

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF
CHATHAM, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN
INSTALLMENT PURCHASE CONTRACT, DIRECTING THE PUBLICATION OF
NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER
MATTERS RELATED 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 or refinance 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 of Commissioners*"), determines that it is in the best interest of the County to enter into (1) an installment purchase contract (the "*Contract*") with RBC Bank, a banking corporation organized and existing under the laws of the State of North Carolina (the "*Bank*"), in order to pay the capital costs of acquiring, constructing, installing and equipping water transmission mains, a pump station and an elevated water storage tank in the southwest portion of the County (the "*Western Water Transmission Project*") and (2) a Uniform Commercial Code security agreement (the "*Security Agreement*") related to (a) the County's interest in the personal property, including equipment, related to the Western Water Transmission Project;

WHEREAS, the County hereby further determines that the acquisition is essential to the County's proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Western Water Transmission Project will provide an essential use and now permit or 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 Security Agreement 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 and take title to the Western Water Transmission Project 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 acquisition, construction and installation of the Western Water Transmission Project is approximately \$14,500,000 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 financing the acquisition, construction and installation of the Western Water Transmission Project pursuant to the Contract is expected to exceed such cost pursuant to a bond financing for the same undertakings, the County hereby determines that the cost of financing the acquisition, construction and installation of the Western Water Transmission Project pursuant to the Contract and the Security Agreement 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; and (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of acquiring, constructing, improving and equipping the Western Water Transmission Project;

WHEREAS, the County has determined and hereby determines that the estimated cost of financing the acquisition, construction and installation of the Western Water Transmission Project pursuant to the Contract reasonably compares with an estimate of similar costs under a bond financing for the same undertakings as a result of the findings delineated in the above preambles;

WHEREAS, the County does not anticipate future property tax increases solely to pay installment payments falling due under the Contract in any fiscal year during the term of the Contract;

WHEREAS, Dewey & LeBoeuf 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 and the Security Agreement and the acquisition, construction and installation of the Western Water Transmission 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 Contract.*** That the County Manager and the Finance Director, 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 acquisition, construction and installation of the Western Water Transmission Project in a principal amount not to exceed \$14,500,000 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 Security Agreement conveying a security interest in the personal property, including all equipment, of the Western Water Transmission Project to the Bank.

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, Underwriters.*** That the County Manager and the Finance Director are hereby authorized and directed to retain the assistance of Dewey & LeBoeuf LLP, as special counsel, and the County Manager and the Finance Director are authorized to retain RBC Bank, as lender, and DEC Associates, Inc., as financial advisor.

Section 4. ***Public Hearing.*** That a public hearing (the "*Public Hearing*") shall be conducted by the Board of Commissioners on May 19, 2008 at 6:00 p.m. in the District Courtroom of the Courthouse located at 12 East Street in Pittsboro, North Carolina, concerning the Contract, the Security Agreement, the proposed acquisition, construction and installation of the Western Water Transmission Project and any other transactions contemplated therein and associated therewith.

Section 5. ***Notice of Public Hearing.*** That the Clerk is hereby directed to cause a notice of the Public Hearing, substantially 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.

The resolution was adopted by the following vote:

YEAS

NAYS

READ, APPROVED AND ADOPTED this 5th day of May, 2008.



George Lucier, Chairman

ADOPTED AT A REGULAR MEETING ON MAY 5, 2008.

ATTEST:



Sandra B. Sublett, CMC, Clerk to Board

APPROVED AS TO FORM:

Richard J. "Jep" Rose, Acting County Attorney

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

I, Sandra B. Sublett, CMC, Clerk to the Board of Commissioners of the County of Chatham, North Carolina, *DO HEREBY CERTIFY* the attached to be a true and correct copy of a Resolution entitled “**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT PURCHASE CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO**” adopted by the Board of Commissioners of the County of Chatham, North Carolina, at a regular meeting held on May 5, 2008.

IN WITNESS WHEREOF, I have hereunto set my hand and have hereunto affixed the corporate seal of said County, this 5th day of May, 2008.

(SEAL)

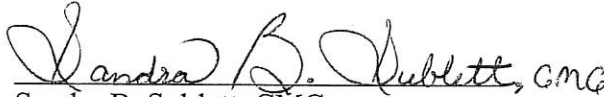

Sandra B. Sublett, CMC
County Clerk
County of Chatham, North Carolina

EXHIBIT A
NOTICE OF PUBLIC HEARING
BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH
CAROLINA

At its May 5, 2008 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 acquiring, constructing, installing and equipping water transmission mains, a pump station and an elevated water storage tank in the southwest portion of the County (the "*Western Water Transmission Project*") in the approximate aggregate amount of \$14,500,000, pursuant to an installment purchase contract (the "*Contract*"), under which the County will make certain installment payments, for the acquisition, construction and installation of the Western Water Transmission Project in order to make the Western Water Transmission Project available to the County; and

2. Authorized the County to proceed to provide, in connection with the Contract, as grantor, a Uniform Commercial Code security agreement (the "*Security Agreement*") under which a security interest in all personal property, including equipment, will be granted and conveyed by the County to create such interest as may be required for the benefit of RBC Bank, or its assigns, providing the funds to the County under the Contract.

3. Authorized the County to create a personal property security interest under the Security Agreement in the Western Water Transmission Project that will commence at NC Highway 15-501 and continue west to the Southwest Chatham Water System facilities located at the intersection of Highway 902 and Old U.S. 421 and northwest Highway 64 and Silk Hope Road. On payment by the County of all installment payments due under the Contract, the Security Agreement and any lien or security interest created thereunder will terminate and the County's title to the property described above will be unencumbered.

NOTICE IS HEREBY GIVEN, pursuant to Section 160A-20 of the General Statutes of North Carolina, that on May 19, 2008 at 6:00 p.m. in the District Courtroom of the Courthouse located at 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 Security Agreement and the County's acquisition of the Western Water Transmission Project. All interested parties are invited to present comments at the public hearing regarding the execution and delivery of the Contract and the Security Agreement and the Western Water Transmission Project to be financed thereby.

/s/ Sandra B. Sublett, CMC
Clerk to the Board of Commissioners
County of Chatham, North Carolina

Published: May __, 2008