

WHEREAS, the bond order hereinafter described has taken effect, and it is desirable to make provision for the issuance of bonds authorized by said bond order; NOW, THEREFORE,

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

1. Pursuant to and in accordance with the refunding bond order adopted by the Board of Commissioners on July 9, 2001 and subject to Section 7 hereof, the Issuer shall issue its bonds of the aggregate principal amount of \$7,710,000. The Bonds shall be designated "Refunding Bonds, Series 2001" (hereinafter referred to as the "Bonds"). The Bonds shall be dated September 1, 2001 and shall bear interest from their date at a rate or rates which shall be hereafter determined upon the public sale thereof and such interest shall be payable on May 1, 2002 and semi-annually thereafter on November 1 and May 1. The Bonds shall mature, subject to adjustment as hereinafter set forth, annually on May 1, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2002	\$290,000	2008	\$735,000
2003	495,000	2009	720,000
2004	490,000	2010	710,000
2005	780,000	2011	895,000
2006	765,000	2012	1,080,000
2007	750,000		

Debt service will be payable to the registered owners of the Bonds shown on the records of the hereinafter designated Bond Registrar of the Issuer on the record date which shall be the fifteenth day of the calendar month (whether or not a business day) next preceding a debt service payment date.

The Bonds shall be deemed to refund the bonds being refunded within the period of usefulness of the capital projects financed by such bonds being refunded.

2. The Bonds will be issued in fully registered form by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. The book entry system will evidence ownership of the Bonds in principal amounts of \$5,000 or whole multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

Interest on the Bonds will be payable at the times stated in the preceding paragraph, and principal of the Bonds will be paid annually on May 1, as set forth in the foregoing maturity schedule, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book entry system with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates.

Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date in which event it shall bear interest from such interest payment date, or (b) authenticated prior to the first interest payment date in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof.

3. The Bonds shall bear the manual or facsimile signatures of the Chairman and the Clerk of the Board of Commissioners of the Issuer and the official seal or a facsimile of the official seal of the Issuer shall be impressed or imprinted, as the case may be, on the Bonds.

The certificate of the Local Government Commission of North Carolina to be endorsed on all Bonds shall bear the manual or facsimile signature of the Secretary of said Commission or of a representative designated by said Secretary and the certificate of authentication of the Bond Registrar to be endorsed on all Bonds shall be executed as provided hereinafter.

In case any officer of the Issuer or the Local Government Commission of North Carolina whose manual or facsimile signature shall appear on any Bonds shall cease to be such

officer before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Bond may bear the manual or facsimile signatures of such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

4. The Bonds and the endorsements thereon shall be in substantially the following form:

NO. R-

\$

United States of America
State of North Carolina

COUNTY OF CHATHAM

REFUNDING BOND, SERIES 2001

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP
	May 1, _____	September 1, 2001	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

DOLLARS

The COUNTY OF CHATHAM (hereinafter referred to as "County"), a county of the State of North Carolina, acknowledges itself indebted and for value received hereby promises to pay to the registered owner named above, on the date specified above, upon surrender hereof, at the office of the Finance Officer of the County, 12 East Street, Pittsboro, North Carolina 27312 (the "Bond Registrar"), the principal sum shown above and to pay to the registered owner hereof, by check mailed to the registered owner at his address as it appears on the bond registration books of the County, interest on such principal sum from the date of this bond [or from the May 1 or November 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a May 1 or November 1 to which interest shall have been paid, in which case from such date], such interest to the maturity hereof being payable on May 1, 2002 and semi-annually thereafter on November 1 and May 1 of each year, at the rate per annum specified above, until payment of such principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond is registered at the close of business on the record date for such interest, which shall be the fifteenth day of the calendar month (whether or not a business day) next preceding such interest payment date. Both the principal of and the interest on this bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof.

This bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to The Local Government Finance Act of the State of North Carolina, as amended, a bond order adopted by the Board of Commissioners of the County on July 9, 2001 (the "Bond Order") and resolutions adopted by said Board of Commissioners (the "Resolution") to provide funds, together with other funds of the County, to pay and refund a portion of the County's outstanding Public Improvement Bonds, Series 1992, dated May 1, 1992 and School Bonds, Series 1994, dated December 1, 1994.

The bonds will be issued in fully registered form by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC") and immobilized in its custody. The book entry system will evidence ownership of the bonds in principal amounts of \$5,000 or whole multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The bonds are not subject to redemption prior to their stated maturities.

The Bond Registrar shall keep at her office the books of said County for the registration and registration of transfer of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unpaid principal amount of this bond, of the same maturity and bearing interest at the same rate.

Bonds, upon surrender thereof at the office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any

denomination or denominations authorized by the Resolution and bearing interest at the same rate.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this bond, exist, have been performed and have happened, and that the amount of this bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by said Constitution or statutes. The faith and credit of the County are hereby pledged to the punctual payment of the principal of and interest on this bond in accordance with its terms.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order or the Resolution mentioned herein until this bond shall have been endorsed by the authorized representative of the Local Government Commission of North Carolina and authenticated by the Bond Registrar.

IN WITNESS WHEREOF, the County has caused this bond [to be manually signed by] [to bear the facsimile signatures of] the Chairman and the Clerk of the Board of Commissioners of the County and [a facsimile of] its official seal to be [imprinted] [impressed] hereon, and this bond to be dated September 1, 2001.

Chairman,
Board of Commissioners

(SEAL)

Clerk,
Board of Commissioners

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The Local Government Bond Act of North Carolina.

Secretary, Local Government
Commission

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue designated herein and issued under the provisions of the within-mentioned bond order and resolution.

COUNTY OF CHATHAM
Finance Officer, as Bond Registrar

By _____
Authorized Signatory

Date of Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells,
assigns and transfers unto _____, the
_____ the
within Bond and irrevocably appoints _____,
attorney-in-fact, to transfer the within Bond on the books kept
for registration thereof, with full power of substitution in the
premises.

Dated: _____

NOTICE: The signature to this
assignment must correspond
with the name as it appears
upon the face of the within
Bond in every particular,
without any alteration
whatsoever.

Signature Guaranteed:

Notice: Signature must
be guaranteed by an
institution which is a
participant in the
Securities Transfer Agent
Medallion Program (STAMP)
or similar program in
accordance with
Securities and Exchange
Commission Rule 11Ad-15

5. The Bonds are not subject to redemption prior to their stated maturities.

6. Bonds, upon surrender thereof at the office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

The transfer of any Bond may be registered only upon the registration books of the Issuer upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in an aggregate principal amount equal to the unpaid principal amount of such Bond so surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Issuer or the Bond Registrar may make a charge for shipping and out-of-pocket costs for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made for exchanging or registering the transfer of Bonds under this resolution.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond and the interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, and interest thereon, to the extent of the sum or sums so paid.

The Issuer shall appoint such registrars, transfer agents, depositaries or other agents and make such other arrangements as may be necessary for the registration, registration of transfer and exchange of Bonds within a

reasonable time according to then commercial standards and for the timely payment of principal and interest with respect to the Bonds. The Issuer's Finance Officer is hereby appointed the registrar, transfer agent and paying agent for the Bonds (collectively, the "Bond Registrar"), subject to the right of the governing body of the Issuer to appoint another Bond Registrar, and as such shall keep at her office at 12 East Street, Pittsboro, North Carolina 27312, the books of the Issuer for the registration, registration of transfer, exchange and payment of the Bonds as provided in this resolution.

7. The Local Government Commission of North Carolina is hereby requested to sell the Bonds and to state in the Notice of Sale of the Bonds that bidders may name one rate of interest for part of the Bonds and another rate or rates for the balance of the Bonds. The Bonds shall bear interest at such rate or rates as may be named in the proposal to purchase said Bonds which shall be accepted by the Local Government Commission. The Issuer hereby reserves the right to adjust the aggregate principal amount of the Bonds and the principal amount of each maturity of the Bonds after the opening of bids for the Bonds. The Issuer specifically reserves the right to increase or decrease the aggregate principal amount of the Bonds by an amount not to exceed \$500,000 following the opening of bids. The Issuer also hereby specifically reserves the right to increase or decrease the principal amount of any maturity of the Bonds by an amount not to exceed \$75,000 per maturity following the opening of the bids. In the event of such increase or decrease in the aggregate principal amount of the Bonds, the purchase price of the Bonds will be accordingly increased or decreased by the amount of such increase or decrease.

8. The Chairman of the Board of Commissioners, the Clerk of the Board of Commissioners and the Finance Officer of the Issuer are hereby authorized and directed to cause the Bonds to be prepared and, when they shall have been duly sold by said Local Government Commission, to execute the Bonds and have the Bonds endorsed and authenticated as provided herein and to deliver the Bonds to the purchaser or purchasers to whom they may be sold by said Local Government Commission.

9. The Issuer covenants to do and perform all acts and things permitted by law necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes.

10. The Board of Commissioners of the Issuer hereby approves the terms of the Escrow Deposit Agreement by and between the Issuer and Branch Bank & Trust Company substantially in the form presented to the Board (draft of 7/31/01) and hereby authorizes the officers of the Issuer designated therein to execute and deliver the Escrow Deposit Agreement in substantially such form with such changes and insertions as any of such officers shall deem necessary to accomplish the purposes for

which the Bonds are being issued, their execution thereof constituting conclusive evidence of such approval.

11. The Issuer hereby represents that (i) the Bonds are not private activity bonds as defined in the Internal Revenue Code of 1986, as amended (the "Code") and (ii) the Issuer, together with any subordinate entities of the Issuer and any entities which issue obligations on behalf of the Issuer, reasonably expects that it will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations (other than private activity bonds which are not qualified as 501(c)(3) bonds) in the current calendar year. In addition, the Issuer hereby designates the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

12. The Issuer hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide:

- (a) by not later than seven months from the end of each fiscal year of the Issuer, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State of North Carolina ("SID"), if any, audited financial statements of the Issuer for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Issuer are not available by seven months from the end of such fiscal year, unaudited financial statements of the Issuer for such fiscal year to be replaced subsequently by audited financial statements of the Issuer to be delivered within 15 days after such audited financial statements become available for distribution;
- (b) by not later than seven months from the end of each fiscal year of the Issuer, to each NRMSIR, and to the SID, if any, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the heading "The County - Debt Information and - Tax Information" in the Official Statement relating to the Bonds (excluding any information on overlapping or underlying units) and (ii) the combined budget of the Issuer for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;
- (c) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, if any, notice of any of the following events with respect to the Bonds, if material:

- (a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer;
- (b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement relating to the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and
- (c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of this Resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section 12 shall terminate upon payment, or provisions having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

13. The blanket Letter of Representations, as requested by DTC, is hereby approved and confirmed.

14. The Chairman of the Board of Commissioners, the County Manager, the Clerk of the Board of Commissioners, the Finance Officer and the other officers of the Issuer are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any and all financing statements, certificates, documents or other papers and to perform any and all acts they may deem necessary or appropriate in order to carry out the intent of this resolution and the matters herein authorized.

15. The power to make any election on behalf of the Issuer with respect to the arbitrage rebate provisions of the Code applicable to the Bonds is hereby delegated to the Chairman of the Board of Commissioners and the Finance Officer of the Issuer.

The motion having been duly seconded, and the resolution having been considered, it was adopted by the following vote:

AYES: Atwater, Outz, Phillips and Pollard

NAYS: none

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