

**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
THERE TO**

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") in order to pay the capital costs of (1) acquiring, constructing and equipping a building for the environmental resources programs at Central Carolina Community College in Pittsboro (the "College") and a library for use by the County and the College at the College Campus in Pittsboro (the "Pittsboro Campus College Project") and (2) acquiring, constructing and equipping an industrial and adult education center at the Central Carolina Business Campus for the College (the "Siler City Campus College Project," and together with the Pittsboro Campus College Project, the "Projects"), 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 all or a portion of the Projects will be located (the "Sites") that will provide security for the County's obligations under the Contract;

WHEREAS, the County hereby determines that the acquisition of the Projects is essential to the County's proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Projects 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 Projects 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 Projects is an amount not to exceed \$22,500,000 and that such cost of the acquisition of the Projects 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 Projects pursuant to the Contract is expected to exceed the cost of financing the acquisition of the Projects pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing the Projects 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 Projects; and (3) no 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 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 Projects 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 Projects for a principal amount not to exceed \$22,500,000 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 Sites, 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.

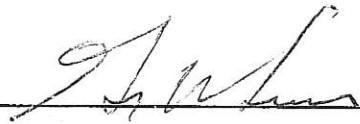
Section 3. **Direction to Retain Special Counsel.** That the County Manager and the Finance Officer, with advice from the County Attorney, are hereby authorized and directed to retain the assistance of Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, as special counsel.

Section 4. **Public Hearing.** That a public hearing (the "Public Hearing") shall be conducted by the Board of Commissioners on May 18, 2009 at 6:00 p.m. in the District Court Room, 12 East Street, Pittsboro, North Carolina, concerning the Contract, the Deed of Trust, the proposed Projects 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.



George Lucier, Chairman

05-05-09

Date

EXHIBIT A
NOTICE OF PUBLIC HEARING

At its May 4, 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 (1) acquiring, constructing and equipping a building for the environmental resources programs at Central Carolina Community College in Pittsboro (the "*College*") and a library for use by the County and the College at the College Campus in Pittsboro (the "*Pittsboro Campus College Project*") and (2) acquiring, constructing and equipping an industrial and adult education center at the Central Carolina Business Campus for the College (the "*Siler City Campus College Project*," and together with the Pittsboro Campus College Project, the "*Projects*"), pursuant to an installment financing contract (the "*Contract*"), in a principal amount not to exceed \$22,500,000 under which the County will make certain installment payments, in order to make the Projects 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 all or a portion of the Projects will be 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 Pittsboro Campus College Project will be located at 764 West Street, Pittsboro, North Carolina. The Siler City Campus College Project will be located on Progress Boulevard, Siler City, 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 May 18, 2009 at 6:00 p.m. in the District Court Room, 12 East 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 Projects. All interested parties are invited to present comments at the public hearing regarding the execution and delivery of the Contract and the Projects to be financed thereby.

/s/ SANDRA B. SUBLETT

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

Published: _____