

EXTRACTS FROM MINUTES OF BOARD OF COMMISSIONERS

The Board of Commissioners of the County of Chatham (the "County") held a regularly scheduled meeting in the District Courtroom of the Courthouse located at 12 East Street, Pittsboro, North Carolina on September 18, 2006 at 6:00 p.m. The following Commissioners were:

Present: Commissioners Patrick Barnes, Michael Cross, Thomas J. Emerson,
Bunkey Morgan and Carl Outz

Absent: None

At 6:00 p.m., the Chairman stated that one of the purposes of the meeting was to hold a public hearing to take public comment on a proposed master installment financing plan to pay capital costs of (a) acquiring, constructing and equipping the Virginia Cross Elementary School in Siler City, North Carolina (the "*Virginia Cross School Project*"); (b) acquiring, constructing and equipping a cafeteria and classroom facilities at the Jordan Matthews High School in Siler City, North Carolina (the "*Jordan Matthews High School Project*"); (c) acquiring, constructing and equipping an addition to, and renovating, an existing building for the Department of Social Services (the "*Social Services Building Project*"); (d) acquiring, constructing and equipping water, sewer and roadway improvements at the Central Carolina Business Campus (the "*Central Carolina Business Campus Project*"); (e) 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*"); (f) 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*"); (g) acquiring, constructing and equipping a judicial building facility to accommodate the existing and future needs of the County's judicial system (the "*Judicial Facility Project*"); (h) acquiring, constructing and equipping the Northeast Middle School in northeast Chatham County, North Carolina (the "*Northeast Middle School Project*"); (i) acquiring, constructing and equipping a new high school in northeast Chatham County, North Carolina (the "*Northeast High School Project*"); (j) acquiring and equipping a classroom pod at the Northwood High School in Pittsboro, North Carolina (the "*Northwood High School Project*"); (k) acquiring and installing softball field lighting and/or tennis field lighting at Northwood High School, Chatham Central High School and Jordan Matthews High School (the "*Athletic Facilities Improvements*"); (l) acquiring and installing water transmission mains in the southeastern portion of the County (the "*Pea Ridge Road Water Improvements*"); (m) acquiring and installing water pumps at the High Service Pump Station, located at the Jordan Lake Water Treatment Plant (the "*High Service Pump Station Improvements*"); (n) acquiring, constructing, installing and equipping water transmission mains, an elevated water storage tank and a pump station in the southeast portion of the County (the "*Harnett Water Connection Improvements*") and acquiring potable water

capacity from Harnett County's water distribution facilities pursuant to an Agreement between the County and Harnett County (the "*Harnett Water Capacity Project*"); (o) 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 Improvements*"); (p) acquiring, constructing and renovating the existing Jordan Lake Water Treatment Plant to increase operating capacity (the "*Jordan Lake WTP Project*"); (q) acquiring, constructing, installing and equipping water transmission mains, control valve stations, an elevated water storage tank and a pump station in the northern portion of the County (the "*North Chatham Water Improvements*"); (r) acquiring and installing water transmission mains to benefit the Silk Hope School in the northwest portion of the County (the "*Silk Hope Water Improvements*"); (s) acquiring and installing a water transmission main in the Southwestern portion of the County (the "*Southwestern County Water Improvements*"); and (t) acquiring, constructing and equipping a raw water pump station located on the eastern side of Jordan Lake off Highway 64 (the "*Chatham Water Improvements,*" together with the Pea Ridge Road Water Improvements, the High Service Pump Station Improvements, the Harnett Water Connection Improvements, the Harnett Water Capacity Project, the Western Water Transmission Improvements, the Jordan Lake WTP Project, the North Chatham Water Improvements, the Silk Hope Water Improvements and the Southwestern County Water Improvements, the "*County Water Improvements,*" and together with the Virginia Cross School Project, the Jordan Matthews High School Project, the Social Services Building Project, the Central Carolina Business Campus Project, the Pittsboro Campus College Project, the Siler City Campus College Project, the Judicial Facility Project, the Northeast Middle School Project, the Northeast High School Project, the Northwood High School Project and the Athletic Facilities Improvements, the "*Projects.*"

WHEREAS, the County Attorney of the County presented an affidavit of an officer of *The Chatham Record* showing publication on September 7, 2006 of a Notice of Public Hearing, a copy of which is attached hereto (the "Notice"); and

WHEREAS, the Finance Director presented drafts of the installment financing documents related to the Projects, copies of which have been on file in the office of the County Manager and the Finance Director.

The Chairman then asked for a motion to open the public hearing. Commissioner Emerson moved that the public hearing be opened and the motion was duly adopted by the following vote:

AYES: 5

NAYS: 0

The Chairman inquired whether there were any persons who wished to speak at the public hearing. [No individual appeared, either in person, by attorney, or by means of a written statement, to give any comment.]

Thereupon, the Chairman asked for a motion to close the public hearing. Commissioner Emerson moved that the public hearing be closed and the installment financing approved. The motion was adopted by the following vote:

AYES: 5

NAYS: 0

The Chairman announced that another purpose of the meeting was to approve and authorize the execution and delivery of the proposed installment financing contract and certain related documents and instruments under which the County would obtain financing pursuant to Section 160A-20 of the North Carolina General Statutes, as amended, for that portion of the Projects consisting of the Virginia Cross School Project, the Jordan Matthews High School Project, the Social Services Building Project, the Central Carolina Business Campus Project, the Northwood High School Project and the Athletic Facilities Improvements (collectively, the "2006 Projects"), and under which the County would secure repayment by it of moneys advanced pursuant to such installment financing contract by initially granting a security interest in the Virginia Cross School Project, the Jordan Matthews High School Project and the Social Services Building Project and real property thereof described in the Notice.

Thereupon, Commissioner Emerson introduced the following resolution that was read by title, and moved that it be adopted.

**RESOLUTION APPROVING AN INSTALLMENT
FINANCING OF PUBLIC SCHOOL FACILITIES, COUNTY ADMINISTRATIVE
FACILITIES AND WATER, SEWER AND ROADWAY IMPROVEMENTS AND THE
SALE OF NOT MORE THAN
\$40,000,000 CERTIFICATES OF PARTICIPATION, SERIES 2006
AND AUTHORIZING THE EXECUTION AND DELIVERY
OF DOCUMENTS IN CONNECTION THEREWITH**

WHEREAS, there have been available at this meeting substantially final drafts of the following:

- (1) A form of the Installment Purchase Contract to be dated November 1, 2006 (the "Contract") between Chatham County, North Carolina (the "County") and the Chatham County Public Facilities Corporation (the "Corporation");
- (2) A form of the Deed of Trust and Security Agreement to be dated November 1, 2006 (the "Deed of Trust"), from the County to a trustee for the benefit of the Corporation;
- (3) A form of the Indenture of Trust to be dated November 1, 2006 (the "Indenture") between the Corporation and First-Citizens Bank & Trust Company, as trustee (the "Trustee");

- (4) A form of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the Certificates of Participation, Series 2006 (the "Certificates");
- (5) A form of the Contract of Purchase to be dated on or about October 19, 2006 (the "Purchase Contract") between Wachovia Bank, National Association, on behalf of itself and on behalf of Ferris, Baker Watts Incorporated (the "Underwriters") and the Corporation;
- (6) A form of the Letter of Representation to be dated on or about October 19, 2006 (the "Letter of Representation") from the County to the Underwriters;
- (7) A form of the Lease Agreement to be dated November 1, 2006 (the "Lease") between the County and the Chatham County Board of Public Education (the "Board of Education"); and
- (8) A form of the Agency Agreement to be dated November 1, 2006 (the "Agency Agreement") between the County and the Board of Education.

WHEREAS, the Board of Commissioners of the County duly conducted a public hearing on September 18, 2006, regarding the Contract to finance the acquisition, construction, renovation and/or equipping of the Projects and the mortgaging of real property related to certain of the Projects described in the Notice, and the Board received evidence supporting the need for such financing; and

WHEREAS, the Board of Commissioners of the County desires to approve the proposed installment financing of the 2006 Projects and the execution, sale and delivery of the Certificates and to authorize other actions in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County as follows:

- (1) All actions heretofore taken by the County Manager, the Finance Director and the County Attorney effectuating the proposed installment financing of the 2006 Projects are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the documents referred to above.
- (2) The Board of Commissioners hereby finds and determines in connection with the Contract and the transactions contemplated thereby that (a) such Contract is necessary or expedient to the County, (b) such proposed Contract, under current circumstances, is preferable to a bond issue of the County for the same purpose, (c) the sums estimated to fall due under such Contract are adequate and not excessive for its proposed purpose, (d) the County's debt management procedures and policies are good and its debt will continue to be managed in strict compliance with the law, (e) any increase in taxes necessary to meet the sums estimated to fall due under the Contract will not be excessive and (f) the County is not in default regarding any of its debt service obligations.

- (3) Each of the Contract, the Deed of Trust, the Letter of Representation, the Lease Agreement and the Agency Agreement, in the form submitted to this meeting, is hereby approved, in substantially such form and the Chairman or Vice Chairman of the Board, the County Manager, the Finance Director, the County Attorney and the Clerk to the Board are each hereby authorized and directed to execute and deliver each of those documents on behalf of the County, with such changes, insertions or omissions as they may approve with the advice of counsel.
- (4) The Indenture and the Purchase Contract, in the forms submitted to this meeting, are hereby approved with such changes, insertions or omissions as they may approve with the advice of counsel, including provisions (if applicable) that relate to a municipal bond or financial guarantee insurance policy procured by the County.
- (5) Each of the Preliminary Official Statement and the final Official Statement in the form of the Preliminary Official Statement submitted to this meeting, is hereby approved, in substantially such form, with such changes, insertions and omissions as appropriate, and the use thereof in connection with the public offering and sale of the Certificates is hereby authorized. The Chairman or Vice Chairman of the Board and the County Manager, Finance Director and County Attorney are hereby authorized and directed to effectuate the distribution, on behalf of the County, the final Official Statement in substantially such form, with such changes, insertions and omissions as they may approve with the advice of counsel.
- (6) Subject to the limitations set forth herein, the County Manager is hereby authorized to approve the terms of the Certificates, including but not limited to, the aggregate principal amount and the dates and amounts of maturities thereof, the redemption provisions thereof and the interest rates thereon; provided that: (i) the principal amount of the Certificates shall not exceed \$40,000,000; (ii) the final maturity date of the Certificates shall be no later than June 1, 2037; and (iii) the effective interest rate thereof shall not exceed 5.50%.
- (7) The Chairman or Vice Chairman of the Board, the County Manager, the Finance Director, the Clerk to the Board, and the County Attorney are hereby authorized to take any and all such further action and to execute and deliver such other documents as may be necessary or advisable to carry out the intent of this Resolution and to effect the installment financing pursuant to the Contract, including, without limitation, procuring a municipal bond or financial guarantee insurance policy and entering into tax compliance certificates and agreements. Without limiting the generality of the foregoing, each of the County Manager and Finance Director is authorized to approve all details of the financing, including without limitation, the amount advanced under the Contract (which shall not exceed \$40,000,000 the annual payments under the Contract, the interest rates with respect to such payments, the term of the Contract, and the discount below or premium above the principal amount of the Certificates at which the Certificates are sold to the Underwriters. Execution of the Contract by the Chairman or Vice

Chairman of the Board or the County Manager and Finance Director shall conclusively evidence approval of all such details of the financing.

On motion of Commissioner Emerson, the foregoing resolution entitled "RESOLUTION APPROVING AN INSTALLMENT FINANCING OF PUBLIC SCHOOL FACILITIES, COUNTY ADMINISTRATIVE FACILITIES AND WATER, SEWER AND ROADWAY IMPROVEMENTS AND THE SALE OF NOT MORE THAN \$40,000,000 CERTIFICATES OF PARTICIPATION, SERIES 2006 AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION THEREWITH" was duly adopted by the following vote:

AYES: 5


NAYS: 0

This Resolution shall become effective immediately upon its adoption.

This the 18th day of September, 2006.

CHATHAM COUNTY BOARD OF COMMISSIONERS

BY:


Bunkey Morgan, Chairman

ATTESTED BY:


Sandra B. Sublett, Clerk to the Board

[SEAL]