

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM,
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 Chatham, North Carolina (the "*County*") is a validly existing political subdivision, 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 purchase contracts in order to finance the purchase of real and personal property used, or to be used, for public purposes, and (3) grant a security interest in some or all of the property purchased to secure repayment of the purchase price;

WHEREAS, the Board of Commissioners of the County (the "*Board*"), determines that it is in the best interest of the County to enter into (a) an installment financing contract (the "*Contract*") with the Chatham County Public Facilities Corporation, a North Carolina nonprofit corporation (the "*Corporation*"), in order (1) to pay the capital costs of acquiring, constructing and equipping a new high school to be known as Seaforth High School, a new elementary school to be known as Chatham Grove Elementary School, and a Health Sciences building for Central Carolina Community College (collectively, the "*Project*") and (2) to pay the costs related to the execution and delivery of the Contract and (b) a deed of trust, security agreement and fixture filing (the "*Deed of Trust*") related to the County's fee simple interest in the site of Seaforth High School (the "*Site*") and the improvements thereon to secure the County's obligations under the Contract;

WHEREAS, the County hereby determines that the Project is essential to the County's proper, efficient and economic operation and to the general health and welfare of its citizens; that the financing of the Project will permit the County to carry out public functions that it is authorized by law to perform; and that entering into the Contract and the Deed of Trust are 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 purchase the Project 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 the Project is an amount not to exceed \$125,000,000 and that such cost of the Project 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 Project pursuant to the Contract is expected to exceed the cost of financing the Project pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing the Project 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 the Project; and (3) revenues produced by the Project are insufficient to permit a revenue bond financing;

WHEREAS, the County has determined and hereby determines that the estimated cost of financing the Project pursuant to the Contract reasonably compares with an estimate of similar costs under a general obligation 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 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 moneys 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;

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; 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 financing of the Project.

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

Section 1. ***Authorization to Negotiate Contract.*** That the County Manager or the Finance Director, with advice from the County Attorney and Bond Counsel, are hereby authorized and directed to proceed and negotiate on behalf of the County the Contract for a principal amount not to exceed \$125,000,000, for the financing of the Project, 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 and 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 Finance Director or her designee is 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. **Direction to Retain Special Counsel, Financial Advisor and Underwriters.** That the County Manager and the Finance Director, with advice from the County Attorney, are hereby authorized and directed to retain the assistance of Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, as bond counsel; DEC Associates, Inc., Charlotte, North Carolina, as financial advisor; and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Charlotte, North Carolina, and PNC Capital Markets LLC, Charlotte, North Carolina, as underwriters.

Section 4. **Public Hearing.** That a public hearing (the "Public Hearing") shall be conducted by the Board on June 18, 2018 at 6:00 p.m. in the Historic County Courthouse, Second Floor Courtroom, 9 Hillsboro Street, Pittsboro, North Carolina, concerning the Contract, the Deed of Trust, the proposed Project and any other transactions contemplated therein and associated therewith.

Section 5. **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 6. **Repealer.** That all motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 7. **Effective Date.** That this Resolution is effective on the date of its adoption.

Read, approved and adopted this 21st day of May, 2018.

By: Diana Hales
Chair of the Board of Commissioners

Lindsay K. Ray
Clerk to the Board

