

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF
FORSYTH, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN
INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF
NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER
RELATED MATTERS THERETO**

WHEREAS, the County of Forsyth, North Carolina (the “*County*”) is a validly existing political subdivision of the State of North Carolina, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the “*State*”);

WHEREAS, the County has the power, pursuant to the General Statutes of North Carolina to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

WHEREAS, the Board hereby determines that it is in the best interest of the County to (1) enter into an Installment Financing Contract (the “*Contract*”) with the Forsyth County Financing Corporation (the “*Corporation*”) in order to (a) finance (i) the acquisition, construction, and equipping of a new children’s museum in the County, (ii) the renovation and expansion of airport facilities at Smith Reynolds Airport in the County, and (iii) a portion of the acquisition, construction, and equipping of 250,000 square foot courthouse facility (the “*Courthouse*”) located in the County (collectively, the “*Projects*”), (b) refinance an Installment Financing Agreement dated as of October 16, 2019 between the County and PNC Bank, National Association (the “*2019 Contract*”), the proceeds of which were used to finance a portion of the acquisition, construction, and equipping of the Courthouse, and (c) refinance all or a portion of the County’s limited obligation bonds issued in 2009 and 2012 (collectively, and together with the 2019 Contract, the “*Prior Indebtedness*”), and (2) enter into a deed of trust, security agreement and fixture filing (the “*Deed of Trust*”) related to the County’s fee simple interest in certain real property on which the Courthouse is located (the “*Site*”), that will provide security for the County’s obligations under the Contract;

WHEREAS, the Corporation will assist the County by the issuance of Limited Obligation Bonds (the “*Bonds*”) to finance the Projects and refinance the Prior Indebtedness;

WHEREAS, the County hereby determines that financing the Projects and refinancing the Prior Indebtedness are essential to the County’s proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Projects and the projects originally financed with the proceeds of the Prior Indebtedness provide an essential use and will permit the County to carry out public functions that it is authorized by law to perform; and that entering into the Contract and Deed of Trust is necessary and expedient for the County by virtue of the findings presented herein;

WHEREAS, the County hereby determines that the Contract allows the County to finance the Projects and refinance the projects originally financed with the Prior Indebtedness and take title thereto at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the County;

WHEREAS, the County hereby determines that the estimated cost of financing the Projects and refinancing the Prior Indebtedness is an amount not to exceed \$160,000,000, and that such cost of financing the Projects and refinancing the Prior Indebtedness exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the County in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

WHEREAS, although the cost of financing the Projects and refinancing the Prior Indebtedness pursuant to the Contract is expected to exceed the cost of financing the Projects and refinancing the Prior Indebtedness pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing the Projects and refinancing the Prior Indebtedness pursuant to the Contract and the Deed of Trust and the obligations of the County thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds;

(2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of financing the Projects and refinancing the Prior Indebtedness; and (3) insufficient revenues are produced by the Projects so as to permit a revenue bond financing;

WHEREAS, the County has determined and hereby determines that the estimated cost of financing the Projects and refinancing the Prior Indebtedness pursuant to the Contract reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

WHEREAS, the County anticipates that any property tax increase, if necessary, to pay installment payments falling due under the Contract will not be excessive;

WHEREAS, Parker Poe Adams & Bernstein LLP, as special counsel ("*Bond Counsel*"), will render an opinion to the effect that entering into the Contract and the transactions contemplated thereby are authorized by law;

WHEREAS, no deficiency judgment may be rendered against the County in any action for its breach of the Contract, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any money due under the Contract;

WHEREAS, the County is not in default under any of its debt service obligations;

WHEREAS, the County's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the County has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget ordinance;

WHEREAS, past audit reports of the County indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the County has not been censured by the North Carolina Local Government Commission (the "*LGC*"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

WHEREAS, a public hearing on the Contract after publication of a notice with respect to such public hearing must be held and approval of the LGC with respect to entering the Contract must be received;

WHEREAS, in connection with the issuance of securities in public markets, the County has entered into agreements obligating the County to provide continuing disclosure on certain information related to the County pursuant to Rule 15c2-12 (the "*Rule*") promulgated by the Securities and Exchange Commission;

WHEREAS, to ensure the County's compliance with its continuing disclosure obligations under the Rule, the Board hereby determines that it is in the best interest of the County to adopt continuing disclosure policies and procedures (the "*Continuing Disclosure Policy*"), a copy of which has been made available to the Board; and

WHEREAS, the County hereby determines that all findings, conclusions and determinations of the County in this Resolution are subject to modification or affirmation after all interested parties have been afforded the opportunity to present their comments at a public hearing regarding the execution and delivery of the Contract and the Deed of Trust and the Projects to be financed and refinanced.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County of Forsyth, North Carolina, as follows:

Section 1. ***Authorization to Negotiate the Contract.*** That the County Manager, the Chief Financial Officer, and the Assistant Chief Financial Officer, individually and collectively, with advice from Bond Counsel, are hereby authorized and directed to proceed and negotiate on behalf of the County to finance the Projects and refinance the Prior Indebtedness for a principal amount not to exceed \$160,000,000 under the Contract to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina and to provide

in connection with the Contract, as security for the County's obligations thereunder, the Deed of Trust conveying a lien and interest in the Site, including the improvements thereon, as may be required by the entity, or its assigns, providing the funds to the County under the Contract.

Section 2. ***Application to LGC.*** That the Chief Financial Officer and the Assistant Chief Financial Officer, and their respective designees, are hereby directed to file with the LGC an application for its approval of the Contract and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the County and its financial condition as may be required by the LGC.

Section 3. ***Approval of the Continuing Disclosure Policy.*** That the Board approves the form and content of the Continuing Disclosure Policy and the Continuing Disclosure Policy is in all respects authorized, approved and confirmed. The Chief Financial Officer and the Assistant Chief Financial Officer, and their respective designees, are hereby authorized, empowered and directed, individually and collectively, to adopt and implement the Continuing Disclosure Policy in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate. From and after the implementation of the Continuing Disclosure Policy, the Chief Financial Officer and the Assistant Chief Financial Officer, and their respective designees, are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things as may be necessary to carry out and comply with the policies and procedures of the Continuing Disclosure Policy and comply with the County's continuing disclosure obligations under the Rule.

Section 4. ***Direction to Retain Professionals.*** That the County Manager, in consultation with the Chief Financial Officer or Assistant Chief Financial Officer, is hereby authorized and directed to retain the assistance of Parker Poe Adams & Bernstein LLP, as bond counsel; and Hilltop Securities Inc., as financial advisor. The County Manager, in consultation with the Chief Financial Officer or Assistant Chief Financial Officer, is hereby authorized to retain such other professionals (including but not limited to underwriters, trustee, rating agencies, and title attorney) as they deem necessary in their judgment to carry out the transaction contemplated in this Resolution.

Section 5. ***Public Hearing.*** That a public hearing (the "*Public Hearing*") shall be conducted at the Board of Commissioners' meeting scheduled for May 6, 2021 at 2:00 p.m. concerning the Contract, the Deed of Trust, the proposed financing of the Projects and refinancing of the Prior Indebtedness, and any other transactions contemplated therein and associated therewith.

Section 6. ***Notice of Public Hearing.*** That the Clerk to the Board is hereby directed to cause a notice of the Public Hearing, in the form attached hereto as Exhibit A, to be published once in a qualified newspaper of general circulation within the County no fewer than 10 days prior to the Public Hearing.

Section 7. ***Repealer.*** That all motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 8. ***Effective Date.*** That this Resolution is effective on the date of its adoption.

Adopted this the 1st day of April, 2021.

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

I, Ashleigh M. Sloop, Clerk to the Forsyth County Board of Commissioners, **DO HEREBY CERTIFY** that the attached **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF FORSYTH, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO”** was duly adopted by the Forsyth County Board of Commissioners at a regular meeting of the Forsyth County Board of Commissioners held on April 1, 2021, and that said Resolution is duly recorded in the Official Minutes of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said County, this the ___ day of _____, 2021.

(SEAL)

Clerk to the Board of Commissioners
County of Forsyth, North Carolina

EXHIBIT A

NOTICE OF PUBLIC HEARING

At its April 1, 2021, meeting, the Board of Commissioners (the "*Board of Commissioners*") of the County of Forsyth, North Carolina (the "*County*") adopted a resolution which:

1. Authorized the County to proceed to (a) finance (i) the acquisition, construction, and equipping of a new children's museum in the County, (ii) the renovation and expansion of airport facilities at Smith Reynolds Airport in the County, and (iii) a portion of the acquisition, construction, and equipping of a 250,000 square foot courthouse facility (the "*Courthouse*") located in the County (collectively, the "*Projects*"), (b) refinance an Installment Financing Agreement dated as of October 16, 2019, between the County and PNC Bank, National Association (the "*2019 Contract*"), the proceeds of which were used to finance a portion of the acquisition, construction, and equipping of the Courthouse, and (c) refinance all or a portion of the County's limited obligation bonds issued in 2009 and 2012 (collectively, and together with the 2019 Contract, the "*Prior Indebtedness*"), pursuant to an installment financing contract (the "*Contract*"), in a principal amount not to exceed \$160,000,000 under which the County will make certain installment payments in order to make the Projects and the projects originally financed with the Prior Indebtedness available to the County;
2. Authorized the County to proceed to provide, in connection with the Contract, as grantor, a deed of trust, security agreement and fixture filing (the "*Deed of Trust*") granting a lien on the real property on which the Courthouse is located (the "*Mortgaged Property*") for the benefit of the entity, or its assigns, providing the funds to the County under the Contract.

The Courthouse is located at 175 N. Chestnut St., Winston Salem, North Carolina 27101. The Contract and the Deed of Trust permit the County to enter into amendments to finance additional projects and refinance projects using the Mortgaged Property as collateral and the County may or may not grant additional collateral in connection with such amendments.

NOTICE IS HEREBY GIVEN, pursuant to Sections 160A-20 of the General Statutes of North Carolina, that on May 6, 2021, at 2:00 p.m. in the Commissioners' Meeting Room on the Fifth Floor of the Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem North Carolina 27101, a public hearing will be conducted concerning the approval of the execution and delivery of the Contract and the County's financing of the Projects and refinancing of the Prior Indebtedness.

There will be no meeting place where members of the public can be physically present. The Meeting will be broadcast live at 2:00 p.m. on local cable channel WSTV 13-The Government Channel, http://winston-salem.granicus.com/MediaPlayer.php?publish_id=29, and <https://vimeo.com/forsythcountync>.

All persons interested in the execution and delivery of the Contract and the County's financing of the Projects and refinancing of the Prior Indebtedness are invited by the Board of Commissioners to present their views. If you wish to submit a written comment, please email to sloopam@forsyth.cc by 4:00 p.m., Friday, May 7, 2021.

FORSYTH COUNTY BOARD OF COMMISSIONERS
Ashleigh M. Sloop, Clerk to the Board

Date: April __, 2021

County of Forsyth, North Carolina

Post-Issuance Compliance Policies and Procedures for Complying with Continuing Disclosure Obligations (Rule 15c2-12)

Adopted April 1, 2021

Part I. Purpose.

In connection with the issuance of securities in the public markets, the County of Forsyth, North Carolina (the “*County*”) has entered into agreements obligating the County to provide continuing disclosure on certain information related to the County. The County has entered into the continuing disclosure obligations to allow the underwriter(s) of the securities offered to comply with Rule 15c2-12 (the “*Rule*”) promulgated by the Securities and Exchange Commission (the “*SEC*”). Given the increasing complexity of the Rule and scrutiny with respect to compliance with the Rule that underwriters of future issuance of securities by or on behalf of the County will undertake and the County’s desire to ensure adherence with the County’s continuing disclosure obligations, the County hereby adopts the following policies and procedures (the “*Policies and Procedures*”). These Policies and Procedures are intended to serve as a guide for the County to facilitate compliance with its continuing disclosure obligations in accordance with the Rule.

Part II. Responsibility of County Officials.

Except as otherwise described herein, the County’s Finance Department (the “*Department*”) has primary responsibility for ensuring that the County complies with its outstanding continuing disclosure obligations. The Department will consult with other departments within the County, as well as third-party professionals (e.g., the County’s bond counsel and financial advisor), as necessary, to ensure compliance with these Policies and Procedures.

The Chief Financial Officer will review these Policies and Procedures no less frequently than on the issuance of any securities for which the County agrees to additional continuing disclosure obligations to ensure that the terms and conditions of these Policies and Procedures are up to date and that the County remains in compliance.

Part III. Securities Subject to Continuing Disclosure Obligations.

The County has entered into continuing disclosure obligations for the securities listed on Exhibit A hereto. The County will update Exhibit A each time that securities are issued for which the County agrees to continuing disclosure and each time that securities are no longer outstanding and subject to continuing disclosure in accordance with the Rule.

Part IV. Continuing Disclosure Obligations.

(A) As part of its continuing disclosure obligations, the County has agreed to provide the following information related to each of the securities listed on Exhibit A to the Municipal Securities Rulemaking Board (the “*MSRB*”).

(1) by not later than seven months after the end of each Fiscal Year, 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, the financial and statistical data as of a date not earlier than the end of such Fiscal Year for the type of information included under the captions in the Official Statement related to each of the securities subject to and specified in each agreement to undertake continuing disclosure, as set forth in Exhibit B;

(3) in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the securities subject to continuing disclosure listed in Exhibit A:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any 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 securities, or other material events affecting the tax status of the securities;
- (g) modification of the rights of the security holders, if material;
- (h) call of any of the securities, other than mandatory sinking fund redemptions, if material, and tender offers;
- (i) defeasance of any of the securities;
- (j) release, substitution or sale of any property securing repayment of the securities, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the County;

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 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, 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 the Financial Obligation of the County, any of which reflect financial difficulties.

The term “Financial Obligation” as used in items (o) and (p) above means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule (obligations subject to subsections (o) and (p) above are listed in Exhibit C attached hereto).

(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.

(B) All documents provided to the MSRB as described above are to be provided in an electronic format as prescribed by the MSRB (pdf, word-searchable) and accompanied by identifying information as prescribed by the MSRB.

(C) Financial Obligations will be identified by the Department, in consultation with bond counsel and the financial advisor, prior to being entered into by the County. A Financial Obligation will be considered “material” for purposes of the Rule if it exceeds \$1,000,000. The Department will post the entire relevant documents related to the Financial Obligation (with acceptable redactions identified by the counterparty to the documents) in accordance with the Rule. Exhibit C includes a list of “Financial Obligations” as identified in accordance with the materiality standard identified by the County. Such list should be reviewed and updated in accordance with Part VI below, as needed.

Part V. Continuing Disclosure Obligations Control.

Notwithstanding anything in these Policies and Procedures, the terms of each continuing disclosure obligation made at the time the County issued or executed and delivered the related debt obligation

controls the continuing disclosure requirements of each debt obligation. The Department will maintain records of each continuing disclosure agreement.

Part VI. Recordkeeping and Review of Policy.

The County will maintain all records related to its compliance with its continuing disclosure obligations in such form and for such time period in accordance with the County's recordkeeping policies. In addition, the County, in consultation with its bond counsel, will review this policy in January of each calendar year in connection with the County's continuing disclosure filing of audited and annual financial data, including a review of the Exhibits to ensure they are complete, and update as necessary. Additionally, the Chief Financial Officer will review these Policies and Procedures as provided in Part II above.

Part VII. Continuing Education.

The County will continue to consult regularly with its bond counsel and financial advisor regarding its continuing disclosure obligations and any changes to the Rule. The County will regularly update these Policies and Procedures to reflect any changes.

EXHIBIT A

Securities Subject to Continuing Disclosure Obligation

I. General Obligation Bonds

Taxable General Obligation Public Improvement Bonds (Qualified School Construction Bonds), Series 2010D

General Obligation Refunding Bonds, Series 2010E

General Obligation Refunding Bonds, Series 2013

General Obligation Public Improvement Bonds, Series 2013

General Obligation Educational Facilities Bonds, Series 2013

General Obligation Public Improvement Bonds, Series 2014

General Obligation Library Bonds, Series 2014

General Obligation Refunding Bonds, Series 2015

General Obligation Public Improvement Bonds, Series 2017A

General Obligation Public Improvement Bonds, Series 2017B

General Obligation Public Improvement Bonds, Series 2019A¹

General Obligation Public Improvement Bonds, Series 2019B

General Obligation Refunding Bonds, Series 2020

General Obligation Public Improvement Bonds, Series 2021A [to include after issuance]

General Obligation Public Improvement Bonds, Series 2021B [to include after issuance]

General Obligation Refunding Bonds, Series 2021C [to include after issuance]

II. Limited Obligation Bonds

¹ Effective March 20, 2019, material events (o) and (p) incorporated in County's continuing disclosure obligation.

Limited Obligation Bonds, Series 2009

Limited Obligation Bonds, Series 2012

Limited Obligation Bonds, Series 2021 [to include after issuance]

EXHIBIT B

Annual Information to be Updated from Official Statements

General Obligation Bonds

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 below captions in the Official Statement (excluding information on underlying units), to the extent such items are not included in the County's audited financial statements:

- 1) **"THE COUNTY – Debt Information"**
- 2) **"THE COUNTY – Tax Information"**
- 3) The combined budget of the County for the current Fiscal Year

Limited Obligation Bonds

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 below captions in Appendix A to the Official Statement (excluding information on underlying units), to the extent such items are not included in the County's audited financial statements:

- 1) **"THE COUNTY – Debt Information"**
- 2) **"THE COUNTY – Tax Information"**

EXHIBIT C

Financial Obligations for which Material Events (O) and (P) Apply

Effective: 03/20/2019

Financial Obligations Subject to (O)

<u>Issue Date</u>	<u>Description</u>	<u>Maturity Date</u>
10/16/2019	\$70,000,000 Installment Financing Draw Program with PNC Bank, National Association [to be deleted at issuance of 2021 LOBs]	10/16/2022
12/20/2019	\$4,473,300 State of NC – NCDEQ State Loan	05/01/2040

Financial Obligations Subject to (P)

<u>Issue Date</u>	<u>Description</u>	<u>Maturity Date</u>
01/22/2014	\$8,230,000 Installment Financing Agreement with Banc of America Preferred Funding Corporation	02/01/2026
10/01/2015	\$29,720,000 Installment Financing Agreement with Wells Fargo Municipal Capital Strategies	10/01/2022
10/16/2019	\$70,000,000 Installment Financing Draw Program with PNC Bank, National Association [to be deleted at issuance of 2021 LOBs]	10/16/2022
12/20/2019	\$4,473,300	05/01/2040

State of NC – NCDEQ State Loan

Forsyth County, North Carolina



\$110,050,000 Limited Obligation Bonds, Series 2021A (Tax-Exempt)
\$26,650,000 Limited Obligation Bonds, Series 2021B (Taxable)

<i>Estimated Cost of Issuance Breakout</i>	
Vendor Name	LOBs
Bond Counsel:	
Parker Poe	\$ 90,000.00
Financial Advisor:	
Hilltop Securities (Financial Advisory Fee)	35,000.00
Local Government Commission:	
Miscellaneous	5,000.00
LGC Application Fee	12,500.00
Rating Agencies:	
Moody's	85,000.00
Standard & Poor's	85,000.00
Fitch	72,000.00
Title Attorney	
Vendor is to be determined	15,000.00
Trustee	
Initial and 1st Annual Fee	3,500.00
Trustee Counsel	5,000.00
Miscellaneous:	
Contingency	25,000.00
Total	\$ 433,000.00