

**EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS**

A regular meeting of the Board of Commissioners of the County of Chatham, North Carolina, was duly held on May 17, 2021 at 6:00 p.m. in the Agriculture and Conference Center, 1192 U.S. Hwy 64 W Business, Pittsboro, North Carolina. Chair Mike Dasher presiding.

The following members were present: Chair Mike Dasher, Vice Chair Diana Hales, Commissioners James Crawford, Franklin Gomez Flores and Karen Howard

The following members were absent:

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Commissioner Hales moved that the following resolution, copies of which having been made available to the Board of Commissioners, be adopted:

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO**

*WHEREAS*, the County of Chatham, North Carolina (the “*County*”) is a validly existing political subdivision, 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 (the “*Board*”), determines that it is in the best interest of the County to enter into:

(a) an amendment (the “*Amendment*”) to the Installment Financing Contract dated as of January 1, 2013 (the “*2013 Contract*,” and together with the Amendment, the “*Contract*”) with the Chatham

County Public Facilities Corporation, a North Carolina nonprofit corporation (the "*Corporation*"), in order (1) to finance the costs of the construction, equipping and furnishing of improvements to public school facilities and the County's Emergency Operations Center (collectively, the "*2021 Project*"), (2) to refinance certain of the County's prior installment financing obligations (the "*Prior Obligations*"), including those provided for in the 2013 Contract, which was used to finance the Chatham County Detention Facility (together with other projects financed by the Prior Obligations, the "*Prior Projects*" and, together with the 2021 Project, the "*Project*") and (3) to pay the costs related to the execution and delivery of the Amendment; and

(b) a notice of extension (the "*Notice of Extension*") to the Deed of Trust, Security Agreement and Fixture Filing dated as of January 1, 2013 (the "*2013 Deed of Trust*," and together with the Notice of Extension, the "*Deed of Trust*"), which originally placed a lien on the County's fee simple interest in the site of the Chatham County Detention Facility and the improvements thereon, to extend that lien to the site of the Emergency Operations Center and the improvements thereon (together with the site of the Chatham County Detention Facility and the improvements thereon, the "*Mortgaged Property*"), all of which to secure the County's obligations under the Contract;

*WHEREAS*, the County hereby determines that the Project is essential to the County's proper, efficient and economic operation and to the general health and welfare of its citizens; that the financing and refinancing, respectively, of the Project will permit the County to carry out public functions that it is authorized by law to perform; and that entering into the Amendment and the Notice of Extension are necessary and expedient for the County by virtue of the findings presented herein;

*WHEREAS*, the County hereby determines that the Amendment allows the County to purchase or refinance the Project, as applicable, and take title thereto 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 2021 Project and the refinancing of the Prior Projects is an amount not to exceed \$85,000,000 and that such cost of the 2021 Project and the refinancing of the Prior 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 and refinancing the Project pursuant to the Amendment is expected to exceed the cost of financing and refinancing the Project pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing and refinancing the Project pursuant to the Amendment and the Notice of Extension 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 the Project; and (3) revenues produced by the Project are insufficient to permit a revenue bond financing;

*WHEREAS*, the County has determined and hereby determines that the estimated cost of financing and refinancing the Project pursuant to the Amendment reasonably compares with an estimate of similar costs under a general obligation bond financing for the same undertaking as a result of the findings delineated in the above preambles;

*WHEREAS*, the County anticipates that any property tax increase, if necessary, to pay installment payments falling due under the Amendment will not be excessive;

*WHEREAS*, Parker Poe Adams & Bernstein LLP, as bond counsel, will render an opinion to the effect that entering into the Amendment 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;

*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 Amendment 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 Deed of Trust and the financing and refinancing of the Project.

*NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, AS FOLLOWS:*

Section 1. ***Authorization to Negotiate Amendment.*** That the County Manager or the Finance Director, with advice from the County Attorney and Bond Counsel, are hereby authorized and directed to proceed and negotiate on behalf of the County with the Amendment for a principal amount not to exceed \$85,000,000, for the financing and refinancing of the Project, 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 Notice of Extension conveying a lien and interest in the Emergency Operations Center and the improvements thereon to be included as Mortgaged Property under the Deed of Trust.

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 Amendment 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, Financial Advisor and Underwriters.*** That the County Manager and the Finance Director, with advice from the County Attorney, are hereby authorized and directed to retain the assistance of Parker Poe Adams & Bernstein LLP, Raleigh, North

Carolina, as bond counsel; DEC Associates, Inc., Charlotte, North Carolina, as financial advisor; and BofA Securities, Inc., Charlotte, North Carolina and PNC Capital Markets LLC, Charlotte, North Carolina, as underwriters.

Section 4. **Public Hearing.** That a public hearing (the “*Public Hearing*”) shall be conducted by the Board on June 21, 2021 at 6:00 p.m. in the Agriculture and Conference Center, 1192 U.S. Hwy 64 W Business, Pittsboro, North Carolina, concerning the Contract, the Deed of Trust, the proposed Project and any other transactions contemplated therein and associated therewith.

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

Read, approved and adopted this 17th day of May, 2021.

By: \_\_\_\_\_

Chair of the Board of Commissioners

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Clerk to the Board

