

The Board of Commissioners of the County of Chatham, North Carolina, held a regular meeting at the Agricultural Auditorium Building, 45 South Street, in Pittsboro, North Carolina, the regular place of meeting, at 10:00 AM on May 06, 2002.

Present: Chairman, Gary Phillips; Vice Chair, Margaret Pollard; Commissioners Bob Atwater, Rick Givens, and Carl Outz

Absent: None

Also Present: County Manager, Charlie Horne; County Attorney, Bob Gunn; Assistant County Manager, Paul Spruill; Finance Officer, Vicki McConnell; Clerk to the Board, Sandra B. Sublett

Commissioner Atwater introduced the following resolution the title of which was read and copies of which had been distributed to each Commissioner:

**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT FINANCING AGREEMENT, A DEED OF TRUST, A REHABILITATION AGREEMENT, A LEASE AGREEMENT AND RELATED DOCUMENTS IN CONNECTION WITH AN INSTALLMENT FINANCING FOR SCHOOL IMPROVEMENTS**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the County of Chatham, North Carolina (the "County"):

Section 1. The Board does hereby find and determine as follows:

(a) The Chatham County Board of Education (the "Board of Education"), the governing board of the Chatham County local school administrative unit, has determined that a need exists for renovating and modernizing Moncure Elementary School and has requested capital funding therefor (the "Project").

(b) The Project is hereby approved.

(c) The Board and the Board of Education applied to, and have been approved by, the North Carolina Department of Education for allocation of qualified zone academy bond authorization under Section 1397E of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, the "Code").

(d) After a public hearing and due consideration, the Board has determined that the most efficient manner of financing the Project will be for the County

to enter into an Installment Financing Agreement (the "Agreement"), in a principal amount not to exceed \$500,000 with Bank of America, N.A. (the "Bank") pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended, and Section 1397E of the Code. Pursuant to the Agreement, the Bank will advance moneys to the County in an amount sufficient to pay, together with other available funds, the costs of the Project, and the County will repay the advancement by making annual installment payments (the "Installment Payments"), without interest, for the term of the loan. The term of the loan will be the maximum term shown on the web page of the United States Department of State Treasurer relating to QZAB rates on the date of closing of the loan, and is anticipated to be 13-14 years (the "Term").

(e) The Installment Payments will be invested pursuant to a Forward Delivery Agreement (the "Forward Delivery Agreement"), among the County, the Bank and a custodian acceptable to the County at a rate calculated to provide sufficient funds at the end of the Term to pay the full amount of the loan that is due.

(f) In order for the County to enter into the plan of finance, the sites of the Project will be conveyed by the Board of Education to the County.

(g) In order to secure the performance of the County's obligations under the Agreement, the County will execute and deliver a Deed of Trust (the "Deed of Trust"), granting a lien on the site of the Project and all improvements and fixtures located and to be located thereon (the "Mortgaged Property").

(h) In order to facilitate the construction of the Project, the County will enter into a Rehabilitation Agreement (the "Rehabilitation Agreement") with the Board of Education providing for the supervision of construction of the Project by the Board of Education.

(i) The Mortgaged Property will be leased back to the Board of Education pursuant to a Lease Agreement (the "Lease Agreement") between the County and the Board of Education, which Lease Agreement will be subordinate to the lien created by the Deed of Trust.

(j) There has been presented to the Board forms of the following documents relating to the transaction hereinabove described:

- (1) the Agreement;
- (2) the Deed of Trust;
- (3) the Rehabilitation Agreement;
- (4) the Lease Agreement; and
- (5) the Forward Delivery Agreement.

Section 2. The Board hereby approves the Agreement, the Deed of Trust, the Rehabilitation Agreement, the Lease Agreement and the Forward Delivery Agreement in substantially the forms presented at this meeting. The Chairman or Vice Chairman of the Board or the County Manager is hereby authorized to execute and deliver on behalf of the County each such document in substantially the form presented at this meeting, containing such insertions, deletions and filling in of blanks as the person executing such document shall approve, such execution to be conclusive evidence of approval by the Board of any such changes. The Clerk to the Board is hereby directed to affix the corporate seal of the County to each such document and to attest the same.

Section 3. No deficiency judgment may be rendered against the County in any action for breach of any contractual obligation under the Agreement or the Deed of Trust, and the taxing power of the County is not and may not be pledged directly or indirectly to secure any moneys due under the Agreement or the Deed of Trust.

Section 4. The Chairman, Vice Chairman, County Manager, Finance Officer, County Attorney and the Clerk to the Board, and any other officers, agents and employees of the County, are hereby authorized and directed to execute and deliver such closing certificates, opinions and other items of evidence as shall be deemed necessary to consummate the transactions described above, including (a) the execution of any necessary financing statements relating to fixtures located on the Mortgaged Property and (b) the execution of any documents necessary for the conveyance of the site of the Project to the County.

Section 5. The Board hereby designates its obligations under the Agreement to be a qualified zone academy bond pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Section 6. This resolution shall take effect immediately upon its passage.


Upon motion of Commissioner Atwater, seconded by Commissioner Pollard, the foregoing resolution entitled "RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT FINANCING AGREEMENT, A DEED OF TRUST, A REHABILITATION AGREEMENT, A LEASE AGREEMENT AND RELATED DOCUMENTS IN CONNECTION WITH AN INSTALLMENT FINANCING FOR SCHOOL IMPROVEMENTS" was passed by the following vote:

Ayes: Commissioners Phillips, Pollard, Atwater, Givens, and Outz

Noes: None

I, Sandra B. Sublett, Clerk to the Board, DO HEREBY CERTIFY that the foregoing is a true copy of such much of the proceedings of the Board of Commissioners of the County of Chatham, North Carolina, at a regular meeting held on May 06, 2002, as it relates in any way to the holding of a public hearing relating to an installment financing for school improvements and the passage of the foregoing resolution approving an installment financing for school improvements ~~and that said proceedings are recorded in Minute Book No. \_\_\_ of the minutes of said Board, beginning on page \_\_\_ and ending on page \_\_\_.~~

WITNESS my hand and corporate seal of said County this 28<sup>th</sup> day of May, 2002.

  
Sandra B. Sublett, Clerk to the Board

[SEAL]