

EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS

A regular meeting of the Board of Commissioners of the County of Chatham, North Carolina, was duly held on May 18, 2015 at 6:00 pm in the Historic Courthouse, 9 Hillsboro Street, Pittsboro, North Carolina. Chairman James G. Crawford presiding.

The following members were present: Chairman James G. Crawford, Vice Chair Mike Cross, Commissioner Diana Hales, Commissioner Karen Howard, and Commissioner Walter Petty.

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Vicki McConnell, Finance Director stated that the purpose of the public hearing was to receive public comment on the proposed refunding of the remaining 2006 Certificates of Participation.

The Chair opened the public hearing.

The Chair inquired whether there were any persons who wished to speak at the public hearing. No individual appeared, either in person, by attorney, or by means of a written statement to give any comment.

Thereupon, the Chair closed the public hearing.

Following the close of the public hearing Vice Chair Cross moved that the following resolution, copies of which having been made available to the Board of Commissioners, be adopted:

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, APPROVING A CONTRACT AND A DEED OF TRUST AND THE DELIVERY THEREOF AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS

WHEREAS, the County of Chatham, 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) purchase real and personal property, (2) enter into installment financing contracts in order to finance the purchase of real and personal property used, or to be used, for public purposes, and (3) finance the construction of fixtures or improvements on real property by contracts that create in the fixtures or improvements and in the real property on which such fixtures or improvements are located a security interest to secure repayment of moneys advanced or made available for such construction;

WHEREAS, the County has previously determined that it is in the best interest of the County to enter into an installment financing contract (the "*Contract*") with the Chatham County Public Facilities Corporation, a North Carolina nonprofit corporation (the "*Corporation*"), in order to refinance the remaining principal components payable under an installment financing contract dated as of November 1, 2006 (the "*Prior Contract*") between the Corporation and the County, the proceeds of which were used to pay the capital costs of (a) acquiring, constructing and equipping the Virginia Cross Elementary School in Siler City, North Carolina (the "*Virginia Cross Elementary School*"); (b) acquiring, constructing and

equipping a cafeteria and classroom facilities at the Jordan Matthews High School in Siler City, North Carolina; (c) acquiring, constructing and equipping an addition to, and renovating, an existing building for the Department of Social Services; (d) acquiring, constructing and equipping water, sewer and roadway improvements at the Central Carolina Business Campus; (e) acquiring, constructing and equipping a new high school in northeast Chatham County, North Carolina; (f) acquiring and installing softball field lighting and/or tennis field lighting at Northwood High School, Chatham Central High School and Jordan Matthews High School; and (g) to pay the costs related to the execution and delivery of the Contract;

WHEREAS, in order to secure the County's obligations under the Contract, the County will enter into a Deed of Trust, Security Agreement and Fixture Filing dated as of July 1, 2015 (the "*Deed of Trust*") related to the site of the Virginia Cross Elementary School (the "*Site*") and the improvements thereon;

WHEREAS, the Corporation will execute and deliver its Refunding Limited Obligation Bonds, Series 2015 (the "*Bonds*") in an aggregate principal amount not to exceed \$24,150,000, evidencing proportionate undivided interests in rights to receive certain Revenues (as defined in the Contract) pursuant to the Contract;

WHEREAS, in connection with the sale of the Bonds by the Corporation to PNC Capital Markets LLC and, if necessary, a financial institution to be determined by the Finance Director (collectively, the "*Underwriter*"), the City made certain representations and warranties to the Underwriter in the form of the City's Letter of Representations to the Underwriters (the "*Letter of Representations*");

WHEREAS, there have been described to the Board the forms of the following documents (collectively, the "*Instruments*"), copies of which have been made available to the Board, which the Board proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment financing:

- (1) the Contract;
- (2) the Deed of Trust;
- (3) an Indenture of Trust dated as of July 1, 2015 (the "*Indenture*") between the Corporation and U.S. Bank National Association, as trustee;
- (4) an Escrow Agreement dated as of July 1, 2015 (the "*Escrow Agreement*") between the County and Regions Bank, as escrow agent; and
- (5) the Letter of Representations;

WHEREAS, to make an offering and sale of the Bonds, there will be prepared a Preliminary Official Statement with respect to the Bonds (the "*Preliminary Official Statement*"), a draft thereof having been presented to the Board, and a final Official Statement relating to the Preliminary Official Statement (together with the Preliminary Official Statement, the "*Official Statement*"), which Official Statement will contain certain information regarding the County;

WHEREAS, it appears that each of the Instruments and the Preliminary Official Statement is in an appropriate form and is an appropriate instrument for the purposes intended;

WHEREAS, the County hereby determines that the refinancing of the Prior Contract is essential to the County's proper, efficient and economic operation and to the general health and welfare of its

inhabitants; that the projects financed by the Prior Contract have provided an essential use and have permitted the County to carry out public functions that it is authorized by law to perform; and that entering into the Contract is necessary and expedient for the County by virtue of the findings presented herein;

WHEREAS, the County hereby determines that the Contract would allow the County to refinance the projects financed by the Prior Contract 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 the refinancing of the Prior Contract is an amount not to exceed \$24,150,000 and that such cost 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 the refinancing of the Prior Contract pursuant to the Contract is expected to exceed the cost thereof pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of the refinancing of the Prior Contract 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 refinancing the Prior Contract; and (3) no revenues are produced by the projects financed by the Prior Contract so as to permit a revenue bond financing;

WHEREAS, the County has determined and hereby determines that the estimated cost of the refinancing of the Prior Contract 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 does not anticipate a future property tax increase to pay installment payments falling due under the Contract;

WHEREAS, the sums to fall due under the Contract will be adequate but not excessive for its proposed purpose;

WHEREAS, Parker Poe Adams & Bernstein LLP, as bond 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, the Board conducted a public hearing on May 18, 2015 to receive public comment on the proposed Contract, the Deed of Trust and the projects to be refinanced thereby; and

WHEREAS, the County has filed an application to the LGC for approval of the Contract;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, AS FOLLOWS:

Section 1. Ratification of Instruments. All actions of the County, the Chairman of the Board, the Clerk to the Board, the County Manager, the Finance Director of the County, the County Attorney and their respective designees, whether previously or hereinafter taken, in effectuating the proposed refinancing are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments.

Section 2. Authorization of the Official Statement. The form, terms and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and of the final Official Statement by the Underwriter in connection with the sale of the Bonds is hereby in all respects authorized, approved and confirmed. The Chairman of the Board, the County Manager or the Finance Director is hereby authorized and directed, individually and collectively, to deliver, on behalf of the County, the Official Statement in substantially such form, with such changes, insertions and omissions as he or she may approve.

Section 3. Authorization to Execute the Contract. The County hereby approves the refinancing in accordance with the terms of the Contract, which will be a valid, legal and binding obligation of the County in accordance with its terms. The form and content of the Contract are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the Clerk to the Board and the County Manager and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Contract, including necessary counterparts, 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, their execution thereof to constitute conclusive evidence of the County’s approval of any and all changes, modifications, additions or deletions therein from the form and content of the Contract presented to the Board. From and after the execution and delivery of the Contract, the Chairman of the Board, the Clerk to the Board, the County Manager and the Finance Director of the County, individually and collectively, are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Contract as executed.

Section 4. Authorization to Execute the Deed of Trust. The County approves the form and content of the Deed of Trust, and the Deed of Trust is in all respects authorized, approved and confirmed. The Chairman of the Board, the Clerk to the Board and the County Manager and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Deed of Trust, including necessary counterparts, 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. Execution by the Chairman of the Board, the Clerk to the Board and the County Manager or their respective designees, individually or collectively, constitutes

conclusive evidence of the County's approval of any and all such changes, modifications, additions or deletions therein from the form and content of the Deed of Trust presented to the Board, and from and after the execution and delivery of the Deed of Trust, the Chairman of the Board, the Clerk to the Board, the County Manager and the Finance Director of the County are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Deed of Trust as executed.

Section 5. Authorization to Execute the Escrow Agreement. The County approves the form and content of the Escrow Agreement, and the Escrow Agreement is in all respects authorized, approved and confirmed. The County Manager and the Finance Director and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Escrow Agreement, including necessary counterparts, 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. Execution by the County Manager, the Finance Director or their respective designees, individually or collectively, constitutes conclusive evidence of the County's approval of any and all such changes, modifications, additions or deletions therein from the form and content of the Escrow Agreement presented to the Board, and from and after the execution and delivery of the Escrow Agreement, the County Manager and the Finance Director of the County are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement as executed.

Section 6. Letter of Representations. That the form and content of the Letter of Representations are in all respects authorized, approved and confirmed, and the execution of the Letter of Representations by the Chairman of the Board, the County Manager, the Finance Director of the County and their respective designees, individually and collectively, is hereby ratified, and that from and after the execution and delivery of the Letter of Representations, the Chairman of the Board, the County Manager and the Finance Director of the County, individually and collectively, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Letter of Representations as executed.

Section 7. County Representative. The Chairman of the Board, the County Manager and the Finance Director of the County, individually and collectively, are hereby designated as the County's representative to act on behalf of the County in connection with the transactions contemplated by the Instruments and the Preliminary Official Statement, and the Chairman of the Board, the County Manager and the Finance Director, individually and collectively, are authorized to proceed with the refinancing in accordance with the Instruments and to seek opinions as a matter of law from the County Attorney, which the County Attorney is authorized to furnish on behalf of the County, and opinions of law from such other attorneys for all documents contemplated hereby as required by law. The County's representative and/or designee or designees are in all respects authorized on behalf of the County to supply all information pertaining to the County for use in the Official Statement and the transactions contemplated by the Instruments or the Preliminary Official Statement. The County's representatives or their respective designees are hereby authorized, empowered and directed, individually and collectively, to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate to consummate the transactions contemplated by the Instruments or the Preliminary Official Statement or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution.

Section 8. Severability. If any section, phrase or provision of this Resolution is for any reason declared to be invalid, such declaration will not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.


Section 9. Repealer. All motions, orders, resolutions and parts thereof, in conflict herewith are hereby repealed.

Section 10. Effective Date. This Resolution is effective on the date of its adoption.

STATE OF NORTH CAROLINA)
)
COUNTY OF CHATHAM) ss:

I, *Lindsay K. Ray*, Clerk to the Board of Commissioners of the County of Chatham, North Carolina **Do HEREBY CERTIFY** that the foregoing is a true and exact copy of a resolution entitled **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, APPROVING A CONTRACT AND A DEED OF TRUST AND THE DELIVERY THEREOF AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS”** adopted by the Board of Commissioners of the County of Chatham, North Carolina, at a meeting held on the 18th day of May, 2015.

WITNESS my hand and the corporate seal of the County of Chatham, North Carolina, this the 18th day of May, 2015.



Lindsay K. Ray
Clerk to the Board of Commissioners
County of Chatham, North Carolina

