

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 February 16, 2009 at 6:00 PM in the Superior Courtroom, 1 Hillsboro Street, Pittsboro, North Carolina, Chairman George Lucier presiding.

The following members were present: Chairman George Lucier; Vice Chair Sally Kost; Commissioners Mike Cross, Carl Thompson, and Tom Vanderbeck

* * *

The following members were absent: None

Also present: County Manager Charlie Horne; County Attorney Jep Rose; Assistant County Manager Renee Paschal; Finance Officer Vicki McConnell; and Clerk to the Board Sandra B. Sublett

* * *

* * * * *

Commissioner Vanderbeck 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, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO

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 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 hereby determines that it is in the best interest of the County to (a) enter into an Installment Financing Contract (the "Contract") with a financial institution to be determined (the

"Bank") in order to pay the capital costs of constructing and equipping a new County middle school (the "Project") and (b) to enter into a deed of trust and security agreement (the "Deed of Trust") related to the County's fee simple interest in the real property on which Project will be located (the "Site") that will provide security for the County's obligations under the Contract ;

WHEREAS, the County hereby determines that the acquisition of the Project is essential to the County's proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Project will 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 purchase the Project and take title thereto at a favorable interest rate currently available in the financial marketplace and upon terms advantageous to the County;

WHEREAS, the County hereby determines that the estimated cost of financing the acquisition of the Project is an amount not to exceed \$27,000,000 and that such cost of the acquisition 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 acquisition of the Project pursuant to the Contract is expected to exceed the cost of financing the acquisition of 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 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 acquiring the Project; and (3) no revenues are produced by the Project so as 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 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, Parker Poe Adams & Bernstein LLP, as special counsel ("*Special 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, 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; 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, the Deed of Trust and the Project to be financed thereby.

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

Section 1. Authorization to Negotiate the Contract. That the County Manager and the Finance Officer, with advice from the County Attorney and Special Counsel, are hereby authorized and directed to proceed and negotiate on behalf of the County for the financing of the Project for a principal amount not to exceed \$27,000,000 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 all or some of 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 Finance Officer or his 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. That the County Manager and the Finance Officer, 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 special counsel.

Section 4. Public Hearing. That a public hearing (the "Public Hearing") shall be conducted by the Board of Commissioners on March 2, 2009 at 9:00 a.m. in the Agricultural Building Auditorium, 45 South 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.

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

I, Sandra B. Sublett, Clerk to the Board of Commissioners of the County of Chatham, North Carolina, *DO HEREBY CERTIFY*, as follows:

1. A regular meeting of the Board of Commissioners of the County of Chatham, a political subdivision of the State of North Carolina, was duly held on February 16, 2009, proper notice of such meeting having been given as required by North Carolina statute, and minutes of said meeting have been duly recorded in the Minute Book kept by me in accordance with law for the purpose of recording the minutes of said Board of Commissioners.

2. I have compared the attached extract with said minutes so recorded and said extract is a true copy of said minutes and of the whole thereof insofar as said minutes relate to matters referred to in said extract.

3. Said minutes correctly state the time when said meeting was convened and the place where such meeting was held and the members of said Board who attended said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and have hereunto affixed the corporate seal of said County, this 16th day of February, 2009.

(SEAL)

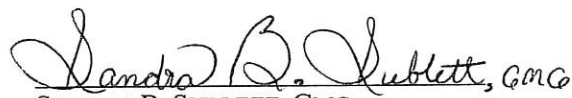

SANDRA B. SUBLETT, CMC
Clerk to the Board of Commissioners
County of Chatham, North Carolina

EXHIBIT A
NOTICE OF PUBLIC HEARING

At its February 16, 2009 meeting, the Board of Commissioners (the "*Board of Commissioners*") of the County of Chatham, North Carolina (the "*County*") adopted a resolution which:

1. Authorized the County to proceed to pay the capital costs of the construction and equipping of a new County middle School (the "*Project*"), pursuant to an installment financing contract (the "*Contract*"), in a principal amount not to exceed \$27,000,000 under which the County will make certain installment payments, in order to make the Project available to the County;
2. Authorized the County to proceed to provide, in connection with the Contract, as grantor, a deed of trust and security agreement (the "*Deed of Trust*") under which the real property on which the Project is located as set forth below, together with such other property as may be required (the "*Mortgaged Property*"), will be mortgaged by the County to create a lien thereon for the benefit of the entity, or its assigns, providing the funds to the County under the Contract.

The Project will be located at the intersection of Granite Mill Road and Andrews Store Road in Chapel Hill, North Carolina. The Mortgaged Property will be subject to the mortgage provided in the Deed of Trust. On payment by the County of all installment payments due under the Contract, the Deed of Trust and any lien created thereunder will terminate and the County's title to the Mortgaged Property will be unencumbered.

NOTICE IS HEREBY GIVEN, pursuant to Sections 160A-20 of the General Statutes of North Carolina, that on March 2, 2009 at 9:00 a.m. in the Agricultural Building Auditorium, 45 South Street, Pittsboro, North Carolina, a public hearing will be conducted concerning the approval of the execution and delivery of the Contract and the County's acquisition of the Project. All interested parties are invited to present comments at the public hearing regarding the execution and delivery of the Contract and the Project to be financed thereby.

/s/ SANDRA B. SUBLETT
Clerk to the Board of Commissioners
County of Chatham, North Carolina

Published: _____