

The Bonds in final form, however, must provide (a) for the aggregate principal amount of the Bonds to be not more than \$20,000,000, (b) for the Bonds to bear interest at an annual interest rate not to exceed 3.228%, in the absence of default or a change in tax status, and (c) for the final maturity of the Bonds not to extend beyond June 1, 2037.

Principal and interest on the Bonds will be payable in lawful money of the United States of America sent to the Bondholder on the Payment Date, as described in the final version of Schedule 1 to Exhibit A, by federal reserve wire transfer (or other transfer of immediately available funds). Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

3. Rate Adjustments – (a) If any scheduled payment of principal or interest on a Bond is not paid on its due date, the interest rate accruing on the delinquent payment will be 3.00% above the current interest rate on that Bond. If such delinquent amount remains unpaid for a period in excess of 90 days after its scheduled due date, the entire principal balance of that Bond shall bear interest at 3.00% (300 basis points) above the current interest rate on that Bond until the payment default has been cured.

(b) Upon any Rate Adjustment Event, as defined below, (i) the unpaid principal portion of the Bonds will continue to be payable on dates and in amounts as originally set forth in those Bonds, but (ii) the interest components of the County's payments shall be recalculated, at an interest rate equal to an annual rate of 4.086% to the date (retroactively, if need be) determined pursuant to the Rate Adjustment Event to be the date interest became includable in the gross income for federal income tax purposes of any Bondholder. The County shall additionally pay to all affected Bondholders any interest, penalties or other charges assessed against or payable by such Bondholder and attributable to a Rate Adjustment Event, notwithstanding the prior repayment of the entire principal amount of the Bonds or any transfer of a Bond to another Bondholder.

(c) "Rate Adjustment Event" means any action by the Internal Revenue Service (including the delivery of a deficiency notice) or any other federal court or administrative body determining that the interest component on the Bonds, or any portion thereof, is includable in any Bondholder's gross income for federal income tax purposes in any case as a result of any misrepresentation by the County or as a result of any action the County takes or fails to take.

4. Form of Bonds – The Bonds will take the form initially of a single fully registered bond. The Bonds will be designated "General Obligation Bonds For Indoor Pool Facilities, Series 2022."

The Bonds will be dated the date of their initial delivery to the Purchaser. The Bonds will be fully registered as to payment of principal and interest, and will be registered initially in the name of the Purchaser of its designee.

The single Bond will be substantially in the form set out in Exhibit A, with such changes as the officers signing the Bond may approve. The delivery of the Bond to the Purchaser will be conclusive evidence of the approval of the final form of the Bond by the signing officers.

The Bonds must be signed by the manual or facsimile signature of the Board's Chairman or the County Manager and countersigned by the manual or facsimile signature of the Clerk to this Board, any Deputy or Assistant Clerk, or the County Attorney. 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).

5. *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.

6. *Finance Officer as Registrar; Payments to Registered Owners* – (a) The Board appoints the Finance Officer as Registrar for the Bonds. As Registrar, the Finance Officer must maintain appropriate books and records of the ownership of the Bonds.

(b) The County will treat the registered owner of each Bond as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that the County will make all payments to the person shown as owner on the registration books at the end of the calendar day on the 15th day (whether or not a business day) of the month preceding the payment date.

(c) The Registrar must not, however, register the transfer of any portion of any Bond to any person or entity other than a bank, an insurance company or a similar financial institution, or an affiliate of one of the foregoing, unless the LGC has previously approved the transfer.

7. County Officers To Complete Bond Closing – The Board authorizes the County Manager, the Finance Officer and all other County officers and employees to take all proper steps to have the Bonds prepared and executed in accordance with their terms, 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 authorized or 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, and then to release the executed Bonds and other documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, this authorization is specifically extended to authorize the Finance Officer and the County Manager (a) to approve and enter into agreements to carry out the financing contemplated by this resolution, including agreements for appropriate professional services, and (b) to approve changes to any documents or closing certifications 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 any document from that expressed in the form originally executed. An authorized officer's authorization of the release of any document for delivery will constitute conclusive evidence of that officer's approval of any changes.

In addition, the Board authorizes the 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.

8. Covenants 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.

9. 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 such maximum useful life.

10. Additional Promises to the Purchaser – In partial consideration of the Purchaser’s purchase of the Bonds, the County agrees as follows:

(a) The County shall provide to the registered owner of the Bonds (i) within 270 days of the end of each of the County’s fiscal years, a copy of the County’s annual audited financial statements including operating statistics and (ii) from time to time, such other financial reports and information as the registered owner may request.

(b) No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under the Bonds or this resolution constitutes a consent or waiver to or of any other breach or default in the performance of the same or any obligation.

11. Additional Provisions – The Board authorizes all County officers and employees to take all further action as they may consider desirable in furtherance of the purposes of this resolution. The Board ratifies all prior actions of County representatives in this regard. Upon the absence, unavailability or refusal to act of the Chairman of the Board of Commissioners, the County Manager, 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 Chairman or any Deputy or Assistant Clerk may assume any responsibility or carry out any function assigned to the Chairman or the Clerk, respectively, in this resolution. All other Board proceedings, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

Adopted _____, 2022.

JACKSON COUNTY BOARD OF COMMISSIONERS

By: _____
Brian Thomas McMahan, Chairman

Attest:

Angela M. Winchester, Clerk to the Board

Exhibit A – Form of Bonds

REGISTERED BOND NUMBER R-1

June 16, 2022

\$20,000,000

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

Jackson County

General Obligation Bond for Indoor Pool Facilities, Series 2022

JACKSON COUNTY, NORTH CAROLINA (the “County”), for value received, promises to pay to

Key Government Finance, Inc.

its successors and registered assigns (the “Bondholder”), the principal sum of

TWENTY MILLION DOLLARS (\$20,000,000)

together with interest on the unpaid principal from the date of this Bond until payment of the entire principal sum at the annual rate of 3.228%, in installments of principal and interest on dates and in amounts as described on Schedule I, subject to prepayment and adjustment as provided below.

Interest will be calculated based on a 360-day year consisting of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America sent to the Bondholder on the Payment Date, as described on Schedule I, by federal reserve wire transfer (or other transfer of immediately available funds).

If any scheduled payment of principal or interest on this Bond is not paid on its due date, the interest rate accruing on such delinquent payment shall be 3.00% above the current interest rate on this Bond. If the delinquent amount remains unpaid for a period in excess of 90 days after its scheduled due date, the entire principal balance of this Bond shall bear interest at 3.00% (300 basis points) above the current interest rate on this Bond until the payment default has been cured.

Upon any Rate Adjustment Event, as defined below, (i) the unpaid principal portion of this Bond will continue to be payable on dates and in amounts as set forth in Schedule I, but (ii) the interest components of the County's payments shall be recalculated, at an interest rate equal to an annual rate of 4.086% to the date (retroactively, if need be) determined pursuant to the Rate Adjustment Event to be the date interest became includable in the gross income for federal income tax purposes of any Bondholder. The County shall additionally pay to all affected Bondholders any interest, penalties or other charges assessed against or payable by such Bondholder and attributable to a Rate Adjustment Event, notwithstanding the prior repayment of the entire principal amount of this Bond or any transfer of a Bond to another Bondholder.

"Rate Adjustment Event" means any action by the Internal Revenue Service (including the delivery of a deficiency notice) or any other federal court or administrative body determining that the interest on this Bond, or any portion thereof, is includable in any Bondholder's gross income for federal income tax purposes in any case as a result of any misrepresentation by the County or as a result of any action the County takes or fails to take.

The County may prepay the principal of this Bond, in whole but not in part at any time, at par plus accrued interest. Partial prepayment may be available upon request.

In all events, and notwithstanding any other provisions of this Bond, (1) all payments on this Bond will be applied first to interest accrued and unpaid to the payment date and then to principal, and (2) if not sooner paid, the entire principal of and interest on this Bond will be due and payable on June 1, 2037.

This Bond is issued pursuant to a Bond Order adopted by the County's governing Board of Commissioners on July 10, 2020 and a Bond Resolution adopted by that Board on June 7, 2022 and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act. This Bond constitutes the entire issue of general obligation bonds for indoor pool facilities authorized by that Bond Resolution.

The County's full faith and credit are pledged for the payment of principal of and interest on this Bond.

This Bond is fully registered as to both principal and interest. Transfer of this Bond may be registered upon books maintained for that purpose by the County's Finance Officer, who has been appointed Registrar, at 401 Grindstaff Cove Rd, Sylva, NC 28779 or any successor office as the Registrar may designate in writing to the Bondholder. The Registrar will not, however, register the transfer of any portion of the Bond to any person or entity other than a bank, an insurance company or a similar financial institution, or any affiliate of the foregoing, unless the North Carolina Local Government Commission has previously approved the transfer.

The Registrar will treat the registered owner of this Bond as the person exclusively entitled to payment of principal of and interest on this Bond and the exercise of all other rights and powers of the owner, except that the County will make payments to the person shown as the registered owner at the end of the calendar day on the 15th day (whether or not a business day) of the month preceding the payment date.

The County intends that North Carolina law will govern this Bond and the interpretation of its terms.

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, the County has caused this Bond to be signed by its County Manager and attested by the County Attorney to its Board of Commissioners, and this Bond to be dated June 16, 2022.

(SEAL)

ATTEST:

**Jackson County,
North Carolina**

 /sample only - do not sign
Heather C. Baker
County Attorney
Jackson County, North Carolina

By: /sample only - do not sign
Don Adams
County Manager
Jackson County, North Carolina

Certificate of Local Government Commission

This Bond has been approved by
the North Carolina Local Government
Commission in accordance with the
Local Government Bond Act.

Sharon G. Edmundson
Secretary, Local Government Commission

**[Jackson County, North Carolina
\$20,000,000 General Obligation Bonds for Indoor Pool Facilities, Series 2022]**

Schedule I – Principal and Interest Payment Schedule

Principal is payable annually on each June 1 in years and amounts as shown below, subject to prepayment as provided in this Bond. Interest is payable on each June 1 and December 1, beginning December 1, 2022, at the annual rate of 3.228% until paid. The schedule below shows the expected interest payment amounts. The interest rate is subject to adjustment as provided in this Bond.

| Payment Date | Principal Amount (\$) | Interest Amount (\$) | Total (\$) |
|-------------------------------------|------------------------------|-----------------------------|-------------------|
| | | | |
| [Payment schedule to be determined] | | | |
| | | | |

**[Jackson County, North Carolina
\$20,000,000 General Obligation Bonds for Indoor Pool Facilities, Series 2022]**

ASSIGNMENT

(Transfer of this Bond may be registered by the registered owner or its duly authorized attorney upon presentation to the Registrar.)

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:</p> <p>_____ 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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**[Jackson County, North Carolina
\$20,000,000 General Obligation Bonds for Indoor Pool Facilities, Series 2022]**