

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM,
NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN AMENDED AND
RESTATED 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 of Commissioners of the County of Chatham, North Carolina (the "*Board of Commissioners*"), has previously determined that it was in the best interest of the County to (a) enter into an Installment Financing Contract dated as of June 11, 2008 (the "*Contract*") with RBC Bank (USA) (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 (b) create a security interest (the "*Security Interest*") in equipment associated with the Western Water Transmission Project;

WHEREAS, the Board hereby determines that it is in the best interest of the County to amend and restate the Contract (the "*Amended Contract*") in order to provide the financing for the capital costs of (1) expansion and renovation of Northwoods High School (the "*High School*") and (2) the acquisition of an existing office building (the "*Office Building*" and together with the High School, the "*New Projects*") for County use and certain other users, including Chapel Hill-Carrboro Young Men's Christian Association and First Health of the Carolinas, Inc.;

WHEREAS, the Board hereby further determines that it is in the best interest of the County 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 New Projects are or will be located (the "*Sites*"), that, together with the Security Interest in the Western Water Transmission Project, will provide security for the County's obligations under the Amended Contract ;

WHEREAS, the County hereby determines that the acquisition of the New Projects is essential to the County's proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the New 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 Amended 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 Amended Contract allows the County to purchase the New 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 New Projects is an amount not to exceed \$10,000,000 and that such cost of the acquisition of the New 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 New Projects pursuant to the Amended Contract is expected to exceed the cost of financing the acquisition of the New Projects pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing the New Projects pursuant to the Amended 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 New Projects; and (3) no revenues are produced by the New Projects so as to permit a revenue bond financing;

WHEREAS, the County has determined and hereby determines that the estimated cost of financing the New Projects pursuant to the Amended 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 Amended Contract;

WHEREAS, Parker Poe Adams & Bernstein LLP, as special counsel ("*Special Counsel*"), will render an opinion to the effect that entering into the Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended Contract, the Deed of Trust and the New 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 Amended 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 New Projects for a principal amount not to exceed \$10,000,000 under the Amended 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 Amended 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 Amended 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 Amended 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, Charlotte, North Carolina, as special counsel.

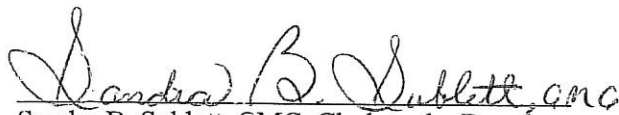
Section 4. **Public Hearing.** That a public hearing (the "Public Hearing") shall be conducted by the Board of Commissioners on November 17, 2008 at 6:00 p.m. in the District Courtroom, 12 East Street, Pittsboro, North Carolina, concerning the Amended Contract, the Deed of Trust, the proposed New Projects and any other transactions contemplated therein and associated therewith.

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

Section 6. **Effective Date.** That this Resolution is effective on the date of its adoption.

Adopted this, 3rd day of November, 2008.


George Lucier, Chairman


Sandra B. Sublett, CMC, Clerk to the Board
Chatham County Board of Commissioners