WITH THE 2020 BONDS WILL BE INCLUDED AS PART OF THE MORTGAGED PROPERTY.

The Trust Agreement and the Modified Deed of Trust generally allow the County to direct the release of any portion of the Mortgaged Property, in the County's discretion, so long as the taxable, appraised or insured value of the property remaining subject to the lien of the Modified Deed of Trust following such release is at least equal to 50% of the principal amount of the Outstanding Bonds. See "THE DEED OF TRUST—No Transfers; Releases; Grants of Easements" in Appendix C hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The County estimates the sources and uses of funds for the plan of finance to be as follows:

SOURCES:

Par Amount of the 2020 Bonds

Net Original Issue Premium/Discount

TOTAL SOURCES OF FUNDS

USES:

Deposit to Project Fund

Costs of Issuance¹

TOTAL USES OF FUNDS

¹ Includes legal fees, underwriters' compensation, financial advisor fees, rating agency fees, fees and expenses of the Trustee and miscellaneous fees and expenses.

TOTAL ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each Fiscal Year of the County, the debt service required to be paid by the County under the Trust Agreement with respect to the 2020 Bonds and the Prior Bonds.

Fiscal Year (Ended June 30)	2020 Bonds Total Principal and Interest	Prior Bonds Total Principal and Interest¹	Total
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
TOTAL ¹			

¹ Includes debt service on the 2018 Bonds, 2019A Bonds and the 2019B Bonds.
Note: Totals may not foot due to rounding.

CERTAIN RISKS OF 2020 BOND OWNERS

INSUFFICIENCY OF PAYMENTS

If the County fails to pay any payments on the Bonds as the same become due or if another event of default occurs under the Trust Agreement, the Trustee may accelerate the principal with respect to the Bonds, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Modified Deed of Trust, take possession of the Mortgaged Property and attempt to dispose of the Mortgaged Property. See “**THE DEED OF TRUST**” in Appendix C hereto. Zoning restrictions and other land use factors relating to the Mortgaged Property may limit the use of the Mortgaged Property and may affect the proceeds obtained on any disposition by the Deed of Trust Trustee. THERE CAN BE NO ASSURANCE THAT THE MONEYS AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH DISPOSITION OF THE MORTGAGED PROPERTY WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST WITH RESPECT TO THE BONDS. SECTION 160A-20(f) OF THE GENERAL STATUTES OF NORTH CAROLINA PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE TRUST AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE TRUST AGREEMENT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS ON A DEFAULT BY THE COUNTY UNDER THE TRUST AGREEMENT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA, INCLUDING FORECLOSING ON THE MODIFIED DEED OF TRUST.

RISK OF NONAPPROPRIATION

The appropriation of moneys to make payments pursuant to the Trust Agreement is within the sole discretion of the Board of Commissioners of the County. If the Board of Commissioners fails to appropriate such moneys, the only sources of payment for the Bonds will be the moneys, if any, available in certain funds and accounts held by the Trustee under the Trust Agreement and the proceeds of any attempted foreclosure on the County’s interest in the Mortgaged Property under the Modified Deed of Trust.

VALUE OF COLLATERAL

The County’s estimated value of the Mortgaged Property (as further described under the caption above “**THE PLAN OF FINANCE – The Mortgaged Property**”) is at least **[\$35.9] million**, which is approximately []* of the aggregate principal amount of the 2020 Bonds and the outstanding Prior Bonds. This value is based in part on the County’s own estimates, and the County has not commissioned or obtained any appraisals for the purpose of this valuation. The amount of proceeds received through foreclosure of the County’s interest in the Mortgaged Property may be affected by a number of factors, including (1) the costs and expenses in enforcing the lien and security, (2) the condition of the Mortgaged Property, (3) the occurrence of any damage, destruction, loss or theft of the Mortgaged Property which is not repaired or replaced and for which there are not received from insurance policies or appropriated moneys from any risk management program, (4) problems relating to the paucity of alternative uses of the facilities arising from their design, zoning restrictions, use restrictions, easements and encumbrances on the Mortgaged Property and (5) environmental problems and risks with respect to the Mortgaged Property.

The Trust Agreement permits the issuance of Additional Bonds without regard to the value of the Mortgaged Property, and the Modified Deed of Trust allows for up to \$200 million in principal amount of Bonds to be secured thereby. To the extent that Additional Bonds are issued and no additional property is

* Preliminary, subject to change.

subject to the Modified Deed of Trust, the value of the collateral as a percentage of the outstanding principal amount of Bonds should be expected to decrease, which decrease may be material.

NO REPRESENTATION IS MADE AS TO THE VALUE OF, OR THE AMOUNT OF PROCEEDS THAT MAY BE REALIZED FROM, THE COUNTY'S INTEREST IN THE MORTGAGED PROPERTY IN THE EVENT OF A FORECLOSURE.

UNINSURED CASUALTY

If all or any part of the Mortgaged Property is damaged or destroyed by any casualty or taken by any governmental authority, the County is obligated under the Trust Agreement to apply any Net Proceeds from insurance or condemnation (1) to repair, restore or rebuild the Mortgaged Property or (2) to provide for the redemption or defeasance of all, but not less than all, of the Bonds. If the County applies any Net Proceeds to repair, restore or rebuild the Mortgaged Property and such Net Proceeds are not sufficient to repair, restore or rebuild the Mortgaged Property to its condition prior to such damage, destruction or taking, then the value of the Mortgaged Property would be reduced. The Trust Agreement requires that certain insurance be maintained with respect to the Mortgaged Property. Such insurance may not, however, cover all perils to which the Mortgaged Property is subject.

OUTSTANDING GENERAL OBLIGATION DEBT OF THE COUNTY

The County has issued general obligation bonds and may issue general obligation bonds and notes in the future. The County will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes to be issued. See Appendix A, "**THE COUNTY—DEBT INFORMATION**" attached hereto. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY BOND PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE TRUST AGREEMENT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

ENVIRONMENTAL RISKS

A Phase I environmental site assessment was performed on the site of the Northern Campus in 2018, which revealed no recognized environmental conditions. The sites of the Government Services Annex and the Emergency Operations Center have been owned by the County since 1968 and 2005, respectively. The sites of the Link Center and the District Attorney's office have been owned by the County since 1967 and 1992, respectively. The site of the Southern Campus has been owned by the County since 1992. The County is not aware of any material environmental contamination on such sites.

Undiscovered or future environmental contamination could have a material adverse effect on the value of the Mortgaged Property; however, the County is required under the Trust Agreement to undertake whatever environmental remediation may be required by law.

ADDITIONAL BONDS

The County may execute and deliver Additional Bonds under the Trust Agreement that are secured by the Mortgaged Property, thereby diluting the relative value of the collateral with respect to the 2020 Bonds and the Prior Bonds. In addition, remedies under the Trust Agreement and the Modified Deed of Trust are controlled by the Majority Owners. [Upon issuance of the 2020 Bonds, the Owners of the 2020 Bonds will be Majority Owners, but may not continue to be the Majority Owners if Additional Bonds are issued or if a portion of the 2020 Bonds are redeemed or discharged prior to maturity.][Upon issuance of the 2020 Bonds, the Owners of the 2020 Bonds will not own a majority of the Bonds.]

BANKRUPTCY

Under current North Carolina law, a local governmental unit such as the County may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of § 109(c) of the United States Bankruptcy Code. If the County were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. § 109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2020 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2020 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2020 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy.

THE COUNTY

GENERAL

The County is located in the north-central portion of the State. The Town of Chapel Hill is the largest municipality in the County and is the home of The University of North Carolina at Chapel Hill. See Appendix A for a description of the County.

FINANCIAL INFORMATION

The financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2019. Excerpts from the financial statements of the County for the fiscal year ended June 30, 2019 are available in Appendix B hereto. Copies of the complete financial statements containing the unqualified report of the independent certified public accountants are available in the office of Gary Donaldson, Chief Financial Officer, 200 South Cameron St., Hillsborough, North Carolina 27278.

LEGAL MATTERS

LITIGATION

[County to confirm] To the best of the knowledge of the County, no litigation is now pending or threatened against or affecting the County which seeks to restrain or enjoin the authorization, execution or delivery of the 2020 Bonds, the Trust Agreement or the Modified Deed of Trust, or which contests the County's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the County's authorization, execution and delivery of the 2020 Bonds, the Trust Agreement or the Modified Deed of Trust, or the County's authority to carry out its obligations thereunder or which would have a material adverse impact on the County's condition, financial or otherwise.

OPINIONS OF COUNSEL

Legal matters related to the execution, sale and delivery of the 2020 Bonds are subject to the approval of Sanford Holshouser LLP. Certain legal matters will be passed upon for the County by its counsel, John L. Roberts, Esq., and for the Underwriters by their counsel, McGuireWoods LLP. The opinion of Sanford Holshouser LLP, as Bond Counsel, substantially in the form set forth in Appendix D hereto, will be delivered at the time of the delivery of the 2020 Bonds.

Bond Counsel's approving legal opinion expresses Bond Counsel's professional judgment as to the legal issues explicitly addressed in the opinion. By rendering a legal opinion, an opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Additionally, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction, and a bond opinion is not a statement (either expressly or by implication) concerning the marketability, value or likelihood of payment of the bonds.

Bond Counsel has not been engaged to investigate the County's operations or condition or the County's ability to provide for payments on the 2020 Bonds. Bond Counsel will express no opinion (1) as to the County's financial condition or its ability to provide for payments on the 2020 Bonds, or (2) as to the accuracy, completeness or fairness of any information that may have been relied on by anyone in making a decision to purchase 2020 Bonds, including this Official Statement. Bond Counsel has, however, provided the sample legal opinion form that appears as Appendix D, prepared the document summaries that appear as Appendix C, and approved the descriptions in this Official Statement of (1) the terms of the 2020 Bonds and the financing documents and (2) its legal opinion. In this transaction, Bond Counsel serves only as bond counsel to the County.

TAX TREATMENT

OPINION OF BOND COUNSEL

In the opinion of Sanford Holshouser LLP, Carrboro, North Carolina, Bond Counsel for the County ("Bond Counsel"), under existing law, interest on the 2020 Bonds paid by the County (1) will not be included in gross income for federal income tax purposes, (2) will not be a specific item of tax preference for purposes of the federal alternative minimum income tax, and (3) will be exempt from existing State of North Carolina income taxes.

The proposed form of Bond Counsel's opinion is attached as Appendix D.

Bond Counsel's opinion does not address the tax-exempt status of payments on the 2020 Bonds derived from parties other than the County (for example, payments derived from proceeds of a foreclosure on the Mortgaged Property), even if those payments are denominated as interest with respect to the 2020 Bonds.

Bond Counsel will give its opinion in reliance upon certifications by County representatives and others as to certain facts relevant to the opinion. The County has covenanted to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, the use, expenditure and investment of the proceeds derived from the sale of the 2020 Bonds and the timely payment to the United States of any arbitrage profit with respect to the 2020 Bonds. The County's failure to comply with its covenants could cause interest on the 2020 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020 Bonds.

DISCOUNT BONDS

The initial public offering prices of the 2020 Bonds maturing on October 1, 20__ through October 1, 20__, inclusive (collectively, the "Discount Bonds"), are less than the amounts payable at maturity. An amount not less than the difference between the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) of the Discount Bonds and the amounts payable at maturity constitutes original issue discount. Under existing federal income tax law and regulations, the original issue discount

on a Discount Bond is interest not includable in the gross income of an owner who purchases such Discount Bond in the original offering at the initial public offering price thereof and holds it to maturity, and such owner will not realize taxable gain upon payment of such Discount Bond at maturity. Owners who purchase Discount Bonds at a price other than the initial offering price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the consequences of the ownership of such Discount Bonds. An owner who purchases a Discount Bond in the initial offering at the initial offering price and holds such Discount Bond to maturity is deemed under existing federal tax laws and regulations to accrue original issue discount on a constant yield basis under Section 1288 of the Code from the date of original issue. An owner's adjusted basis in a Discount Bond is increased by accrued original issue discount for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt interest received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond, including in the calculation of adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed by the Code on corporations, even though there will not be a corresponding cash payment.

Bond Counsel's opinion will not address issues relating to the treatment of original issue discounts on Discount Bonds. **Owners and prospective purchasers of Discount Bonds should consult their own tax advisors regarding the calculation of accrued original issue discount for federal income tax purposes and any North Carolina or other state and local tax consequences in connection with the ownership or disposition of Discount Bonds.**

PREMIUM BONDS

The initial public offering prices of the 2020 Bonds maturing on October 1, 20__ through October 1, 20__, inclusive (collectively, the "Premium Bonds"), are greater than the amounts payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) at which a substantial amount of each maturity of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium. In general, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period and subtract such bond premium from the owner's basis in such Premium Bond. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Bond Counsel's opinion will not specifically address any issues relating to the treatment of premium paid on, or attributable to, Premium Bonds. **Owners and prospective purchasers of Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes and any North Carolina or other state and local tax consequences in connection with receipt of bond premium or otherwise with respect to the ownership and disposition of Premium Bonds.**

OTHER TAX CONSEQUENCES

Ownership or transfer of, or the accrual or receipt of interest on, the 2020 Bonds may result in collateral federal, State of North Carolina, and other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit, and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Owners and prospective purchasers of the 2020 Bonds should consult their tax advisors as to any such possible tax consequences. Except to the extent covered in its legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

Interest on the 2020 Bonds may or may not be subject to state or local taxation in jurisdictions other than North Carolina. Owners and prospective purchasers of the 2020 Bonds should consult their own tax advisors as to the status of interest on the 2020 Bonds under the tax laws of any such jurisdiction other than North Carolina. Bond Counsel will express no opinion as to any such matters.

No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, or certain litigation or judicial decisions, if upheld, will not contain provisions or produce results which could, directly or indirectly, reduce the benefit of the excludability of interest on the 2020 Bonds from gross income for federal income tax purposes.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2020 Bonds.

Interest paid on tax-exempt obligations, such as the 2020 Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the 2020 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the 2020 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner’s federal income tax liability provided the required information is furnished to the Service.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the County has undertaken in the Trust Agreement to provide, or cause to be provided through the Trustee, to the Municipal Securities Rulemaking Board (the “MSRB”):

(1) by not later than seven months after the end of each fiscal year, beginning with the fiscal year ending June 30, 2020, the audited financial statements of the County 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 are not then available, unaudited financial statements of the County for such fiscal year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each fiscal year, beginning with the fiscal year ending June 30, 2020, 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 captions “**THE COUNTY—DEBT INFORMATION**” and “**—TAX INFORMATION**” in Appendix A relating to the 2020 Bonds (excluding any information on overlapping or underlying debt) to the extent such items are not included in the audited financial statements referred to in (1) above;

(3) 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 2020 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) 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 2020 Bonds, or other material events affecting the tax status of the 2020 Bonds;
- (g) modifications to rights of holders of the 2020 Bonds, if material;
- (h) calls for redemption of 2020 Bonds (other than calls pursuant to sinking fund redemption), if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the 2020 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar proceedings related to the County or any other person or entity that may at any time become legally obligated to make payments on the 2020 Bonds (collectively, the “Obligated Persons”);
- (m) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation 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 or any Obligated Person, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties; and

(4) in a timely manner, notice of a failure of the County to provide required annual financial information described in (1) or (2) above on or before the date specified.

For purposes of the foregoing, “financial obligation” means a (a) debt obligation, (b) 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 (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.

For the purposes of the event identified in subparagraph (l) above, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

The County shall provide the document referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The County may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized by the U.S. Securities and Exchange Commission.

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

The County has acknowledged in the Trust Agreement that its undertaking pursuant to Rule 15c2-12 is intended to be for the benefit of the registered owners of the 2020 Bonds and is enforceable by the Trustee or by any registered owner of the 2020 Bonds. THE RIGHT TO ENFORCE THE PROVISIONS OF THE COUNTY’S RULE 15C2-12 UNDERTAKINGS IS LIMITED TO A RIGHT TO OBTAIN SPECIFIC PERFORMANCE OF THE COUNTY’S OBLIGATIONS AND A FAILURE BY THE COUNTY TO COMPLY WITH ITS RULE 15C2-12 UNDERTAKINGS WILL NOT BE AN EVENT OF DEFAULT UNDER THE TRUST AGREEMENT AND WILL NOT RESULT IN ACCELERATION OF THE INSTALLMENT PAYMENTS.

The County may modify from time to time, consistent with Rule 15c2-12, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment

of the County; provided that (1) 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 County; (2) the information to be provided, as modified, would have complied with the requirements of the Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule 15c2-12, as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2020 Bonds. Any annual financial information containing modified operating data or financial information will 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 County's Rule 15c2-12 undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal and interest with respect to the 2020 Bonds.

THE COUNTY'S CONTINUING DISCLOSURE COMPLIANCE

[To be reviewed/confirmed] During the past five years, the County has not failed to comply in all material respects with the terms of its prior undertakings under Rule 15c2-12, except as described in the following paragraphs.

The County had certain disclosure information that was due to be posted by January 31, 2017, with respect to the fiscal year ended June 30, 2016. At that deadline, however, the County's CAFR (including its audit) for the fiscal year ended June 30, 2016, was not yet available. Prior to the deadline, the County posted certain unaudited financial statements as called for by the terms of its continuing disclosure undertakings. In this posting, however, by oversight, the County did not post its adopted budget or the supplemental financial information as required by its continuing disclosure undertakings. The County posted such required supplemental financial information in March 2017 and its adopted budget in October 2017. Additionally, for some years, while the County timely posted its annual disclosures on EMMA, such annual disclosures were not always properly linked to each of the County's CUSIP numbers.

In April 2019, the County determined that it had in some circumstances inadvertently failed to post on the EMMA system information regarding its approved County budget for the 2018-19 fiscal year, as required by some of the County's continuing disclosure obligations, although the County's CAFR included some budget information. Upon becoming aware of this issue, the County promptly moved to properly link the required budget information to all relevant CUSIP numbers.

The County has filed notices of failure to file the items described above as required by Rule 15c2-12, which describe the occasions of non-compliance and corrected compliance.

The County is not aware of any other occasions in which it was in material noncompliance with any of its continuing disclosure undertakings. The County has not knowingly failed to comply with its prior continuing disclosure undertakings. The County believes that at this point, it has filed all the financial information that its previous commitments require, and that all required financial information is posted with regard to all relevant CUSIP numbers.

UNDERWRITING

The Underwriters have agreed under the terms of a Bond Purchase Agreement (the "Purchase Agreement") to purchase all of the 2020 Bonds, if any of the 2020 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount of the 2020 Bonds, plus/less net original issue

premium/discount of \$ _____, less an Underwriters' discount of \$ _____. The Underwriters' obligation to purchase the 2020 Bonds is subject to certain terms and conditions set forth in the Purchase Agreement.

FHN Financial Capital Markets is a division of First Horizon Bank and First Horizon Advisors, Inc., is a wholly owned subsidiary of First Horizon Bank. FHN Financial Capital Markets has entered into a distribution agreement with First Horizon Advisors, Inc., for the distribution of the offered Bonds at the original issue prices. Such arrangement generally provides that FHN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with First Horizon Advisors, Inc.

The Underwriters may offer and sell the 2020 Bonds to certain dealers (including dealers depositing the 2020 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside front cover page hereof. The public offering prices may be changed from time to time by the Underwriters.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings Inc. have assigned ratings of "[]," "[]" and "[]," respectively, to the 2020 Bonds. These ratings reflect only the view of such rating agencies, and an explanation of the significance of such ratings may be obtained from such rating agencies. Certain information and materials not included in this Official Statement were furnished to such rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2020 Bonds.

MISCELLANEOUS

All quotations from and summaries and explanations of the Trust Agreement and the Modified Deed of Trust contained herein or in Appendix C hereto do not purport to be complete, and reference is made to such documents for full and complete statements of their respective provisions. The Appendices attached hereto are a part of this Official Statement.

The information contained in this Official Statement has been compiled or prepared from information obtained from the County and other sources deemed to be reliable and, although not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

APPENDIX A

THE COUNTY

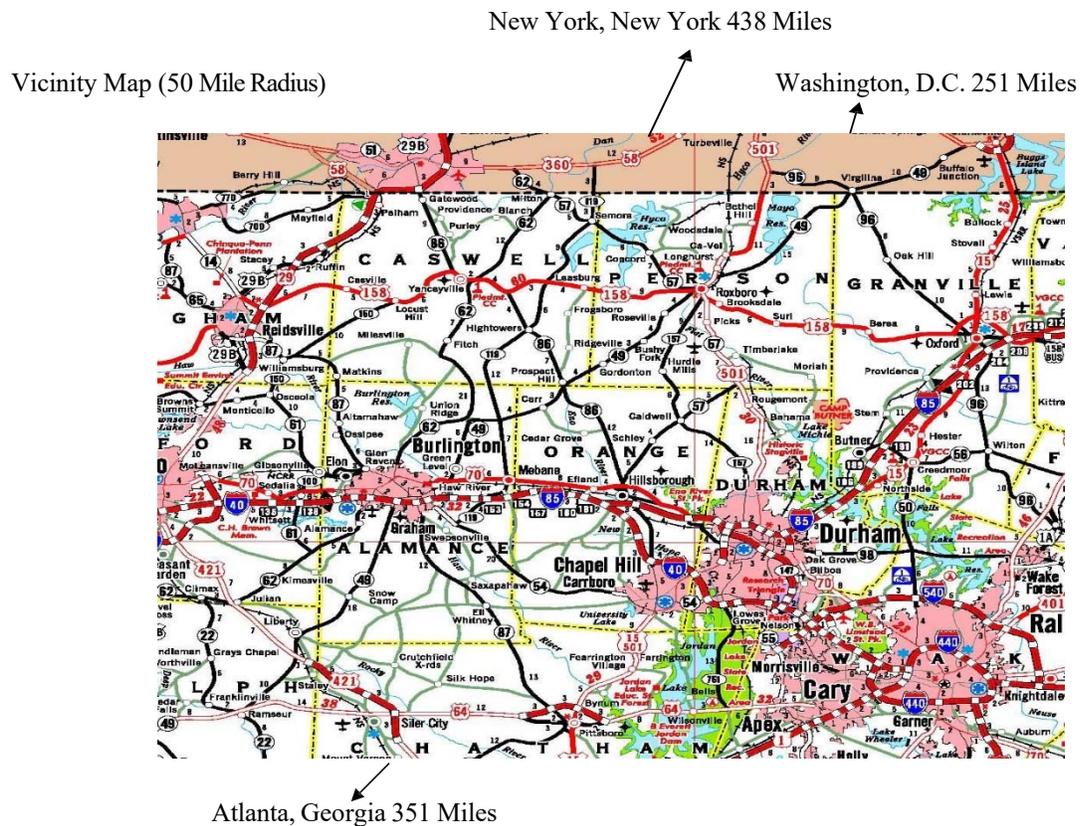
GENERAL DESCRIPTION

Orange County, founded in 1752, is located in the north-central portion of the State on the Piedmont Plateau. The County lies approximately midway between the cities of Atlanta, Georgia and Washington, D.C. Interstate Highway 40 connects to Interstate Highway 85 within the County. Interstate Highway 85 connects the region west through Greensboro to Charlotte and Atlanta, and connects to Interstate Highway 95 just south of Richmond, Virginia.

There are four municipalities in the County: the Towns of Chapel Hill and Carrboro in the southeastern part of the County and the Town of Hillsborough and the City of Mebane in the central corridor of the County along Interstate Highway 85 and Interstate Highway 40. The Town of Chapel Hill is the largest municipality in the County and the home of The University of North Carolina at Chapel Hill. The Town of Hillsborough is the County seat.

The County is part of the Durham-Chapel Hill Metropolitan Statistical Area, which also includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities. Interstate Highway 40 connects the County directly with the Research Triangle Park and Raleigh-Durham International Airport. The City of Mebane, home of most of the County's major manufacturing employers, is on the westernmost boundary of the County. A major portion of the City of Mebane lies in neighboring Alamance County. North of Interstate Highway 85 the County is mostly rural, with a mixture of farming, residential and light industrial and commercial uses.

The County is approximately 401 square miles in area, of which approximately 177 square miles are unincorporated, 39 square miles are farmland, 132 square miles are forested, and 53 square miles are urbanized.



DEMOGRAPHIC CHARACTERISTICS

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

<u>1990</u>	<u>2000</u>	<u>2010</u>
93,851	118,227	133,801

The North Carolina Office of State Budget and Management has estimated the County's population at July 1 of each of the past five years to be as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
140,678	142,148	142,597	145,574	147,093

According to the North Carolina Office of State Budget and Management, as of July 1, 2018, the Town of Chapel Hill (the portion located in the County) had an estimated population of 59,874, the Town of Carrboro had an estimated population of 20,715, the Town of Hillsborough had an estimated population of 7,483 and the City of Mebane (the portion located in the County) had a population of 2,154.

The following table presents per capita personal income figures for the County, the State and the United States:

<u>Year</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2014	\$55,089	\$40,064	\$47,658
2015	58,216	41,851	48,978
2016	60,044	42,651	49,870
2017	63,460	44,180	51,885
2018	67,385	46,117	54,446

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

Commercial, Industrial and Institutional Profile

The County's economy is characterized by a high degree of institutional and public-sector activity, plus office, commercial and service-oriented business. According to the Orange County Economic Development Commission, the leading industries in the County are educational, health and social services, professional, scientific, management, administrative and waste management services and arts, entertainment, recreation, accommodation and food services. The County's most common occupations, according to the Orange County Economic Development Commission, are management, professional and related occupations (54%), sales and office occupations (19.5%) and service occupations (16.4%). Manufacturing and agriculture are smaller portions of the County's economy.

The University of North Carolina at Chapel Hill and UNC Health Care System, both located in the Town of Chapel Hill, are the largest employers in the County. As of June 30, 2019, they employed approximately 12,274 and 12,742 employees, respectively. Established in 1789, The University of North Carolina at Chapel Hill occupies 729 acres in the County and had an enrollment of approximately 30,100 undergraduate, graduate and professional students for the 2019-20 academic year. UNC Health Care System opened in 1952 and occupies over 2 million square feet of leased and owned floor space. UNC Health Care System has approximately 901 beds, 1,700 attending physicians and 816 residents and interns.

In 2015, UNC Health Care System opened a new medical campus in Hillsborough. The new campus includes 50 acute care beds, an 18-bed intensive care unit, six operating rooms, two procedure rooms, an emergency department and outpatient medical and surgical specialty services, including urgent care, imaging and oncology. The new facilities were constructed at a cost of approximately \$200 million.

The County is also the place of residence for many technical, professional and executive people who work in the Research Triangle Park and neighboring cities of Durham, Raleigh, and Burlington. The Research Triangle refers to an area located among three municipalities: Chapel Hill, Durham and Raleigh. In addition to The University of North Carolina at Chapel Hill, universities located in these municipalities include Duke University and North Carolina Central University in the City of Durham and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well-suited to many types of research activities.

The Research Triangle Park (the “Park”), located ten miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950’s, approximately 250 private and governmental organizations have located facilities in the Park and currently employ approximately 50,000 people. Approximately 87% of the employees in the Park work for multinational corporations. The largest employers in the Park include: IBM Corporation, GlaxoSmithKline, Cisco Systems, Inc., Nortel, Credit Suisse, Cree, Inc., Grifols, RTI International, Fidelity Investments, US Environmental Protection Agency, National Institute of Environmental Health Sciences, NetApp, and BASF Corporation. Because of its close proximity to the County and the fact that many of the Park’s employees reside in the County, the impact of the Park on the County’s economy is significant.

In addition to the Park, the County has several areas within its borders that are focused on industry and manufacturing. Several manufacturing firms are located along Interstate Highway 85 in the western portion of the County, and the County is targeting this area for future growth of industrial and commercial concerns. Additionally, the County has designated over 2,450 acres in three strategically-placed areas along Interstates 85 and 40 as Economic Development Districts. The County’s location, midway between the Piedmont Triad and Research Triangle metropolitan areas, makes these sites extremely attractive. The districts offer development potential for light industrial, warehouse/flex space, office, retail and business service. Numerous tracts, ranging in size from 20 to 100 acres or more, are available.

The County is also seeking to spur economic development by providing funds through the Article 46 Sales Tax to finance the development of utility extensions for commercial entities. The County uses the Article 46 Sales Tax to provide a portion of the upfront water/sewer infrastructure costs for businesses. The first project funded by the County was a \$4 million water and sewer infrastructure project in the Mebane/Buckhorn area, on land owned by the County. The site is being developed as an industrial park. Morinaga American Foods, Inc., the American affiliate of the Japanese candy maker of Hi-Chew candies purchased 21 acres of land and has constructed a manufacturing plant that initially employed 90 people. The 100,000 square foot plant opened in 2015, representing a \$48 million investment within the County.

In July 2019, Swiss-Swedish company ABB announced an expansion to its existing 400,000 square foot manufacturing facility in the County. The company said it would spend \$40 million over five years to build a new 200,000 square foot manufacturing facility and create approximately 400 new manufacturing jobs at the site. ABB has its United States headquarters in nearby Cary, North Carolina.

In September 2019, Medline Industries, a distributor and manufacturer of medical supplies announced plans to invest \$65 million to construct an approximately 1.2 million square foot facility located near the City of Mebane in the County. The company anticipates the creation of 250 new jobs in its first five years, and Medline ultimately expects to employ up to 700 full time workers. Construction on the company’s new facility began in fall 2019, with the facility expected to open in late 2020.

The following table lists the ten largest employers in the County as of June 30, 2019:

<u>Company</u>	<u>Industry</u>	<u>Number of Employees</u>	<u>Percentage of Total County Employment</u>
UNC Health Care	Health Services	12,742	16.07%
UNC Chapel Hill	Higher Education	12,274	15.48
Chapel Hill-Carrboro City Schools	Education	1,776	2.24
Orange County Government	Public Administration	1,135	1.43
Orange County Schools	Education	1,031	1.30
Town of Chapel Hill	Public Administration	949	1.20
UNC Physicians Network LLC	Health Services	697	0.88
ABB (formerly General Electric)	Manufacturing	552	0.70
AKG of America	Manufacturing	446	0.56
Aramark Services	Food, Facilities & Uniform Services	379	0.48

Source: Comprehensive Annual Financial Report of the County for the year ended June 30, 2019.

Construction activity in the County for the past five calendar years is indicated by the number and construction value of building permits as set forth in the following table:

<u>Year</u>	<u>Number</u>	<u>(Value in Thousands)</u>		
		<u>Non-Residential</u>	<u>Residential</u>	<u>Total</u>
2015	4,075	\$66,669	\$255,542	\$322,211
2016	2,135	94,406	216,131	310,537
2017	2,383	32,874	185,102	217,976
2018	1,819	26,320	136,323	162,643
2019	1,872	77,506	137,555	215,061

Source: County Permits and Inspections Division.

Note: Does not include permits issued in Chapel Hill, Carrboro and Mebane.

¹ For the period ending December 31, 2019.

Total taxable retail sales in the County for the past five fiscal years and for a portion of the current fiscal year are shown in the following table:

<u>Fiscal Year Ended June 30</u>	<u>Taxable Retail Sales</u>	<u>Increase Over Previous Year</u>
2015	\$1,476,943,491	3.8%
2016	1,567,807,425	6.2
2017	1,726,191,488	10.1
2018	1,765,771,319	2.3
2019	1,923,461,091	8.9
2020 ¹	1,206,085,140	-

Source: North Carolina Department of Revenue.

¹ For the seven months ended January 31, 2020. Taxable sales for the seven months ended January 31, 2019 were \$1,129,184,065.

Sales tax revenue of the County for past five fiscal years is shown in the following table:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Sales Tax</u> <u>Revenue</u>	<u>Increase Over</u> <u>Previous Year</u>
2015	\$25,021,116	9.1%
2016	26,207,817	4.7
2017	28,004,172	6.9
2018	29,403,519	5.0
2019	31,832,526	8.3

Source: Comprehensive Annual Financial Reports of the County.

The Article 46 one-quarter cent sales tax (the “Article 46 Sales Tax”) was approved by Orange County voters in a November 2011 referendum, and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Article 46 Sales Tax was initially estimated to generate \$2,500,000 annually. Article 46 sales tax revenue for the fiscal year ended June 30, 2019 was approximately \$4.0 million, and the County has estimated Article 46 sales tax revenue for the fiscal year ended June 30, 2020 to be approximately \$3.9 million. The Board of County Commissioners approved a ten-year commitment which authorized equal distribution of the one-quarter cent sales tax to support Schools and Economic Development. Fifty percent of the one-quarter cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund capital projects. The other 50% is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the County’s three economic development districts.

The County’s other sales and use taxes (Articles 39, 40, 42, and 44 Sales Taxes) are reported in the County’s General Fund and are included in the above table with Article 46 Sales Tax.

The County’s Articles 40 and 42 one-half cent local option sales and use taxes, which were authorized by the North Carolina General Assembly in 1983 and 1986, comprise significant funding sources for the County’s school capital requirements and school debt retirement.

Employment

The North Carolina Department of Commerce has estimated the percentage of unemployment in the County to be as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
January	4.8%	4.4%	4.2%	3.5%	3.8%
February	4.5	4.3	4.0	3.6	3.6
March	4.4	4.3	3.9	3.3	3.6
April	4.1	3.9	3.3	3.0	3.0
May	5.0	4.1	3.6	3.1	3.6
June	5.1	4.6	4.0	3.7	4.0
July	5.4	4.6	4.2	3.6	3.9
August	5.1	4.7	4.3	3.5	3.9
September	4.2	4.0	3.4	2.7	2.9
October	4.4	4.1	3.3	3.0	3.0
November	4.3	3.9	3.4	3.0	2.7
December	4.3	4.0	3.3	3.1	2.7

Note: Not seasonally adjusted.

Source: N.C. Department of Commerce: Labor and Economic Analysis Division.

The County's unemployment rate in December 2019 was 2.7%, as compared to 3.3% for the State and 3.4% for the United States.

Government and Major Services

Government Structure. The County has a commission-manager form of government with a seven-member Board of Commissioners comprising the governing body. The commissioners are elected on a partisan basis for staggered four-year terms. The County manager is appointed by and serves at the pleasure of the Board of Commissioners. The Board of Commissioners annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The County Manager has the responsibility of administering these programs in accordance with the policies and the annual budget adopted by the Board of Commissioners.

Education. Two separate school administrative units, Chapel Hill-Carrboro City Schools ("CHCCS") and Orange County Schools ("OCS"), provide public education in the County. CHCCS serves the Towns of Chapel Hill and Carrboro and a small area outside the Towns, and OCS serves the remainder of the County. CHCCS has the highest average SAT scores in the State for public school systems and its high schools have been recognized in national publications for its excellent academic performance. Non-partisan elected boards of education administer both units.

The State pays for the basic minimum education program for each school administrative unit. Funding for this basic program is provided by appropriations from the State Public School Fund. Additional funding is provided by special State and federal grants. The County also appropriates funds to each school system, which provides for program expansions beyond the State basic minimum. The County has consistently maintained among the highest per pupil appropriations of any county in the State. A special school district tax is levied in CHCCS. This tax is a significant revenue source for the CHCCS system. (See the section "Tax Information" below.) The County Commissioners have adopted a policy of allocating approximately 50% of unrestricted locally-generated revenues to public school purposes.

The following table reflects average daily membership ("ADM")¹ and the number of schools for both OCS and CHCCS for the past five academic years.

Chapel Hill-Carrboro City Schools

School Year	Elementary <u>Grades K-5</u>		Intermediate <u>Grades 6-8</u>		Secondary <u>Grades 9-12</u>		Total <u>ADM</u>
	No. of <u>Schools</u>	<u>ADM</u>	No. of <u>Schools</u>	<u>ADM</u>	No. of <u>Schools</u>	<u>ADM</u>	
2015-16	11	5,480	4	2,838	3	3,686	12,004
2016-17	11	5,547	4	2,834	3	3,756	12,137
2017-18	11	5,545	4	2,835	3	3,855	12,235
2018-19	11	5,483	4	3,003	3	3,988	12,474
2019-20	11	5,354	4	3,051	3	3,950	12,355

Orange County Schools

School Year	Elementary <u>Grades K-5</u>		Intermediate <u>Grades 6-8</u>		Secondary <u>Grades 9-12</u>		Total <u>ADM</u>
	No. of <u>Schools</u>	<u>ADM</u>	No. of <u>Schools</u>	<u>ADM</u>	No. of <u>Schools</u>	<u>ADM</u>	
2015-16	7	3,255	3	1,743	2	2,528	7,526
2016-17	7	3,317	3	1,730	2	2,503	7,551

2017-18	7	3,265	3	1,778	2	2,501	7,544
2018-19	7	3,179	3	1,723	2	2,443	7,345
2019-20	7	3,216	3	1,805	2	2,367	7,388

¹ ADM or average daily membership, determined by actual records at the schools, is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computations are used as a basis for teacher allotments.

Source: Orange County Board of Education and the Chapel Hill-Carrboro City Schools Board of Education Finance Offices.

Enrollment growth for both OCS and CHCCS has been dampened by the rise, seen across the State, in enrollment growth among private schools, public charter schools and homeschooling.

The County is home to two institutions of higher learning. The University of North Carolina at Chapel Hill is the flagship university in the State's 17 institution system and is consistently ranked one of the top public universities in the country. Enrollment at The University of North Carolina at Chapel Hill rose from 8,791 in 1960 to 30,100 for the 2019-20 academic year. The University is planning a new living and learning community in Chapel Hill, called Carolina North, which will occupy over 250 acres of land in the County.

Durham Technical Community College is a public two-year accredited institution of higher education and technical training school primarily located in Durham, North Carolina that has a 20-acre Orange County campus located outside the Town of Hillsborough. Durham Tech serves approximately 18,500 students and offers programs leading to over 110 degrees, certificates and diplomas. The County contributed \$655,144 toward operating expenses of Durham Technical Community College in the fiscal year ended June 30, 2019 and has budgeted \$723,256 toward such operating expenses for the fiscal year ended June 30, 2020.

Additionally, the County is located within a one-hour drive of several other colleges and universities. These include Alamance Community College, Duke University, Elon University, High Point University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University and the University of North Carolina at Greensboro.

Transportation. Major expansion and maintenance of primary and secondary highways within the County are primarily the responsibility of the State. Municipalities within the County bear the responsibility for local street systems. The County has no responsibility for the construction or maintenance of streets or highways.

The County is served by two interstate highways, which merge in the center of the County. Interstate Highway 85 connects the County to the cities of Greensboro, Charlotte and Atlanta to the south and west, and the cities of Durham, Richmond and Washington, D.C. to the north and east. Interstate Highway 40 connects the County to the cities of Winston-Salem, Greensboro and Asheville to the north and west, and the Research Triangle Park and the City of Raleigh to the south and east. Other major highways include U.S. highways 15-501 and 70 and N.C. highways 54, 57 and 86.

The Town of Chapel Hill operates a local bus system that provides public transportation services to the Town and adjacent areas, including services to the Town of Carrboro and the University of North Carolina at Chapel Hill on a contractual basis. Effective January 1, 2002, the Town instituted the State's first fare free transportation system for passengers on all regular routes and services. Bus routes and stops are located so that 90% of all households are within one quarter mile of a bus stop. Two park-ride lots are established on the western perimeter of the Town to facilitate transportation in and out of the University and downtown area, and the Town completed construction of additional park-ride lots on the northern and

southern perimeters in 1995. The system operates 99 buses during weekday peak periods, and shared-ride, demand responsive programs to provide evening services.

The bus system is the second largest transit system in the State by ridership, providing over seven million rides per year. The bus system is financed primarily with a special *ad valorem* tax levy, federal and State operating and capital assistance, and contractual contributions from the Town of Carrboro and the University. The Town receives federal operating assistance from the Federal Transit Administration and State operating assistance which combined equals about 30% of eligible operating costs for the system.

Orange County Public Transportation provides a continuum of locally-accessible transportation services, which includes pick-up and drop-off services for the elderly and disabled. The Hillsborough circulator connects major destinations throughout Hillsborough with hourly service Monday through Friday. This service is free to all passengers. In addition, Triangle Transit Authority operates a bus system that provides commuter services to County residents.

Air transportation is provided by various major, commuter and commercial airlines at the Raleigh-Durham International Airport (“RDU”), approximately ten miles from the County. RDU is serviced by ten major airlines and 6 regional airlines. Approximately 14.2 million people boarded or deplaned aircraft at this airport in calendar year 2019, as compared to 12.8 million passengers in calendar year 2018.

Rail freight service is provided by Norfolk Southern Railway. Railway passenger service is provided by Amtrak through its terminals located in Durham, Cary and Raleigh.

Human Services

Social Services Programs. Social Services programs are provided for by a combination of federal, state and local funds. Among the programs provided are: Work First, Temporary Aid to Needy Families Child Protective Services, Daycare Administrative, Foster Care, Energy Assistance, Medicaid, Child Support Enforcement and programs for the elderly.

Health Programs. The County provides environmental, sanitation, family planning, dental and nursing services throughout the County. Clinics are offered in the towns of Hillsborough and Chapel Hill and in the public schools. The County has access to the services of the schools of medicine, dentistry, nursing and public health at The University of North Carolina at Chapel Hill and the University Hospitals, as well as Duke University Medical Center and a U.S. Veterans Administration Hospital within five miles of the County. No County investment in hospital or major medical facilities is anticipated.

Mental Health Programs. The County provides funding for mental health, development disabilities, and substance abuse services through Cardinal Innovations Healthcare Solutions, a Managed Care Organization. The Departments of Health and Social Services collaborate with Cardinal Innovations to ensure program priorities for Clinical Social Work, Child Mental Health, Undocumented Residents and Criminal Justice Resources.

Other Human Services. In addition to social service, health and mental health programs, the County provides agricultural services, housing and community development services, library services aging services, criminal justice resources and support to various private non-profit agencies located within the County.

Parks, Recreation and Open Space. The North Carolina Department of Natural and Cultural Resources works to conserve and manage the natural and cultural resources of the County. Included within this “green infrastructure” are natural areas and nature preserves, open spaces, parks and recreation

facilities, water resources, and agricultural and resource lands. Programs ranging from athletics to fine arts are offered to residents of all ages at several park sites and community centers.

Public Service Enterprises

Water and Sewer Services. Water and sewer services are provided to the majority of the population of the County by the Orange Water and Sewer Authority (the “Authority”). The Authority was created in 1975 by the Board of Commissioners for the County and the boards of aldermen of the towns of Chapel Hill and Carrboro for the purpose of acquiring, consolidating, improving, and operating the existing water and sewer systems in the southern portion of the County. Prior to the formation of the Authority, water service was provided by the University of North Carolina at Chapel Hill and the Town of Carrboro and sewer service was provided by the towns of Chapel Hill and Carrboro in conjunction with the University.

The Authority began utilities operations in 1977 when the Towns of Chapel Hill and Carrboro and the University of North Carolina at Chapel Hill conveyed their water and sewer facilities to the Authority. Under the terms of the transfer, the Authority provides and maintains sewage collection and treatment facilities and water supply, treatment and distribution facilities.

The Town of Hillsborough and the City of Mebane, which is partly located within the corporate limits of the County, also own and operate water and sanitary sewer systems. The County issued water and sanitary sewer bonds in the late 1960s to finance the construction of the Lake Orange reservoir, which serves the water system of the Town of Hillsborough, and the construction of improvements which serve the water and sanitary sewer systems of the City of Mebane. In addition, the Orange Alamance Water System, a private corporation, utilizes Lake Orange and provides water service to a part of the west central portion of the County.

The County’s water supply has been supplemented by the addition of the Cane Creek Reservoir, which was built by the Authority in 1989. Increased water supply has also resulted from the renovations to the dam at Lake Orange, which is owned by the County.

Sanitary Landfill. The County owns and operated a sanitary landfill serving County residents until that landfill closure in June 2013. On July 1, 2013, the County entered into an inter-local agreement with the nearby City of Durham, North Carolina, for certain solid waste purposes. The City of Durham has agreed to allow the County to deliver solid waste to a City-operated transfer station in Durham through June 2023. The agreement provides the opportunity to renew the agreement upon written execution by both parties. The County continues to evaluate other options for solid waste disposal.

Other Public Service Enterprises. Telephone service in the County is provided by Sprint, BellSouth, Mebtel and Verizon Communication. Electric service is provided by Duke Energy and Piedmont Electric Membership Corporation. Gas service is provided by Public Service Gas Company.

Other Services. Fire and police protection are provided by the Towns of Chapel Hill, Carrboro, Hillsborough and Mebane within their respective jurisdictions. In the unincorporated areas of the County fire protection is provided in 12 fire districts pursuant to contracts between the County, the municipalities and various fire departments. Police protection in the unincorporated areas of the County is provided by the County Sheriff’s Department.

The County’s Emergency Services Department provides four general areas of countywide emergency assistance, emergency communications (911), emergency medical services, fire marshal and emergency management. Volunteer rescue squads work jointly with the County to provide a significant amount of such services.

DEBT INFORMATION

Legal Debt Limit

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County had the statutory capacity to incur additional net debt in an approximate amount of \$1.2 billion as of June 30, 2019.

Outstanding General Obligation Debt

General Obligation Bonds	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
School Bonds	-	-	\$26,900,000	\$90,800,000
Refunding Bonds	\$59,280,000	\$50,430,000	41,785,000	33,410,000
Sanitary Sewer Bonds	-	-	-	-
Other Bonds	-	-	<u>2,500,000</u>	<u>1,530,000</u>
Total Outstanding Debt	<u>\$59,280,000</u>	<u>\$50,430,000</u>	<u>\$71,185,000</u>	<u>\$125,740,000</u>

General Obligation Debt Ratios

<u>June 30,</u>	<u>Total Outstanding GO Debt</u>	<u>Assessed Valuation</u>	<u>Total GO Debt To Assessed Valuation</u>	<u>Population¹</u>	<u>Total GO Debt Per Capita</u>
2015	\$68,355,000	\$16,501,943,134	0.41%	140,144	\$487.75
2016	59,280,000	16,778,182,392	0.35	142,364	416.40
2017	50,430,000	17,024,519,084	0.30	142,830	353.08
2018	71,185,000	18,330,900,870	0.39	145,574	489.00
2019	125,740,000	18,709,028,333	0.67	145,574 ²	863.75

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

General Obligation Debt Service Requirements and Maturity Schedule as of June 30, 2019

<u>Fiscal Year Ending June 30,</u>	<u>Outstanding GO Debt</u>	
	<u>Principal</u>	<u>Principal and Interest</u>
2020	\$10,010,000	\$14,771,990
2021	10,045,000	14,478,215
2022	13,530,000	17,529,875
2023	10,305,000	13,730,625
2024	7,610,000	10,586,625
2025	5,050,000	7,671,725
2026	5,050,000	7,419,225
2027	5,050,000	7,166,725
2028	5,050,000	6,914,225
2029	5,050,000	6,692,058
2030	5,050,000	6,521,313
2031	5,050,000	6,384,163
2032	5,045,000	6,213,538
2033	5,045,000	6,046,150
2034	5,045,000	5,895,535
2035	5,045,000	5,744,185
2036	5,045,000	5,588,525
2037	5,045,000	5,427,661
2038	5,045,000	5,264,275
2039	<u>3,575,000</u>	<u>3,633,094</u>
Total	\$125,740,000	\$163,679,725

Note: Totals may not foot due to rounding.

General Obligation Bonds Authorized and Unissued as of June 30, 2019

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u>
Refunding ¹	04/01/2015	\$1,550,000
Schools ²	11/08/2016	34,600,000
Affordable Housing	11/08/2016	<u>2,500,000</u>
		\$38,650,000

¹ The County has no current plans to issue any of the remaining authorized Refunding Bonds, but may offer additional refunding bonds if market opportunities arise.

² The County plans to issue \$20,060,000 of General Obligation School Bonds on or about May 7, 2020.

General Obligation Debt Information for Underlying Units as of June 30, 2019

Unit	Population ¹	Assessed ² Valuation	Tax Rate Per \$100	Bonds Authorized and Unissued		Total GO Debt ²		Total GO Debt Per Capita
				Utility	Other	Utility	Other	
Carrboro	20,715	\$2,389,985,868	\$0.5944	\$ --	\$--	\$ --	\$3,100,000	\$149.65
Chapel Hill	63,178	8,223,292,265	0.5280	--	20,400,000	--	38,093,000	602.95
Hillsborough	7,483	1,088,855,671	0.6200	--	--	--	--	--
Mebane ³	13,850	2,181,876,039	0.4700	--	--	--	--	--

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

² Does not include installment financing agreements, revolving loans and revenue bonds as these obligations are not general obligations.

⁴ Approximately 15.5% of this population resides in Orange County and 84.5% resides in Alamance County.

Other Long-Term Commitments

The County currently has a variety of financing agreements for vehicles and other equipment. In addition, the County has financed school, public buildings, landfill and water and sewer projects through installment financing agreements which, as of June 30, 2019, had a combined principal balance of approximately \$126 million. Annual requirements to service these obligations are as follows:

Fiscal Year Ending June 30	Landfill and Sportsplex		Governmental Purposes		Totals	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2020	\$1,080,279	\$1,508,149		\$15,297,253	\$12,923,414	\$16,805,402
2021	1,118,624	1,509,461	12,462,847	16,577,863	13,581,471	18,087,324
2022	1,137,669	1,478,899	12,570,883	16,146,294	13,708,552	17,625,193
2023-2027	4,720,031	5,771,768	50,605,876	61,091,633	55,325,907	66,863,401
2028-2032	1,802,269	2,144,705	16,189,032	19,468,334	17,991,301	21,613,039
2033-2037	1,049,605	1,946,290	7,365,395	8,415,000	8,415,000	10,361,290
2038-2043	60,000	63,600	1,945,000	2,050,413	2,005,000	2,114,013
TOTALS	\$10,968,477	\$14,422,872	\$112,982,168	\$139,046,790	\$123,950,645	\$153,496,662

Additionally, the County is obligated to the North Carolina Department of Environmental Quality under State Revolving Loans for sewer projects with the following annual requirements as of June 30, 2019:

Fiscal Year Ending June 30,	Principal	Principal and Interest
2020	\$145,640	\$194,233
2021	145,640	191,977
2022	145,640	186,536
2023	145,640	183,225
2024-2028	728,200	860,788
2029-2033	728,200	722,695
2034	58,077	59,238
Totals	\$2,097,037	\$2,398,692

Debt Outlook

The County has an extensive ten-year capital improvement program underway to provide public safety, school facilities, government facilities, affordable housing, and park improvements. County voters approved a referendum in November 2016 for \$125 million in general obligation bonds. The County issued

general obligation bonds in the amounts of \$21,000,000 in November 2017 and \$64,400,000 in July 2018, and anticipates issuing general obligation bonds in the amount of \$20,060,000 in May 2020. The County expects to issue the remaining \$17,040,000 of voter-approved, but unissued, general obligation bonds within the next four years.

The County's ongoing capital investment program will be funded through bond proceeds, installment purchase proceeds, and pay-as-you-go funds for specific County capital projects. The County Manager's recommended five-year capital investment program contemplates total borrowings of approximately \$146.9 million.

TAX INFORMATION

General Information

	Fiscal Year Ended or Ending June 30,			
	2016	2017	2018	2019
Assessed Valuation				
Assessment Ratio ¹	100%	100%	100%	100%
Real Property	\$15,020,157,254	\$15,168,750,327	\$16,385,248,774	\$16,603,198,106
Personal Property	1,442,897,338	1,620,578,558	1,711,150,366	1,821,061,820
Public Service Companies ²	382,744,805	306,434,830	315,583,138	337,735,426
Less Tax-Exempt Property	(67,617,005)	(71,244,631)	(81,081,408)	(80,381,765)
Total Assessed Valuation ²	\$16,778,182,392	\$17,024,519,084	\$18,330,900,870	\$18,681,613,587
Tax Rate per \$100 ³	0.878	0.878	0.838	0.8504
Levy	\$ 147,312,441	\$ 149,475,278	\$ 153,612,949	\$ 159,101,577

¹ Percentage of appraised value has been established by statute.

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

³ Revaluation of real property became effective with the 2017-18 tax levy. Real property was previously reappraised for 2009-10.

In addition to the County-wide rate shown in the previous chart, all taxable property within the Chapel Hill-Carrboro City School Administrative Unit is subject to a special school district tax. The special school district tax rates per \$100 assessed valuation for the past five fiscal years are as follows:

	Fiscal Year Ended or Ending June 30,				
	2016	2017	2018	2019	2020
<i>Special School District</i>					
Chapel Hill-Carrboro City Schools	\$.2084	\$.2084	\$.2018	\$.2018	\$.2018

Special Fire Districts. Most property in the unincorporated portions of the County is also subject to an additional tax rate for one of the 12 fire districts, which range from \$0.0592 to \$0.1237 for the fiscal year ending June 30, 2020.

Tax Collections

Fiscal Year Ended June 30,	Prior Year's Levy Collections	Current Year's Levy Collections	Percentage Collected
2015	\$1,504,945	\$143,903,487	99.08%
2016	1,309,964	145,747,667	99.17
2017	1,155,219	148,358,015	99.19
2018	1,179,696	152,424,863	99.12
2019	1,332,779	157,743,510	99.14

Source: Comprehensive Annual Financial Report of the County for fiscal year ended June 30, 2019.

Ten Largest Taxpayers for the Fiscal Year ended June 30, 2019

Name	Type of Enterprise	Assessed Valuation	Percentage of Assessed Value
Duke Energy Carolinas LLC	Public Utility	\$136,245,251	0.73%
Chapel Hill Foundation Real Estate Holdings Inc	Apartments/Retail	101,301,200	0.54
BIR Chapel Hill LLC	Apartments/Retail	68,603,700	0.37
Piedmont Electric Membership	Public Utility	62,225,565	0.33
Northwestern Mutual Life Insurance Co.	Apartment Rentals	57,323,501	0.31
State Employees Credit Union	Bank	50,353,425	0.27
Public Service Co. of NC Inc.	Public Utility	50,339,464	0.27
East 54 Office Retail LLC	Office/Retail	40,135,700	0.21
Granville Towers LLC	Apartment Rentals	37,337,524	0.20
Chapel Hill at the Pointe Villager LLC	Apartment Rentals	36,842,700	0.20
		<u>\$640,708,030</u>	<u>3.43%</u>

Source: Comprehensive Annual Financial Report of the County for fiscal year ended June 30, 2019.

FISCAL YEAR 2018-19 BUDGET COMMENTARY

The fiscal year 2018-19 General Fund budget totaled \$226.7 million, which represented a \$7.1 million or 3.2% increase over the fiscal year 2017-18 adopted budget. The County tax rate increased from \$0.8377 per \$100 of assessed valuation to \$0.8504 per \$100 of assessed valuation in fiscal year 2018-19. The tax base and tax rate increase resulted in a 3.6% growth over prior fiscal year property taxes, for an increase of \$5.5 million.

The fiscal year 2018-19 audited financial statements indicate property tax revenues were \$158 million, or 72% of General Fund revenues. Sales tax revenues comprised \$27.8 million or 12.6% of General Fund revenues. The remaining 15.4% of General Fund revenues are comprised of Intergovernmental Revenues, Charges for Services, Licenses and Permit and Miscellaneous revenues.

General Fund revenues were \$220.6 million, compared to General Fund expenditures of \$216.3 million. Actual revenues were above the final revenue budget by 1.5% and actual expenditures were below the final expenditure budget by 3.5% at June 30, 2019. The total fund balance increased from \$63.5 million or 29.9% of expenditures, to \$66.2 million or 30.6% of expenditures. The unassigned fund balance ended at \$35.7 million or 16.5% of General Fund expenditures.

FISCAL YEAR 2019-20 BUDGET OUTLOOK

The Board of Commissioners adopted the budget for the fiscal year ending June 30, 2020 on June 18, 2019. The approved General Fund budget for the fiscal year ending June 30, 2020 totals \$237.1 million, which represents a \$10.4 million or 4.5% increase over the fiscal year 2018-19 adopted budget. The increase is primarily due to increased debt service and school appropriations.

As of December 31, 2019, the County has received 64.2% of budgeted revenues as compared to 62.6% in the previous fiscal year. The property tax base which is growing by 2% and projected collection rate are forecasted to meet the budgeted amount. Sales tax has experienced solid growth primarily attributed to the NC Department of Revenue enforcement of online sales tax transactions. The County incurred 45.3% of budgeted general fund expenditures compared to 45.5% in the previous year. Expenditures are projected

to be within budget primarily attributed to personnel savings and prudent management of non-personnel expenditures. The County estimates slightly better than breakeven financial performance resulting in stable fund balance consistent with previous years fund balance performance.

PENSION PLANS

The County participates in the North Carolina Local Governmental Employees' Retirement System (the "LGERS"). The North Carolina Local Governmental Employees' Retirement System is a service agency administered through a board of trustees (the "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 six percent 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 fiscal year 2019-20, is 8.95 percent of eligible payroll for general employees and 9.70 percent of eligible payroll for law enforcement officers ("LEO"). 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. Additional rates, such as rates associated with death benefits or past service liabilities, will be added to the base rate to determine the actual contribution percentage for each employer.

The Board of Trustees' policy anticipates increases in the base rates effective July 1, 2020 and July 1, 2021 equal to 1.20 percent of reported compensation for each year as follows:

<u>Effective Date</u>	General Employee <u>Base Rate</u>	LEO <u>Base Rate</u>
July 1, 2020	10.15	10.90
July 1, 2021	11.25	12.10

Members qualify for a vested deferred benefit at age 50 with at least 20 years of creditable service; 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 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 County'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 County's Audited Financial Statements in Appendix B.

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

The County administers a single employer defined benefit Retiree Healthcare Benefits Plan. This plan provides post-employment health care benefits to retirees of the County.

A Permanent Employee employed on or before June 30, 2012 and who commences retirement and meets the following conditions receives an annual retirement medical allowance. A participant must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Government Employees Retirement System and meet one of the following conditions:

- 1) A minimum of ten years of service with the County,
- 2) Age 65 with a minimum of five years of service with the County, or
- 3) Disabled retirement with a minimum of five years of service with the County.

A Permanent Employee employed after June 30, 2012 and who commences retirement and meets the following conditions receives an annual retirement medical allowance. A participant must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Government Employees Retirement System and meet one of the following conditions:

- 1) A minimum of 20 years of service with the County,
- 2) Age 65 with a minimum of ten years of service with the County, or
- 3) Disabled retirement with a minimum of ten years of service with the County.

The County contributes to the cost of health insurance premiums for both non-Medicare eligible retirees and Medicare eligible retirees based on the years of service with Orange County using the following schedule:

If hired on or before June 30, 2012:

<u>Years of Service at Retirement</u>	<u>Age at Retirement</u>	<u>County Contribution</u>
10 or more	Any Age	100%
5-9	65	50%

If hired after June 30, 2012:

<u>Years of Service at Retirement</u>	<u>Age at Retirement</u>	<u>County Contribution</u>
20 or more	Any Age	100%
10-19	65	50%

Per resolution, the County is required to contribute the projected pay-as-you financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the fiscal year ended June 30, 2019, current year benefit payments made by the County were \$2,477,527. The County estimates its Net OPEB Obligation at \$41.8 million. The Net OPEB Obligation is the cumulative difference between Annual OPEB Cost and the Employer Contributions to the Plan. The Annual OPEB Cost (AOC) is equal to the Annual Required Contribution (ARC), one year's interest on the Net OPEB Obligation, and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions.

The County funds its OPEB healthcare benefits on a pay as you go basis as part of the annual budget process. The County paid approximately \$2.7 million in OPEB benefits in the 2019 fiscal year, and has budgeted approximately \$2.7 million for these payments in the current fiscal year.

In addition to these annual payments, the County has reserved approximately \$7.5 million of committed fund balance toward its OPEB obligations, and has established an irrevocable trust for OPEB benefits that is funded for fiscal year 2019-20 at \$0.

The following table presents additional information on the County's OPEB liabilities.

<u>Actuarial Valuation Date</u>	<u>Net OPEB Liability (NOL)</u>	<u>NOL as % of Covered Payroll</u>
December 31, 2019	\$106,718,695	225.9%
December 31, 2018	95,924,108	209.0

GASB 74 requires the presentation of the Net OPEB Liability ("NOL") effective as of June 30, 2017. The GASB 74 required NOL actuary methodology and assumptions results in a higher liability than the unfunded actuarial accrued liability ("UAAL").

<u>Actuarial Valuation Date</u>	<u>Unfunded UAAL</u>	<u>UAAL as % of Covered Payroll</u>
December 31, 2015	\$83,542,665	181.2%
December 31, 2013	65,152,273	167.5

CONTINGENT LIABILITIES

The County is not aware of any contingent liabilities that it expects would materially adversely affect its ability to meet its financial obligations.

APPENDIX B

**MANAGEMENT'S DISCUSSION AND ANALYSIS AND
THE BASIC FINANCIAL STATEMENTS OF
ORANGE COUNTY, NORTH CAROLINA**

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Management's Discussion and Analysis

The Management's Discussion and Analysis of the financial activities of the County, lifted from the Comprehensive Annual Financial Report for the County for the fiscal year ended June 30, 2019, is included in this Appendix. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the County's financial activities based on currently known facts, decisions or conditions. Management's Discussion and Analysis is not a required part of the Basic Financial Statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

Financial Information

The financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2019. Copies of these financial statements containing the unqualified report of the independent certified public accountant are available in the office of the Chief Financial Officer at 200 South Cameron St., Hillsborough, North Carolina 27278.

The following financial statements are the Basic Financial Statements of the County, the notes thereto and certain required supplementary information, lifted from the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2019.

APPENDIX C
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E
BOOK-ENTRY ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the 2020 Bonds will be available only in a book-entry system. The actual purchasers of the 2020 Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in such 2020 Bonds purchased. So long as The Depository Trust Company (“DTC”), New York, New York, or its nominee is the registered owner of the 2020 Bonds, references in this Official Statement to the Owners of the 2020 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners of the 2020 Bonds. The Trust Agreement contains provisions applicable to periods when DTC or its nominee is not the registered owner.

The following description of DTC, its procedures and record keeping with respect to beneficial ownership interests in the 2020 Bonds, payment of interest and other payments with respect to the 2020 Bonds to DTC Participants or to beneficial owners, confirmation and transfer of beneficial ownership interests in the 2020 Bonds and/or other transactions by and between DTC, DTC Participants and beneficial owners is based on information furnished by DTC.

DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate in the aggregate principal amount of each maturity of the 2020 Bonds will be deposited with DTC or its designee. So long as Cede & Co. is the registered owner of the 2020 Bonds, as DTC’s Partnership nominee, reference herein to the Owners or registered owners of the 2020 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 2020 Bonds.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation as well as by the New York Stock Exchange, Inc., the American Stock Exchange, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants” and collectively with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for 2020 Bonds on DTC’s records. The ownership interest of each actual

purchaser of the 2020 Bonds (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners of such 2020 Bonds. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except in the event that use of the book-entry system for such 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the identities of the actual Beneficial Owners of the 2020 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2020 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to such 2020 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2020 Bonds may wish to ascertain that the nominee holding such 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in the 2020 Bonds of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting and voting rights to those Direct Participants to whose accounts such 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the owner of the 2020 Bonds for substantially all purposes under the Trust Agreement, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the County, to DTC or to the Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. **Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2020 Bonds that may be transmitted by or through DTC.**

Principal, premium, if any, and interest payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to

credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC (nor its nominee), the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. The County cannot and does not give assurance that Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the 2020 Bonds at any time by giving reasonable notice to the County and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates representing interests in 2020 Bonds are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to DTC.

The County and the Trustee have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the 2020 Bonds, or the sending of any amount due to any beneficial owner in respect to the 2020 Bonds or the sending of transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the Trust Agreement to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the 2020 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the 2020 Bonds, including any action taken pursuant to an omnibus proxy.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Attachment 5

\$[_____]
**ORANGE COUNTY, NORTH CAROLINA
 LIMITED OBLIGATION BONDS, SERIES 2020**

BOND PURCHASE AGREEMENT

April [], 2020

Orange County, North Carolina
 Hillsborough, North Carolina

Ladies and Gentlemen:

The undersigned, Robert W. Baird & Co. Incorporated (“Baird”) on its own behalf and as representative of FHN Financial Capital Markets (together, the “Underwriters”), offers to enter into the following purchase agreement (this “Bond Purchase Agreement”) with Orange County, North Carolina (the “County”), which, upon the County’s acceptance of this offer, will be binding upon the County and the Underwriters. This offer is made subject to the County’s acceptance of this Bond Purchase Agreement, which acceptance shall be evidenced by the execution and delivery (manually or by facsimile transmission) of this Bond Purchase Agreement by a duly authorized officer of the County on or before 12:00 P.M., Eastern Time, on the date hereof. Upon such acceptance, execution and delivery, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the County and the Underwriters. Except as expressly otherwise defined herein, capitalized terms used herein shall have the same meanings as set forth in the Preliminary Official Statement (as defined below).

(1) Purchase and Sale. (a) Upon the terms and conditions and based on the representations, warranties and covenants hereinafter set forth, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[_____] aggregate principal amount of the County’s Limited Obligation Bonds, Series 2020 (the “Bonds”), dated the date of payment for and the delivery of the Bonds (such payment and delivery being herein sometimes called the “Closing”). The purchase price for the Bonds shall be \$[_____] (representing the principal amount of the Bonds, plus/less [net] original issue premium/discount of \$[_____], and less underwriters’ discount of \$[_____]) (the “Purchase Price”). The Underwriters shall pay the Purchase Price for the Bonds on the day of the Closing by wiring \$[_____], at the County’s direction, to the Trustee (as defined below).

(b) The Bonds shall be issued and secured under and pursuant to a Trust Agreement dated as of June 1, 2018 (the “2018 Trust Agreement”), and a Third Supplemental Trust Agreement dated as of May 1, 2020 (the “Third Supplemental Trust Agreement” and, collectively with the 2018 Trust Agreement, as previously supplemented, the “Trust Agreement”), each between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The County is authorized pursuant to Section 20 of Chapter 160A of the General Statutes of North Carolina (the “Act”), to issue the Bonds for the purpose of providing funds to the County to (i) acquire, construct, equip and otherwise improve a variety of County facilities and assets and (ii) pay certain costs incurred in connection with the sale and issuance of the Bonds. The County’s issuance of the Bonds has been authorized by a resolution adopted by the Board of Commissioners of the County on April 7, 2020 (the “Approving Resolution”). As security for performance of the County’s obligations under the Trust Agreement, the County will execute and deliver to a deed of trust trustee (the “Deed of Trust Trustee”), for the benefit of the Trustee, a Deed of Trust Supplement #3 dated as of May 1, 2020 (the “Third Deed of Trust Supplement”), supplementing the

Existing Deed of Trust (as so supplemented, the “Modified Deed of Trust”), granting a first lien of record on the Mortgaged Property, subject to Permitted Encumbrances.

(c) The Bonds shall be dated the date of the Closing, shall mature on the dates and in the amounts, shall bear interest at the rates and shall have the terms stated in Exhibit A attached hereto.

(2) Sale of All the Bonds; Offering. It shall be a condition to the County’s obligation to sell and deliver the Bonds to the Underwriters, and to the obligation of the Underwriters to purchase and accept delivery of the Bonds, that the entire principal amount of the Bonds is sold and delivered by the County, and accepted and paid for by the Underwriters at the Closing. The Underwriters intend to make a bona fide public offering of all the Bonds at a price or prices not in excess of the initial public offering price or prices set forth in Exhibit A. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts or mutual funds) at prices lower than such public offering prices. The Underwriters reserve the right to make such changes in such prices as the Underwriters shall deem necessary in connection with the offering of the Bonds.

(3) Establishment of Issue Price.

(a) Baird, on behalf of the Underwriters, agrees to assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of Baird, the County, and Sanford Holshouser LLP (“Bond Counsel”), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except as otherwise set forth in Exhibit B attached hereto,] [t]he County will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, Baird shall report to the County the price or prices at which the Underwriters have sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, Baird agrees to promptly report to the County the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as hereinafter defined) has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(c) [Baird confirms that the Underwriters have offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit B attached hereto, except as otherwise set forth therein. Exhibit B also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the County and Baird, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply, which will allow the County to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriters shall promptly advise the County when the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.]

(d) Baird confirms that any selling group agreement and any retail distribution agreement (to which Baird is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by Baird that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Baird. The County acknowledges that, in making the representation set forth in this subsection, Baird will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to either of the Underwriters shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- i. “public” means any person other than an underwriter or a related party,
- ii. “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- iii. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity

is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- iv. “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

(4) Official Statement. The County hereby ratifies and approves the Preliminary Official Statement dated April [], 2020 (the “Preliminary Official Statement”), and consents to its distribution and use by the Underwriters prior to the date hereof in connection with the public offering and sale of the Bonds. The County confirms that the Preliminary Official Statement was “deemed final” by the County as of its date for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). Upon acceptance of this offer, the County shall prepare a final Official Statement and shall, within the earlier of seven (7) business days following the date hereof or two business days prior to the Closing Date (as hereinafter defined), deliver to the Underwriters printed copies of such final Official Statement (such final Official Statement, together with any amendment or supplement thereto, being the “Official Statement”) in sufficient quantity as may reasonably be required by the Underwriters in order to comply with the Rule and any applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”). The County hereby authorizes and approves the Official Statement and consents to the use and distribution of the Official Statement by the Underwriters in connection with the public offering and sale of the Bonds. At the time of or prior to the Closing, the Underwriters will file, or cause to be filed, the Official Statement with the MSRB. In addition, the County hereby approves and authorizes the Underwriters to coordinate the printing of the Official Statement and consents to the electronic distribution of the Official Statement.

(5) Representations of the County. The County hereby represents, warrants and covenants that:

(a) The County is a political subdivision duly organized and validly existing under the Constitution and laws of the State of North Carolina (the “State”), and is authorized pursuant to the laws of the State, including the Act, and the Approving Resolution to issue the Bonds.

(b) The County has full legal right, power and authority to (i) adopt the Approving Resolution, (ii) execute, deliver and perform its obligations under this Bond Purchase Agreement, the Trust Agreement, the Bonds, and the Modified Deed of Trust; (iii) issue and deliver the Bonds to the Underwriters as provided in this Bond Purchase Agreement; (iv) approve and authorize the distribution of the Preliminary Official Statement and the Official Statement; and (v) carry out and consummate all other transactions contemplated by this Bond Purchase Agreement, the Approving Resolution, the Trust Agreement, the Bonds, the Modified Deed of Trust and the Official Statement.

(c) The Approving Resolution has been duly adopted by the County, and the County has duly authorized all necessary action to be taken by the County for: (i) the offering, issuance, sale, and delivery of the Bonds upon the terms set forth herein and in the Official Statement, (ii) the execution and delivery by the County of the Bonds, this Bond Purchase Agreement, the Trust Agreement, the Modified Deed of Trust, and the performance of its obligations under the Bonds, this Bond Purchase Agreement, the Trust Agreement, the Modified Deed of Trust and any and all such other agreements and documents as may be required to be executed, delivered, and received by the County in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement (the Bonds, this Bond Purchase Agreement, the Trust Agreement, the Modified Deed of Trust and such other agreements and documents being collectively referred to herein as the “County Documents”), and (iii) the authorization of the use and distribution of the Official Statement.

(d) The Approving Resolution was duly adopted at a meeting of the Board of Commissioners of the County called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(e) This Bond Purchase Agreement, the Trust Agreement, the Modified Deed of Trust and any other instrument or agreement to which the County is a party in connection with the consummation of the transactions contemplated by the foregoing documents, when executed and delivered by the parties thereto, and assuming such documents are enforceable against the parties thereto other than the County, will constitute legal, valid and binding obligations of the County (subject, as to the enforcement of remedies, to the valid exercise of judicial discretion, the sovereign police powers of the State and constitutional powers of the United States of America and to any valid applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with general principles of equity).

(f) When delivered to and paid for by the Underwriters at the Closing, in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed and delivered by the County and will constitute legal, valid and binding special obligations of the County, enforceable in accordance with their terms (subject, as to the enforcement of remedies, to the valid exercise of judicial discretion, the sovereign police powers of the State and constitutional powers of the United States of America and to any valid applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with general principles of equity) and will be entitled to the benefits of, and secured as provided in, the Trust Agreement.

(g) The County has complied, and will at the Closing be in compliance, in all material respects, with the Approving Resolution, the Trust Agreement and the Act and all other agreements relating to projects undertaken by the County or with respect to which the County has assumed responsibility.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the County, threatened against or affecting the County (or, to the knowledge of the County, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the County from functioning or contesting or questioning the existence of the County or the titles of the present officers of the County to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the existence or powers of the County or the validity or enforceability of the Bonds, the Approving Resolution, the Trust Agreement, this Bond Purchase Agreement, the Modified Deed of Trust or any agreement or instrument to which the County is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby including, without limitation, the County Documents and the Official Statement; or (B) materially adversely affect (1) the transactions contemplated by the County Documents or the Official Statement, or (2) the exemption of the interest on the Bonds from federal or State income taxation.

(i) The County's adoption of the Approving Resolution, its execution and delivery of the County Documents and the Bonds, and compliance with the provisions thereof and hereof, do not and will not conflict with or constitute, on the County's part, a violation of, breach of or default under any material statute, existing law, administrative regulation, filing, decree or order, state or federal, or any provision of the Constitution or laws of the State, or any rule or regulation of the County, or any material indenture, mortgage, lease, deed of trust, note, resolution, or other agreement or instrument to which the County, or its properties, are subject or by which the County, or its properties, are or may be bound or, to the knowledge of the County, any order, rule or regulation of any regulatory body or court having jurisdiction over the County or its activities or properties.

(j) The County is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default in any material respect under any document or instrument under and subject to which any indebtedness for borrowed money has been incurred which default would affect materially and adversely the transactions contemplated by any of the County Documents. No event has occurred or is continuing under the provisions of any such document or instrument that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, which event of default would affect adversely the transactions contemplated by any of the County Documents.

(k) The County is not in material breach of or in default under the Approving Resolution, any applicable law or administrative regulation of the State or the United States, or any applicable judgment or decree, or any loan agreement, note, resolution or other agreement or instrument to which the County is a party or is otherwise subject, which breach or default would in any way materially adversely affect the authorization or issuance of the Bonds and the transactions contemplated hereby, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such a breach or default.

(l) On and as of the Closing, all authorizations, consents, and approvals of, notices to, registrations or filings with, or actions in respect of any governmental body, agency, or other instrumentality or court required to be obtained, given, or taken on behalf of the County in connection with the execution, delivery and performance by the County of the County Documents, and any other agreement or instrument to which the County is a party and which has been or will be executed in connection with the consummation of the transactions contemplated by the foregoing documents, will have been obtained, given, or taken and will be in full force and effect.

(m) Any certificate signed by an authorized officer of the County delivered to the Underwriters shall be deemed a representation and warranty by the County to the Underwriters as to the truth of the statements made therein.

(n) The County has and will cooperate with the Underwriters and their counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriters may request; provided, however, that the County will not be required to execute a general or special consent to service of process or qualify to do business in connection with any qualification or determination in any jurisdiction.

(o) The audited financial statements of the County for the period ended June 30, 2019, present fairly the County's financial condition as of such date and the results of its operations for the respective periods set forth therein and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material change in the financial affairs of the County since June 30, 2019, except as disclosed specifically in the Official Statement.

(p) If between the date of this Bond Purchase Agreement and the date 25 days after the "end of the underwriting period" for the Bonds, as defined in the Rule, any event occurs which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall promptly provide written notice to the Underwriters thereof, and if, in the opinion of the County or the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriters. For purposes of this Bond Purchase Agreement, the "end of the underwriting period"

shall be deemed to be the Closing Date (as hereinafter defined), unless the Underwriters shall have notified the County to the contrary on or before the Closing Date.

(q) If the Official Statement is supplemented or amended pursuant to subsection (p) of this Section, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the Closing Date, the County shall take all steps necessary to ensure that the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(r) The information in the Preliminary Official Statement (excluding therefrom the information under the captions “INTRODUCTION – Book-Entry Only” and “UNDERWRITING” and in Appendix E, as to which no representations or warranties are made), including its attachments and appendices, at the time of acceptance hereof is correct in all material respects, and such Preliminary Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and the information in the Official Statement (excluding therefrom the information under the captions “INTRODUCTION – Book-Entry Only” and “UNDERWRITING” and in Appendix E, as to which no representations or warranties are made) as of its date and as of the Closing Date, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(s) Between the date hereof and the Closing, the County shall not, without the prior written consent of the Underwriters, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the County or except for such borrowings as may be described in or contemplated by the Official Statement.

(t) Except as described in the Official Statement, during the last five years, the County has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

The execution and delivery of this Bond Purchase Agreement by the County shall constitute a representation by the County to the Underwriters that the representations, warranties and covenants contained in this Section 5 are true as of the date hereof; provided that no officer of the County shall be individually liable for the breach of any representation, warranty or covenant made by the County in this Section 5.

(6) Closing. At 10:00 a.m., Eastern Time, on May [], 2020, or at such other time or date as the County and the Underwriters shall mutually agree upon (the “Closing Date”), the County shall (a) deliver or cause to be delivered, through the custody of The Depository Trust Company, New York, New York (“DTC”), or at such place as the County and Underwriters shall mutually agree upon, for the account of the Underwriters, the Bonds duly executed by the County in fully registered form, bearing proper CUSIP numbers, and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds; and (b) deliver or cause to be delivered, to the Underwriters at Winston-Salem, North Carolina, or at such other place as the County and Underwriters may mutually agree upon, the documents described in Section 7(d) hereof. Concurrently with the delivery of the Bonds and the documents mentioned in Section 7(d) hereof at the Closing, subject to the conditions contained herein, the Underwriters will accept such delivery and will pay the purchase price of the Bonds in the amount set forth in Section 1

hereof by wire transfer in immediately available funds to the Trustee for the account of the County. The Closing shall take place at the offices of the County. The Bonds shall be available for inspection by the Underwriters at least two business days prior to Closing.

(7) Closing Conditions/Right to Cancel. The Underwriters enter into this Bond Purchase Agreement in reliance upon the County's representations and agreements herein and the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject to the following additional conditions:

(a) At the time of the Closing, the Approving Resolution, the Trust Agreement, and the Modified Deed of Trust shall be in full force and effect and none of the Approving Resolution, the Trust Agreement, the Modified Deed of Trust or the Official Statement shall have been amended, modified or supplemented, except as may have been approved in writing by the Underwriters, and the County shall have duly adopted, and there shall be in full force and effect, such other resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) The Bonds, as set forth in Section 6, shall be delivered to the Trustee to be held by the Trustee under DTC's FAST program.

(c) The Underwriters shall have the right to cancel its obligation to purchase the Bonds at the time of Closing if any of the documents, certificates or opinions to be delivered to the Underwriters hereunder is not delivered at the time of Closing or if, between the date hereof and the time of Closing, one or more of the following occurs:

(i) Legislation (whether or not yet introduced in Congress of the United States ("Congress")) shall be enacted or be actively considered for enactment by the Congress or recommended to the Congress by the President of the United States or favorably reported for passage to either House of Congress by any committee of such House, or a conference committee of both Houses, to which such legislation had been referred for consideration, or a decision by a federal court of the United States or the United States Tax Court shall be rendered, or an order, ruling, regulation or official statement by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other governmental agency shall be made or proposed, or a release or official statement made by the President of the United States or by the Treasury Department of the United States or the Internal Revenue Service, with respect to federal taxation upon revenues or other income of the general character to be derived by the County or upon interest received on obligations of the general character of the Bonds which in the Underwriters' judgment, materially adversely affects the market for the Bonds; or

(ii) Legislation shall hereafter be enacted or actively considered for enactment or introduction, with an effective date on or prior to the Closing, or a decision by a court of the United States shall be rendered or a stop order, ruling, regulation or proposed regulation by or on behalf of the Securities and Exchange Commission or other agency having jurisdiction shall be made, to the effect that the issuance, sale and delivery of the Bonds, or any other obligations of any similar public body of the general character of the County is in violation of the Securities Act of 1933, as amended, of the Securities Exchange Act of 1934, as amended, or of the Trust Indenture Act of 1939, as amended or with the purpose or effect of otherwise prohibiting the issuance, sale or delivery of the Bonds, as contemplated hereby, or of obligations of the general character of the Bonds; or

(iii) There shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the Underwriters' judgment, would materially adversely affect the market for, or market price of, the Bonds; or

(iv) There shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or

(v) A general banking moratorium shall have been declared by federal, State or New York authorities having jurisdiction, and be in force, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(vi) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and requires an amendment of or supplement to the Official Statement and the effect of which, in the judgment of the Underwriters, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Bonds; or

(vii) any of Fitch Ratings Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's) or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") shall have taken any action to lower, suspend or withdraw their respective ratings on the Bonds and such action, in the opinion of the Underwriters, would adversely affect the market price or marketability of the Bonds.

(d) At the Closing, the Underwriters shall receive the following documents:

(i) Duly executed or certified copies of each of the Trust Agreement and Deed of Trust;

(ii) The approving opinion of Bond Counsel in the form set forth in Appendix D of the Official Statement together with a supplemental opinion in form and substance satisfactory to the Underwriters, and a reliance letter addressed to the Underwriters, each of which shall be dated the Closing Date;

(iii) The opinion of John L. Roberts, Esq., County Attorney, dated the Closing Date and addressed to the Underwriters and Bond Counsel in form and substance satisfactory to the Underwriters;

(iv) An opinion of McGuireWoods LLP, as counsel to the Underwriters, dated the Closing Date and addressed to the Underwriters in form and substance satisfactory to the Underwriters;

(v) A certificate, dated the Closing Date, of the duly authorized representative(s) or officer(s) of the County and in form and substance satisfactory to the

Underwriters, to the effect that (A) the representations and agreements of the County herein are true and correct in all material respects as of the date of Closing; (B) there are not pending or, to such officials' knowledge, threatened legal proceedings that will materially adversely affect the transactions contemplated hereby or by the Trust Agreement, or the validity or enforceability of the Bonds, or the security therefor; (C) the financial information relating to the County provided to the Underwriters presents fairly the financial position of the County as of the date indicated therein and the results of its operations for the period specified therein and the financial statements from which such information was derived have been prepared in accordance with applicable law with respect to the period involved; (D) since June 30, 2019, there has not been any material adverse change in the financial condition of the County taken as a whole or no increase in the County's indebtedness for borrowed money, other than as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriters; (E) the information contained in the Official Statement as of the Closing Date is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (F) the County has complied with all agreements and satisfied all the conditions on its part required to be performed or satisfied at or prior to the Closing, other than those specified hereunder that have been waived by the Underwriters;

(vi) A photocopy of the Official Statement;

(vii) One counterpart original of a transcript of all proceedings taken by the County relating to the authorization and issuance of the Bonds;

(viii) Specimen Bonds;

(ix) A certificate, dated the date of the Closing, of the duly authorized representative(s) or officer(s) of the County, with a copy of the Approving Resolution attached, to the effect that the Approving Resolution has been duly adopted and remains in full force and effect;

(x) A certificate, dated on or before the closing date, evidencing the property insurance required by the Trust Agreement;

(xi) A pro forma title insurance policy or other evidence of title insurance satisfactory to the Underwriters issued by Investors Title Insurance Company, relating to the Deed of Trust and naming the Trustee as a beneficiary;

(xii) Federal tax form 8038-G prepared with respect to the Bonds and ready for filing;

(xiii) A tax certificate of the County in form and content reasonably satisfactory to the Underwriters;

(xiv) Evidence that Moody's, S&P and Fitch have issued ratings for the Bonds of not less than "[]," "[]" and "[]", respectively; and

(xv) Such additional legal opinions, certificates, proceedings, instruments and other documents, as the Underwriters or legal counsel to the Underwriters may reasonably request to evidence compliance by the County with legal requirements relating to the issuance of the Bonds, the truth and accuracy, as of the date of Closing, of all representations contained herein and the due performance or satisfaction by the County at or prior to the date of Closing of all agreements then

to be performed and all conditions then to be satisfied as contemplated under this Bond Purchase Agreement and the Trust Agreement.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the County nor the Underwriters shall have any further obligations hereunder, except that Sections 9 and 10 and the representations and warranties of the County contained herein (as of the date made) will continue in full force and effect.

(8) Survival. All representations, warranties and agreements of the County set forth in or made pursuant to this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Bonds.

(9) Payment of Expenses. The County shall pay, out of the proceeds of the Bonds or from its own funds, any expenses incident to the performance of the obligations of the County or the Underwriters hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, and mailing, of the Official Statement; (ii) the fees and disbursements of Bond Counsel and counsel for the County; (iii) the fees and disbursements of any experts retained by the County or the Underwriters; (iv) fees charged by the rating agencies for the rating of the Bonds; and (v) the cost of qualifying the Bonds under the laws of such jurisdictions as the Underwriters may designate, including filing fees and fees and disbursements of counsel for the Underwriters in connection with such qualification and the preparation of Blue Sky Memoranda.

If the Bonds are not delivered to the Underwriters pursuant to this Bond Purchase Agreement, the County shall pay all expenses incident to the performance of the County's and the Underwriters' obligations hereunder as provided in this Section.

The Underwriters shall pay (i) any fees of the MSRB in connection with the issuance of the Bonds, (ii) the cost of obtaining CUSIP number(s) assigned for the Bonds, and (iii) the fees and disbursements of counsel for the Underwriters.

(10) Indemnification. To the extent permitted by law, the County agrees to indemnify and hold harmless the Underwriters, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act") against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact (except statements pertaining to the Underwriters) contained in the Preliminary Official Statement, the Official Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except omissions or alleged omissions pertaining to the Underwriters). This indemnity agreement will be in addition to any liability which the County may otherwise have.

Each Underwriter severally and not jointly agrees to indemnify and hold harmless the County, and its officials, directors, officers, and employees, and each person who controls the County within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing

indemnity from the County to each Underwriter, but only with reference to written information furnished by the Underwriters to the County or information provided by the Underwriters specifically for inclusion in the Preliminary Official Statement or the Official Statement (or in any amendment or supplement thereto).

Promptly after receipt by an indemnified party of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

In the event that the indemnity provided herein is unavailable or insufficient to hold harmless an indemnified party for any reason the County and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the County and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the County on the one hand and by the Underwriters on the other from the offering. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the County and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the County on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, as well as any other relevant equitable considerations. In no case shall any Underwriter (except as may be provided in any agreement among the Underwriters relating to the offering) be responsible for any amount in excess of the purchase discount or fee applicable to the Bonds purchased by such Underwriter hereunder. Benefits received by the County shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriters shall be deemed to be equal to the total purchase discounts and commissions in each case set forth on the cover of the Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the County on the one hand or the Underwriters on the other, the intent of the parties and their relative

knowledge, information and opportunity to correct or prevent such untrue statement or omission. The County and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Each person who controls an Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as the Underwriter, and each person who controls the County within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the County shall have the same rights to contribution as the County, subject in each case to the applicable terms and conditions of this paragraph.

(11) Notices. Any notice or other communication to be given to the County under this Bond Purchase Agreement must be given in writing (not to include facsimile transmission or electronic mail) to the applicable address shown below, and any notice under this Bond Purchase Agreement to the Underwriters may be given by delivering the same in writing to Baird as follows:

Orange County, North Carolina
200 South Cameron Street
Hillsborough, North Carolina 27278
(Attention: County Manager)

Robert W. Baird & Co. Incorporated
380 Knollwood Street, Suite 440
Winston-Salem, North Carolina 27103
(Attention: Ryan Maher, Managing Director)

(12) Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

(13) Effectiveness. This Bond Purchase Agreement shall become effective upon the acceptance hereof by the County.

(14) Arm's-Length Transaction. The County acknowledges and agrees that the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the County and the Underwriters, acting solely as principals and not as municipal advisors, financial advisors or agents of the County. The Underwriters have not assumed a financial advisory responsibility in favor of the County with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliate of the Underwriters, has advised or is currently advising the County on other matters) or any other obligation to the County except the obligations expressly set forth in this Bond Purchase Agreement, it being the County's understanding that a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter, a broker, dealer or municipal securities dealer, a person renders advice to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning a new issue of municipal securities. The Underwriters have provided to the County prior disclosures regarding their role as underwriters, their compensation, any potential or actual material conflicts of interest, and material financial characteristics and material financial risks associated with the transaction to the extent required by MSRB rules. The Underwriters hereby notify the County that the Underwriters are not acting as Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), the Underwriters are not agents of the County, and the Underwriters do not have a fiduciary duty to the County in connection with the matters contemplated by

this Bond Purchase Agreement. The County has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

(15) Miscellaneous. (a) If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

(b) This Bond Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

(c) This Bond Purchase Agreement is made solely for the benefit of and is binding on the County and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. It is the entire agreement of the parties, superseding all prior agreements, and may not be modified except in writing signed by both of the parties hereto.

(d) Under this Bond Purchase Agreement, the Underwriters are acting as principals and not as agents or fiduciaries, and the Underwriters' engagement is as independent contractors and not in any other capacity. The County agrees that it is solely responsible for making its own judgments in connection with the offering of the Bonds regardless of whether the Underwriters have or are currently advising the County on related or other matters.

[Remainder of Page Intentionally Left Blank]

Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED, on its
own behalf and on behalf of FHN Financial Capital
Markets

By: _____
Ryan Maher, Managing Director

Approved, accepted and agreed to:

ORANGE COUNTY, NORTH CAROLINA

By: _____
Bonnie B. Hammersley, County Manager

EXHIBIT A**Terms of the Bonds**Principal Amounts, Interest Rates and Prices

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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* Yield to October 1, 20[] call date at par.

Redemption Provisions

EXHIBIT B

\$_[_____]

**Orange County, North Carolina
Limited Obligation Bonds, Series 2020**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Robert W. Baird & Co. Incorporated (“Baird”), on behalf of itself and FHN Financial Capital Markets (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **[Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][**Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. **[Initial Offering Price of the Hold-the-Offering-Price Maturities.**

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Baird has not offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any Maturity of the Hold the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. **Defined Terms.**

(a) **[General Rule Maturities** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

(b) **[Hold-the-Offering-Price Maturities** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) **[Holding Period** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (April [__], 2020), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

- (d) *Issuer* means Orange County, North Carolina.
- (e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April [], 2020.
- (h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Baird’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by other members of the Underwriting Group.

ROBERT W. BAIRD & CO. INCORPORATED, on its
own behalf and as representative of FHN Financial Capital
Markets

By: _____
Ryan Maher, Managing Director

Dated: May __, 2020

Schedule A

**Sale Prices of the [Bonds][General Rule Maturities and
Initial Offering Prices of the Hold-the-Offering Price Maturities]**

[Schedule B
Pricing Wire or Equivalent Communication
(Attached)]

Explanation of School Capital Funding

Schools – Recurring Capital

- Schools must use Recurring Capital outlay funds in one or more of the following categories:
 - Category I – Facility Improvements
 - Category II – Equipment and Furnishings
 - Category III – Vehicles and Bus Purchases

Schools – Improvements to Older Facilities

- When the 2016 Bond Referendum was approved for \$120 million for Schools, the Board of County Commissioners also approved \$5 million (\$1 million over a 5-year period) for Schools to use towards improvements to their older facilities, as outlined in the Assessment studies of Older Facilities. This funding began in FY 2016-17 and the final year of this funding is scheduled for FY 2020-21.

Schools – Other Various Projects

- These funds are part of the annual funding provided to Schools to go towards their long range capital needs as outlined in the Capital Investment Plan.



Series 2020 Limited Obligation Bonds
Final Financing Resolution includes Northern Campus

Gary Donaldson, Chief Financial Officer

April 7, 2020

Purpose

- Limited Obligation Bonds pursuant to NC Statute Section 160A-20
- Payments for the Limited Obligation Bonds, Series 2020 will be made to Trustee by March 25 (for April 1 debt service) and by September 25 (for October 1 debt service); estimated interest rate not to exceed 4%
- The Series 2020 Limited Obligation Bonds are secured by a Deed of Trust, with a security interest in various County buildings and land with a total collateral value estimated at \$40 million
- The Series 2020 Limited Obligation Bonds will fund various County projects including:

- Northern Campus:	\$29.07 Million
- Schools Capital Improvements:	\$6.72 Million
- Other County Projects:	\$3.63 Million
- Solid Waste-Admin Building:	\$0.28 Million
- <u>Vehicle Replacements (7 Years):</u>	<u>\$0.79 Million</u>
-Total:	\$40.49 Million

Northern Campus Renderings



Detention Center



Northern Campus



Environment and Agricultural Center & Parks Operations Base

Final Projects to be Financed

Component	Estimated Cost
Facility, Accessibility, Safety and Security Projects	\$ 212,634
Generator Projects	\$ 33,000
HVAC Projects	\$ 230,218
Major Plumbing Repairs	\$ 50,885
Northern Campus – Detention Center	\$ 21,989,681
Northern Campus – EAC	\$ 5,677,065
Northern Campus – Parks Operations	\$ 1,404,810
Government Services (Link) Remediation	\$ 581,503
Skill Development Relocation - Europa Center Upfits	\$ 254,953
Roofing and Façade Projects	\$ 686,167
Parks and Recreation Facility Renovations. Repairs, Safety Improvements	\$ 246,500
Conservation Easements	\$ 259,514
River Park, Phase II	\$ 118,509
ITGC Initiatives	\$ 197,826
IT Infrastructure	\$ 489,910
Communication Systems	\$ 273,221
Solid Waste - Equipment and Vehicles	\$ 717,228
Solid Waste - Administrative Building Remediation	\$ 281,324
Sportsplex Capital Items - 2 Vans	\$ 70,090
Schools - Recurring Capital Needs	\$ 3,000,000
Schools - Improvements to Older Facilities	\$ 472,941
Schools – Other Various Projects	\$ 3,242,252
Total Project Costs	\$ 40,490,231

Key Financing Terms

- Security Pledge- County collateral Government Services Annex, Government Services Link Center, District Attorney Building, Emergency Operations Center and the Northern Campus Collateral value totals \$65 Million; and Subject to Annual Appropriations
- Payments made to the Trustee no later than March 25 (for April 1 payment) and no later than September 25 (for October payments)
- Maturity Term- 7- 20 Year maturities matches with the useful life of the assets
- Estimated Interest Rates- up to 4% subject to market conditions
- Maximum Annual Debt Service not exceeding \$4.2 Million (FY 2021-22)
- Source of Repayment- Property Tax, Solid Waste Fees and Sportsplex Fees
- Subordinate Lien and Pledge to General Obligation Bonds
- Rating Affirmations- AA1/AA+/AA+ from Moody's, Standard & Poor's and Fitch Ratings

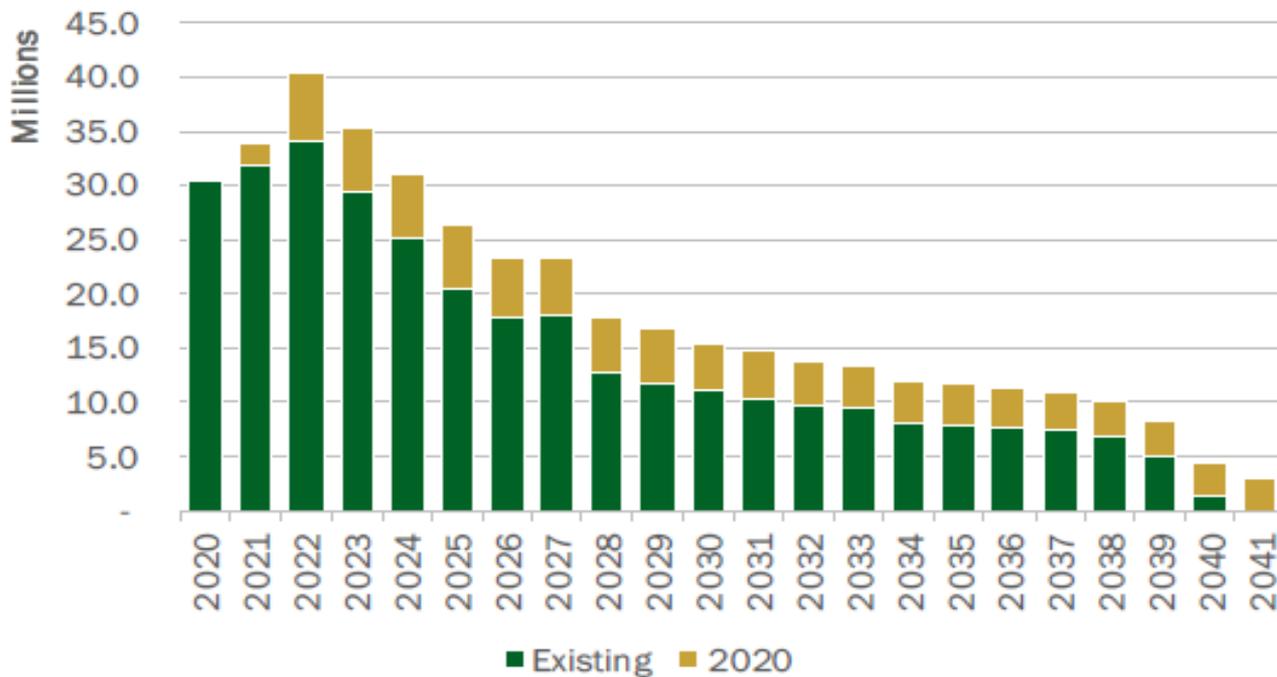
Key Debt Model Metrics

Debt Ratios	10-Year Payback	Debt to Assessed Value	DS to GF Revenues
2020	65.17%	1.63%	13.26%
2021	64.61%	1.69%	14.33%
2022	62.52%	1.88%	16.75%
2023	62.33%	1.88%	16.49%
2024	64.14%	1.82%	16.66%
2025	65.88%	1.69%	15.79%
2026	68.11%	1.53%	15.07%

Note: Includes the Spring 2020 Financing plus future 2021-2026 CIP projects as of March 23, 2020.

Debt Service Retirement and Additional Debt Capacity

Existing and Proposed Tax Supported Debt Service



Note: Additional Debt Capacity beginning FY 2025; with proposed GO Bond Referendum November 2024

Questions/Comments

BOCC Meeting Follow-up Actions

(Individuals with a * by their name are the lead facilitators for the group of individuals responsible for an item)

Meeting Date	Task	Target Date	Person(s) Responsible	Status
3/24/20	Ensure that Board members receive notices of all County closures, limitations on public use, parks access limits, and other similar actions	On-going	Todd McGee Donna Baker	Notices to be provided
3/24/20	Modify the Emergency Small Business Funding Program and expand the composition of the Committee based on Board approval	3/31/2020	Steve Brantley, Gary Donaldson, & Travis Myren	To be modified

INFORMATION ITEM

Tax Collector's Report - Numerical Analysis

Property Tax Collection - Tax Effective Date of Report: March 9, 2020						
Tax Year 2019	Amount Charged in FY 19-20	Amount Collected	Accounts Receivable	Amount Budgeted in FY 19-20	Remaining Budget	% of Budget Collected
Real and Personal Current Year Taxes	\$ 152,142,471.00	\$ 151,549,458.84	\$ 2,410,084.99	\$ 152,142,471.00	\$ 593,012.16	99.61%
Real and Personal Prior Year Taxes	\$ 3,378,823.17	\$ 756,452.85	\$ 2,414,456.74	\$ 1,100,000.00	\$ 343,547.15	68.77%
Total	\$ 155,521,294.17	\$ 152,305,911.69	\$ 4,824,541.73	\$ 153,242,471.00	\$ 936,559.31	99.39%
Registered Motor Vehicle Taxes		\$7,603,739.75	\$8,913.71	\$ 10,770,627.00	\$ 3,166,887.25	70.60%
Tax Year 2018	Amount Charged in FY 18-19	Amount Collected	Accounts Receivable	Amount Budgeted in FY 18-19	Remaining Budget	% of Budget Collected
Real and Personal Current Year Taxes	\$ 146,099,548.00	\$ 145,659,846.59	\$ 3,096,089.27	\$ 146,099,548.00	\$ 439,701.41	99.70%
Real and Personal Prior Year Taxes	\$ 3,097,551.91	\$ 794,881.89	\$ 2,430,580.40	\$ 1,100,000.00	\$ 305,118.11	72.26%
Total	\$ 149,197,099.91	\$ 146,454,728.48	\$ 5,526,669.67	\$ 147,199,548.00	\$ 744,819.52	99.49%
Registered Motor Vehicle Taxes		\$7,106,221.23	\$10,591.55	\$ 10,221,001.00	\$ 3,114,779.77	69.53%
2019 Current Year Overall Collection Percentage - Real & Personal		98.43%				
2019 Current Year Overall Collection Percentage - with Registered Motor Vehicles		98.50%				
2018 Current Year Overall Collection Percentage - Real & Personal		97.92%				
2018 Current Year Overall Collection Percentage - with Registered Motor Vehicles		98.01%				

This report has been updated as of March 2019 to include registered motor vehicle collections.

INFORMATION ITEM

Tax Collector's Report - Measures of Enforced Collections

-

Fiscal Year 2019-2020

Effective Date of Report: FEBRUARY 29, 2020

	July	August	September	October	November	December	January	February	March	April	May	June	YTD
Wage garnishments	80	20	5	72	35	3	126	107					
Bank attachments	32	11	1	13	2	-	24	28					
Certifications	-	-	-	-	-	-	-	-					
Rent attachments	-	-	-	-	-	-	4	-					
Housing/Escheats/Monies	25	-	-	1	16	1	21	2					
Levies	-	-	-	-	-	-	-	-					
Foreclosures initiated	-	-	-	1	3	-	-	-					
NC Debt Setoff collections	\$ 2,873.28	\$ 3,120.65	\$ 1,228.45	\$ 1,206.04	\$ 1,723.52	\$ 164.92	\$ 1,578.24	\$ 1,866.13					

This report shows the Tax Collector's efforts to encourage and enforce payment of taxes for the fiscal year 2019-2020. It gives a breakdown of enforced collection actions by category, and it provides a year-to-date total.

The Tax Collector will update these figures once each month, after each month's reconciliation process.

NAME	ACCOUNT NUMBER	BILLING YEAR	ORIGINAL VALUE	ADJUSTED VALUE	TAX	FEE	FINANCIAL IMPACT	REASON FOR ADJUSTMENT	TAX CLASSIFICATION	ACTION	Approved by CFO	Additional Explanation
Overman, Ricky Paul	28284901	2019	12,681	9,975	(25.33)		(25.33)	Value adjustment (appraisal appeal)	RMV-VTS	Approve	3/12/2020	
Overton, Timothy	1060940	2018	8,870	-	(81.44)		(81.44)	Assessed in error (illegal tax)	RMV	Approve	3/12/2020	Vehicle was licensed on Jan 1 2018
Overton, Timothy	1060940	2019	7,000	-	(65.50)		(65.50)	Assessed in error (illegal tax)	RMV	Approve	3/12/2020	Vehicle was sold in 2018
Funkhouser, William	16123983	2019	3,180	3,180	(20.64)	(30)	(50.64)	*Situs error (illegal tax)	RMV-VTS	Approve	3/12/2020	
Hall, Ethan	52269734	2019	1,290	1,290	(9.45)	(30)	(39.45)	*Situs error (illegal tax)	RMV-VTS	Approve	3/12/2020	
Allen, Susan	51905210	2019	20,760	18,684	(19.43)		(19.43)	High mileage (appraisal appeal)	RMV-VTS	Approve	3/12/2020	
Wasileski, Patrick	1069926	2018	3,090	-	(28.38)		(28.38)	Double billed (illegal tax)	Personal	Approve	3/12/2020	Double billed on account 316777
Wasileski, Patrick	1069926	2019	2,910	-	(27.23)		(27.23)	Double billed (illegal tax)	Personal	Approve	3/12/2020	Double billed on account 316777
Ocampos, Dilicia	1073221	2019	4,780	-	(77.14)		(77.14)	Double billed (illegal tax)	Personal	Approve	3/12/2020	Double billed on account 291230
							(414.54)	Total				
*Situs error: An incorrect rate code was used to calculate bill. Value remains constant but bill amount changes due to the change in specific tax rates applied to that physical location.												
Gap Bill: A property tax bill that covers the months between the expiration of a vehicle's registration and the renewal of that registration or the issuance of a new registration.												
The spreadsheet represents the financial impact that approval of the requested release or refund would have on the principal amount of taxes. Approval of the release or refund of the principal tax amount also constitutes approval of the release or refund of all associated interest, penalties, fees, and costs appurtenant to the released or refunded principal tax amount.												

PLANNING & INSPECTIONS DEPARTMENT
Craig N. Benedict, AICP, Director

Administration
(919) 245-2575
(919) 644-3002 (FAX)
www.orangecountync.gov



131 W. Margaret Lane
Suite 201
P. O. Box 8181
Hillsborough, NC 27278

MEMORANDUM

TO: Board of County Commissioners
FROM: Craig Benedict, Planning Director
 Perdita Holtz, Planner III
DATE: April 7, 2020
SUBJECT: Petition to Amend the Water and Sewer Management, Planning,
 and Boundary Agreement (WASMPBA)

This memo is to inform the Board of County Commissioners that in mid-February, the attached petition was sent to all five signatories of the WASMPBA. The subject parcels are located in the Town of Chapel Hill's ETJ (Extraterritorial Jurisdiction) so Town staff will be the lead on bringing forward any proposed amendments. The petition requests that two lots that were formerly within the Town's "urban service area" be allowed to tie-on to OWASA facilities that have are currently "stubbed out" to the lots. The Town retracted its urban service area in 2000 when its Comprehensive Plan was revised and the lots in question are now outside the revised urban service area. The WASMPBA was adopted in 2001 and reflected the Town's urban service area at the time.

Additional staff analysis will be part of any future agenda items. Planners from the WASMPBA partners have met to begin discussions on this request. If additional information is needed, please contact Perdita Holtz at (919) 245-2578 or Craig Benedict at (919) 245-2592.

P.M. Dubbeling, PLLC

210 North Columbia Street
Chapel Hill, NC 27514

Kaitlin O'Connor
Phone: 919-635-6005
Fax: 919-404-7074
kaitlin.oconnor@pmdubbeling.com

14 February 2020

Petition for Approval to Hook Up Existing Water and Sewer Lines at 1204 and 1205 Bayberry Lane in Chapel Hill

Chapel Hill residents Frank Baumgartner and Rachel Sumney petition Orange County Board of Commissioners to allow the Orange County Water and Sewer Authority (“OWASA”) to provide water and sewer services to 1204 and 1205 Bayberry Drive in Chapel Hill. This petition is made for the following reasons:

Background

Frank Baumgartner and Rachel Sumney own lots located in the Hunt’s Reserve neighborhood in Chapel Hill – Lots 1204 and 1205 respectively on the attached map. Attachment 1. As part of the initial development in the late 1990’s, water and sewer lines were laid to all the lots in Hunt’s Reserve, including 1204 and 1205 Bayberry Lane. At that time, the entirety of Hunt’s Reserve was located within the OWASA service boundary and it was understood that all of the lots would have water and sewer service provided by OWASA.

In 2001, Orange County, OWASA, and the Towns of Chapel Hill, Hillsborough, and Carrboro entered into a Water and Sewer Management, Planning, and Boundary Agreement (“WSMPBA”). The WSMPBA set the OWASA primary service boundary so that it runs down the middle of Hunt’s Reserve. Attachment 1. As shown on the map, lots 100,

P.M. Dubbeling, PLLC

1200, 1202, 1204, 1205, and 1203 lie outside the current boundary. At that time, development of lots 100, 1200, 1202, and 1203 had already begun and water and sewer services were provided to those lots despite their lying outside the new boundary – leaving 1204 and 1205 with water and sewer lines laid, but without actual water and sewer service.

Ms. Sumney bought her lot prior to 2001 and always understood that it would be provided water and sewer service. She did not find out that it was now outside the OWASA service boundary until she recently began to prepare the lot for sale. Mr. Baumgartner bought his lot more recently, but also was unaware that the lot did not currently have water and sewer service as this did not become apparent during the standard pre-purchase procedures. He only became aware of this in speaking with Ms. Sumney.

Petition

Under the WSMPBA, service to the lots at 1204 and 1205 Bayberry Lane may only be turned on with the approval of each party to the WSMPBA. Attachment 2 at page 2. This petition asks for such approval from Orange County Board of Commissioners. Permission of the other parties is being sought simultaneously.

Service to 1204 and 1205 Bayberry Lane comes at no additional cost to any party to the WSMPBA that will not be fully recouped from fees paid by the residents. There are existing water and sewer lines that only require “hook up.” Each of the other lots in the subdivision is currently provided service and, at the time Mr. Baumgartner and Ms. Sumney purchased these lots, they did so with the understanding that the lots would also be within OWASA’s service boundary. Mr. Baumgartner and Ms. Sumney only became aware that the lots were now outside the boundary when Ms. Sumney prepared to sell and develop her lot.

P.M. Dubbeling, PLLC

1204 and 1205 Bayberry Lane are in a very rare if not unique situation – water and sewer lines have already been laid and service was anticipated prior to the change in boundaries in 2001. By accepting this petition, no party runs the risk of creating a precedent whereby other properties currently outside the OWASA boundary have a rightful claim to service. OWASA is only being asked to turn on service through already existing lines. Conversely, providing services to 1204 and 1205 Bayberry Lane does not provide grounds for expanding other services areas in Orange County. Again, these lines have already been laid and the only thing needed is permission to utilize them. Providing services to 1204 and 1205 Bayberry Lane will not negatively impact any party or subvert the purpose of the WSMPBA.

Conclusion

Mr. Baumgartner and Ms. Sumney respectfully request that Orange County approve this Petition by stating that it has no objection to OWASA providing services to 1204 and 1205 Bayberry Drive in Chapel Hill.

Should any Orange County Commissioner or Commissioner staff member have any questions, I can be reached at the email or phone number below.

This the 14th day of February, 2020.

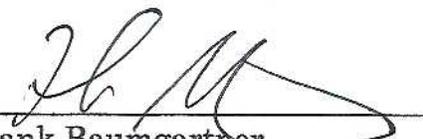
Hattera Clonnoe for Paul Dubbeling

Paul M. Dubbeling
P.M. Dubbeling, PLLC
210 North Columbia Street
Chapel Hill, NC 27514
Phone: 919-635-6005
Fax: 919-404-7074
paul.dubbeling@pmdubbeling.com
Attorney for Mr. Baumgartner and Ms. Sumney

AFFIDAVIT OF FRANK BAUMGARTNER

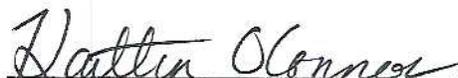
I, Frank Baumgartner, have reviewed the contents of the attached Petition for Approval to Hook Up Existing Water and Sewer Lines at 1204 and 1205 Bayberry Lane in Chapel Hill. The contents of the Petition are true and accurate to the best of my information and belief.

This the 14 day of February 2020.


Frank Baumgartner

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

Sworn and subscribed to before me by Frank Baumgartner this 14 day of February 2020.


Kaitlin O'Connor
Notary Public
My Commission Expires 9/22/24

Kaitlin O'Connor
NOTARY PUBLIC
Durham County, NC
My Commission Expires September 22, 2024

AFFIDAVIT OF RACHEL SUMNEY

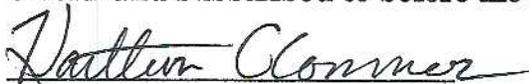
I, Rachel Sumney, have reviewed the contents of the attached Petition for Approval to Hook Up Existing Water and Sewer Lines at 1204 and 1205 Bayberry Lane in Chapel Hill. The contents of the Petition are true and accurate to the best of my information and belief.

This the 14th day of February 2020.

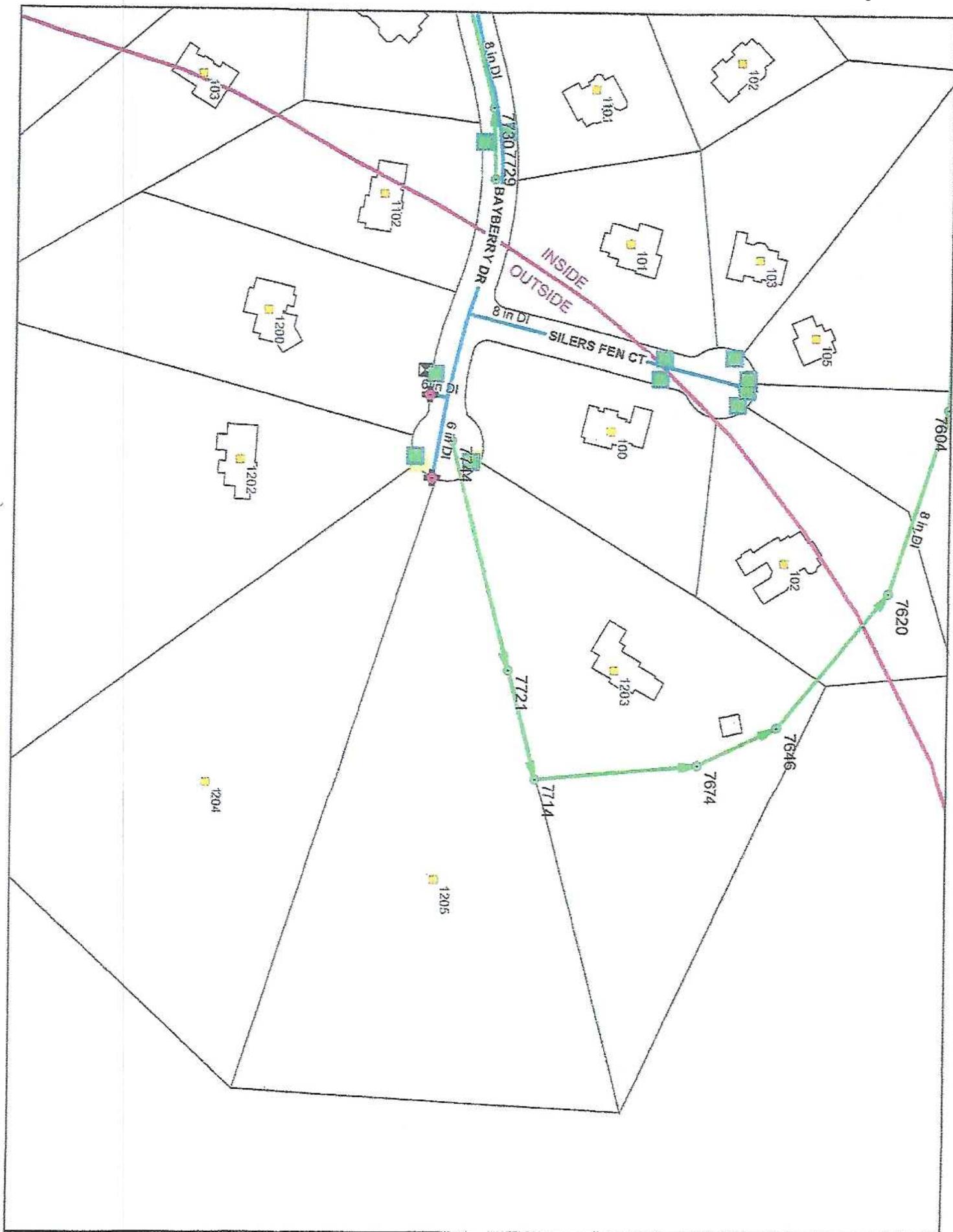

Rachel Sumney

STATE OF NORTH CAROLINA
COUNTY OF ORANGE

Sworn and subscribed to before me by Rachel Sumney this 14 day of February 2020.


Kaitlin O'Connor
Notary Public
My Commission Expires 9/22/24

Kaitlin O'Connor
NOTARY PUBLIC
Durham County, NC
My Commission Expires September 22, 2024

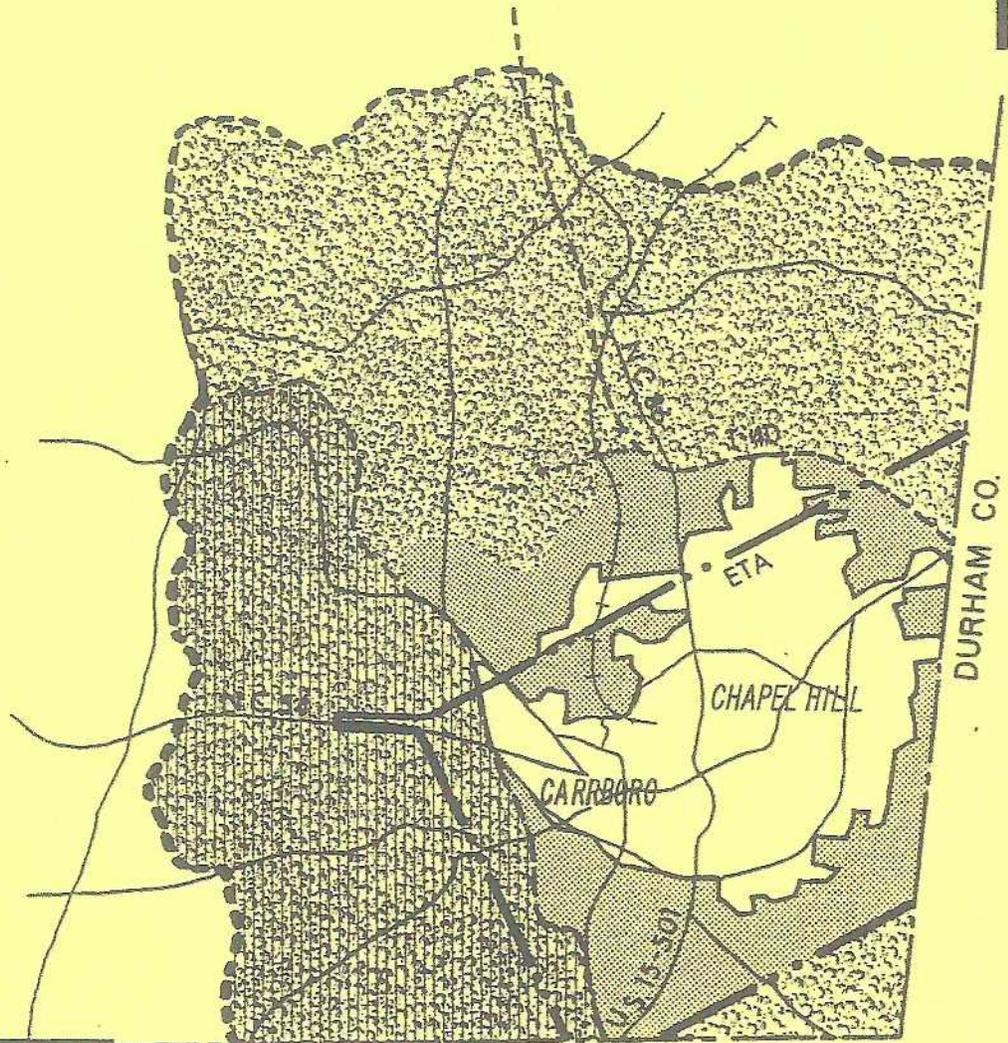


JOINT PLANNING LAND USE PLAN

Legend:

-  URBAN
-  TRANSITION
-  RURAL BUFFER
-  WATERSHED

October, 1986



CHATHAM CO.

DURHAM CO.

- Adopted 10-13-86
- Amended 8-16-88
- 9-6-88
- 4-2-90
- 2-3-92 (effective 2/24/92)
- 2-1-93
- 2-2-99
- 8-20-02
- 6-24-03
- 10-1-03

- Amended 6/9/14
- 6/17/14
- 4/7/15
- 12/7/15

Exhibit B

WATER AND SEWER MANAGEMENT, PLANNING AND BOUNDARY AGREEMENT

THIS AGREEMENT, made and entered into this 3rd day of December, 2001, by and between the COUNTY OF ORANGE, a political subdivision of the State of North Carolina; the TOWN OF CARRBORO, the TOWN OF CHAPEL HILL, and the TOWN OF HILLSBOROUGH, municipal corporations duly created and existing under the laws of North Carolina; and the ORANGE WATER AND SEWER AUTHORITY, a public water and sewer authority duly created and existing under Chapter 162A, Article 1 of the North Carolina General Statutes.

WITNESSETH:

In consideration of mutual benefits regarding the definition of water and sewer service boundaries and the management and planning thereof, the parties to this agreement hereby mutually agree as follows:

I. PREAMBLE

A. Charge to the Water and Sewer Boundary Task Force :

Since the mid-1980's, several attempts to define water and sewer service boundaries for Orange County and the municipalities of Chapel Hill, Carrboro and Hillsborough have been undertaken. In 1994, a Task Force was formed consisting of elected officials from Carrboro, Chapel Hill, Hillsborough and Orange County, as well as two members of the Orange Water and Sewer Authority Board of Directors. The charge to the Water and Sewer Service Boundary Task Force is attached as Appendix B.

B. Purpose of Water and Sewer Boundary Agreement

1. To provide a comprehensive, County-wide system of service areas for future utility development and interest areas for dealing with private water and wastewater system problems in areas without public water and sewer service.

2. To complement growth management objectives, land use plans and annexation plans in existing agreements, such as the Orange County-Chapel Hill-Carrboro Joint Planning Agreement and Joint Planning Area Land Use Plan
3. To resolve in advance and preclude future conflicts about future service areas and annexation areas.
4. To provide for predictable long-range water and sewer capital improvement planning and financing.
5. To provide for limitations on water and sewer service in certain areas, as defined.

II. HOW THE AGREEMENT WORKS

A. Effective Date of the Agreement

This agreement shall become effective upon execution by all of the parties and signature by the chief elected or appointed official.

B. Term of Agreement

This agreement shall remain in effect for ten (10) years from its execution, and shall be renewable as provided in the following subsection.

C. Procedure for renewal

At the end of each ten year term, the agreement shall renew automatically, unless written notice is provided of intent to withdraw as noted in subsection E below.

D. Procedure for proposing and acting on changes in agreement including boundaries

1. Any change to the agreement (including boundaries) requires approval of all parties to the agreement.