

EXTRACTS FROM MINUTES OF BOARD OF COMMISSIONERS

A regular meeting of the Board of Commissioners of Chatham County, North Carolina was held at 7:00 o'clock P.M. September 16, 1996 in the District Court Room in the Courthouse Annex in Pittsboro, North Carolina with Commissioners Dunlap, Grimes, Holland, Pollard and Wilson present and none absent.

At said meeting the following proceedings were had:

* * * * *

Commissioner Pollard presented the following resolution and moved that it be adopted:

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 September 3, 1996 and subject to Section 6 hereof, the Issuer shall issue its bonds of the aggregate principal amount of \$5,435,000. The Bonds shall be designated "Refunding Bonds, Series 1996" (hereinafter referred to as the "Bonds"). The Bonds shall be dated October 1, 1996 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, 1997 and semi-annually thereafter on November 1 and May 1. The Bonds shall mature, subject to the right of prior redemption and 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>
1997	\$140,000	2005	\$500,000
1998	145,000	2006	495,000
1999	145,000	2007	485,000
2000	150,000	2008	480,000
2001	150,000	2009	475,000
2002	520,000	2010	465,000
2003	515,000	2011	260,000
2004	510,000		

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, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC; transfer of principal, interest and any redemption premium 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 and any redemption premium 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 1996

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP
	May 1, _____	October 1, 1996	

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, 1997 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 September 3, 1996 (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 School Bonds, Series 1991, dated May 1, 1991.

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, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC; transfer of principal, interest and any redemption premium 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 maturing on and after May 1, 2007 shall be subject to redemption prior to their stated maturities at the option of the County on or after May 1, 2006, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount of each bond to be redeemed together with accrued interest thereon to the redemption date plus a redemption premium of one-half of one percent (1/2 of 1%) of the principal amount of each bond to be redeemed for each period of twelve months or part thereof between the redemption date and the maturity date of each bond to be redeemed, provided that such premium shall not exceed two percent (2%) of such principal amount. If less than all of the bonds of any maturity are called for redemption, the bonds to be redeemed shall be selected in such manner as the County may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting bonds for redemption, the Bond Registrar shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by \$5,000. For so long as a book-entry system is used for determining beneficial ownership of the Bonds, if less than all of the bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the bonds within a maturity are to be redeemed. If less than all the Bonds of different maturities are

called for redemption, the Bonds to be redeemed shall be called in the inverse order of their maturities.

Not more than forty-five (45) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of such redemption to be mailed, postage prepaid, to DTC or its nominee. On the date fixed for redemption, notice having been given as aforesaid, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such bonds or portions thereof on such date and, if moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar as provided in the Resolution, interest on the Bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to DTC or its nominee upon the surrender hereof.

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 Resolutions 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 unredeemed 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.

The Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or of any bond called for redemption in whole or in part pursuant to the Resolution.

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 October 1, 1996.

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
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:

5. The Bonds maturing on and after May 1, 2007 shall be subject to redemption prior to their stated maturities at the option of the Issuer on or after May 1, 2006, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount of each Bond to be redeemed together with accrued interest thereon to the redemption date plus a redemption premium of one-half of one percent ($1/2$ of 1%) of the principal amount of each Bond to be redeemed for each period of twelve months or part thereof between the redemption date and the maturity date of each Bond to be redeemed, provided that such premium shall not exceed two percent (2%) of such principal amount. If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected in such manner as the Issuer may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the hereinafter designated Bond Registrar shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by \$5,000. For so long as a DTC book-entry system is used for determining beneficial ownership of the Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the Bonds within a maturity are to be redeemed. If less than all of the Bonds of different maturities are called for redemption, the Bonds to be redeemed shall be called in the inverse order of their maturities.

Not more than forty-five (45) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be mailed, postage prepaid, to DTC or its nominee. Each such notice shall identify the Bonds or portions thereof to be redeemed by reference to their numbers and shall set forth the date designated for redemption, the redemption price to be paid and the maturities of the Bonds to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in principal amount equal to the unredeemed portion of such bond will be issued.

On or before the date fixed for redemption, moneys shall be deposited with the Bond Registrar to pay the principal of and the redemption premium, if any, on the Bonds or portions thereof called for redemption as well as the interest accruing thereon to the redemption date thereof.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date.

If a portion of a Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

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 unredeemed 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. The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or of any Bond called for redemption in whole or in part pursuant to this Section.

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 or redemption price 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, including the redemption premium, if any, 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, interest and any redemption premium 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 comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent required to preserve the exclusion from gross income of interest on the Bonds 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 First-Citizens Bank & Trust Company substantially in the form presented to the Board (draft of 9/16/96) 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 undertakes, for the benefit of the beneficial owners of the Bonds, to provide continuing disclosure, as follows:

- (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 (which data shall be prepared at least annually, shall specify the date as to which such information was prepared and shall be delivered together with any subsequent material events notices specified in subparagraph (c) below) 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:
- (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
 - (7) modification to the rights of the beneficial owners of the Bonds;
 - (8) bond calls;
 - (9) defeasances;
 - (10) release, substitution or sale of any property securing repayment of the Bonds;
 - (11) rating changes; and
- (d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the Issuer to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the Issuer fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Issuer reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Issuer, provided that any such modification will be done in a manner consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as it may be amended from time to time ("Rule 15c2-12"), and provided further that:

- (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 11 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.

12. The blanket Letter of Representations, as requested by DTC in connection with the issuance of the Bonds and in substantially the form attached hereto as Exhibit A, is hereby approved, and the Finance Officer is hereby authorized to complete and execute such Letter of Representations and to deliver the same to DTC for and on behalf of the Issuer in connection with the Bonds.

13. 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.

14. 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: Commissioners Dunlap, Grimes, Holland, Pollard and Wilson

NAYS: None

* * * * *



Blanket Issuer Letter of Representations

[To be Completed by Issuer]

County of Chatham, North Carolina

[Name of Issuer]

October 8, 1996

[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
 55 Water Street; 50th Floor
 New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

County of Chatham, North Carolina

(Issuer)

By: _____

(Authorized Officer's Signature)

Vicki S. McConnell

Finance Officer

(Typewrite Name & Title)

12 East Street

(Street Address)

Pittsboro, NC 27312

(City)

(State)

(Zip)

919-542-8210

(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.