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May 21, 2021

VIA E-MAIL

Charlene Allen
Assistant Town Manager
Town of Kill Devil Hill, NC
charlene@kdhnc.com

***Town of Kill Devil Hills, North Carolina
Beach Nourishment Financing (2021)***

Dear Charlene:

We are pleased to provide you with an engagement letter for Parker Poe Adams & Bernstein LLP to serve as bond counsel for the financing by the Town of Kill Devil Hills (the "Town") of a beach nourishment project (the "Project") to be undertaken by the Town. It is my understanding that the current plan calls for the Project to be undertaken jointly by the Town with some or all of Dare County, the Town of Southern Shores, the Town of Kitty Hawk and the Town of Duck (collectively, the "Project Participants"). I apologize for the formality of this letter, but it will confirm our understanding regarding Parker Poe's representation of the Town in connection with the financing of the Project.

We understand that the Town will issue two series of its Special Obligation Bonds (the "Bonds") in 2021 to finance all or a portion of the Town's financial responsibility with respect to the Project, with the balance of the funding for the Project to be provided by the other Project Participants. One series of the Bonds will be secured by a pledge of general Town funds and the other series of the Bonds will be secured by a pledge of FEMA reimbursements. We expect that the Bonds will be privately-placed with PNC Bank. DEC Associates, Inc. will serve as the Town's financial advisor. The Town will enter into an interlocal agreement (the "Interlocal Agreement") with the other Project Participants to coordinate each Project Participant's rights and obligations with respect to the financing and construction of the Project.

Parker Poe will perform the customary legal services as bond counsel, including, but not limited to, drafting the financing documents, tax certificate and other customary closing documentation and delivering customary legal opinions at closing. We will work with the Town and its financial advisor in advising as to the options for structuring the Bonds to conform with North Carolina and federal tax law and participate in such meetings with the staff, Town Board

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ATTACHMENT NB-3B

of Commissioner, the Local Government Commission and others as necessary. The scope of the services that Parker Poe will provide may be expanded during the course of the engagement pursuant to communications establishing a specific mutual understanding of the services Parker Poe is to perform. I have attached our Standard Terms of Engagement, which form a part of this engagement letter.

I will have general supervisory responsibility over the engagement. I expect that my partner, Mike Larsen, will assist me with respect to tax matters, and other associates and paralegals of the firm may assist me from time-to-time. The firm will provide services as bond counsel as outlined in this letter for a fixed fee not to exceed \$50,000 plus disbursements for such items as photocopying, scanning, travel, express delivery and preparation of the transcripts. If the Town determines, in consultation with its financial advisor, to complete the financings on a "forward delivery" basis, then there will be an additional fee estimated to be \$5,000 related to the final closing of the financings on the forward delivery date.

As you know, Parker Poe regularly serves as bond counsel to Dare County and will serve as bond counsel to each of the other Project Participants in connection with the financing of their respective portions of the Project. To help achieve efficiencies for the Project Participants and because of our familiarity with the Project, the Town and each other Project Participant have asked Parker Poe to draft the Interlocal Agreement to memorialize their agreements with respect to the Project. Our engagement in drafting the Interlocal Agreement could create a conflict of interest; however, the Town is represented separately by the Town Attorney, and each other Project Participant is similarly represented by its own counsel.

Similarly, we note that our firm represents and expects to represent in the future PNC Bank in connection with matters unrelated to this engagement. Because the Town is separately represented by the Town Attorney with respect to negotiating with such financial institution the material terms of the financing, we do not believe our engagement as bond counsel creates a conflict of interest in this regard.

If a conflict of interest arises during the course of our representation, either as a result of our engagement to draft the Interlocal Agreement or our engagement as bond counsel, we will immediately inform you and work with the Town Attorney to resolve the matter in a satisfactory manner. The nature of any such conflict will dictate whether Parker Poe can continue to provide services to the Town or any other party. If representation is to continue, then the Town and each other affected party must consent to the arrangement after full disclosure of the conflict, which disclosure must include an explanation of the implications of the common representation and the risks involved.

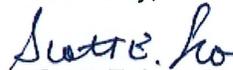
Each Project Participant is entitled to confidentiality and the attorney-client privilege, but in a joint representation, there is no such entitlement from each other, meaning no Project Participant will have an independent claim to confidentiality. Because Parker Poe owes a duty to keep each Project Participant adequately informed, any relevant information revealed by one Project Participant will be discussed with all Project Participants. Additionally, while these shared confidences are protected from third parties, each Project Participant is entitled to be made aware of any information obtained from a third party source, including those revealed by one of the Project Participants. Finally, if a conflict arises between one or more Project Participants, information communicated during the course of this representation would not be privileged or confidential in any subsequent proceedings to resolve the dispute.

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We believe that this letter satisfies our obligation under the rules of professional conduct, which govern our conduct as lawyers, to explain to the Town the implications and potential risks in situations involving joint representation and potential conflicts of interest. We encourage you to ask any questions that you may have and seek any further explanations or counsel you may deem necessary.

We sincerely appreciate your entrusting this matter to us and look forward to working with you on this engagement. If the provisions set forth in this letter are consistent with your understanding, including waiving any potential conflicts of interest described in this letter, please sign below, keep a copy of the letter for yourself and return the original to my attention.

Sincerely,



Scott E. Leo

ACCEPTED BY:

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

By: _____

Title: _____

cc via email: Beverly Kissinger and Angell Doughtie

PARKER POE ADAMS & BERNSTEIN LLP

STANDARD TERMS OF ENGAGEMENT REGARDING LEGAL REPRESENTATION

1. Scope of Work and Limitations. The scope of our work and the limitations on the services to be performed will be in accordance with the Engagement Letter.

2. No Guaranteed or Contingent Outcome. While we will perform our professional services on behalf of the client to the best of our ability under the circumstances, we cannot and have not made any guarantees regarding the outcome of our professional efforts. Any expressions about the possible outcome of the matter or the results achievable are our best professional estimates only, and are limited by our knowledge at the time they are expressed.

3. Communications. As requested, we will send to the client copies of pertinent correspondence, documents and other materials prepared or received by us in the course of the representation. The client is encouraged to contact us as to any questions or comments regarding the services, fees, or status of the matter or as to any pertinent facts or considerations which may come to the attention of the client. Material information and documents received by the client should be forwarded to the firm without delay.

4. Attorney Assignment. Each client will have an attorney who shall have primary responsibility for the client's matters. When appropriate, work on the client's matters may be assigned to other attorneys in the firm who have a sufficient level of experience and time availability to handle competently and efficiently portions or all of the client's matters. In addition, assistance of non-attorney support personnel under the direct supervision of firm attorneys may be required, as appropriate.

5. Confidentiality. The firm will protect the confidence of the client and will not divulge confidential information concerning the client's business or legal matters, as required by the Rules of Professional Conduct. However, we understand that, unless you advise us to the contrary, you do not object to our mentioning to others our representation of you or our listing of your name as one of our clients in professional literature or in material published about this law firm.

6. Termination. The firm reserves the right to withdraw from representing the client upon written notice at any time, with or without cause. Likewise, the client may terminate the firm's services prospectively upon written notice to the firm. If the client terminates the firm's services prior to completion of the financing, we will negotiate with the client to pay fees on a reasonable hourly basis for the time spent on the matter. Unless otherwise requested by the client, the firm will consider the representation terminated upon the completion of the financing.