

EXTRACTS FROM MINUTES OF BOARD OF COMMISSIONERS

At a regular meeting of the Board of Commissioners held in the District Courtroom in the Courthouse Annex in Pittsboro, North Carolina at 7:00 o'clock p.m. on November 21, 1994 with Commissioners Dunlap, Hanner, Holland, Holmes and Pollard present and none absent.

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Commissioner Holmes 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 \$15,000,000 school bond order adopted by the Board of Commissioners on September 13, 1993, the Issuer shall issue its bonds of the aggregate principal amount of \$6,000,000 (the "Bonds"). The Bonds shall be designated "School Bonds, Series 1994." The period of usefulness of the capital project to be financed by the issuance of the Bonds is a period of forty years, computed from December 1, 1994.

2. The Bonds shall be dated December 1, 1994 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 June 1, 1995 and semi-annually thereafter on December 1 and June 1. The Bonds shall mature, subject to the right of prior redemption as hereinafter set forth, annually on June 1, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1996	\$300,000	2005	\$300,000
1997	300,000	2006	300,000
1998	300,000	2007	300,000
1999	300,000	2008	300,000
2000	300,000	2009	300,000
2001	300,000	2010	300,000
2002	300,000	2011	400,000
2003	300,000	2012	1,100,000
2004	300,000		

Debt service will be payable to the 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.

3. 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 June 1, as set forth in the foregoing maturity schedule, in clearinghouse funds 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 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.

4. 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.

5. 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

SCHOOL BOND, SERIES 1994

INTEREST RATE	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP
	June 1, ____	December 1, 1994	

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, Courthouse Annex, 12 East Street, Pittsboro, North Carolina 27312 (the "Paying Agent"), 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 June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on June 1, 1995 and semi-annually thereafter on December 1 and June 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 13, 1993 (the "Bond Order") and resolutions adopted by said Board of Commissioners (the "Resolutions") to provide funds to pay capital costs of improving County school facilities. The issuance of this bond and the indebtedness evidenced thereby have been approved by a majority of the qualified voters of the County voting at an election held in the County on December 14, 1993.

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 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 maturing on and after June 1, 2005 shall be subject to redemption prior to their stated maturities at the option of the County on or after June 1, 2004, 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 by lot; 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 Paying Agent 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, The Depository Trust Company ("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 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 Paying Agent as provided in the Resolutions, 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.

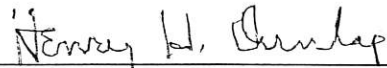
The Finance Officer of the County (the "Bond Registrar") shall keep at her office the books of said County for the registration of transfer of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar 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 unredeemed principal amount of this bond, of the same maturity 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 Resolutions.

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 Resolutions 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 execution by the Bond Registrar of the certificate of authentication endorsed hereon.

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 December 1, 1994.



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 resolutions.

**COUNTY OF CHATHAM**  
**Finance Officer, as Bond Registrar**

By W. S. McConnell  
Authorized Signatory

Date of Authentication: 11/24/94

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:

\_\_\_\_\_

6. The Bonds maturing on and after June 1, 2005 shall be subject to redemption prior to their stated maturities at the option of the Issuer on or after June 1, 2004, 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 by lot; 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 Paying Agent 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 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 Paying Agent 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 Paying Agent 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.

7. 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 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 Finance Officer of the Issuer is hereby appointed the registrar, transfer agent and paying agent for the Bonds (collectively, the "Paying Agent"), subject to the right of the governing body of the Issuer to appoint another Paying Agent, and as such shall keep her office at the Courthouse Annex, 12 East Street, Pittsboro, North Carolina 27312 for the registration, registrar of transfer, exchange and payment of the Bonds as provided in this resolution.

8. 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 said Local Government Commission.

9. The Chairman and 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.

10. 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.

11. The Issuer hereby represents that (i) the Bonds are not private activity bonds as defined in the Code and (ii) the Issuer, together with any subordinate entities of the Issuer, reasonably expects that it will not issue more than \$10,000,000

of tax-exempt obligations (other than private activity bonds which are not qualified 501(c)(3) bonds during 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 Chairman and 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.

13. 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, Hanner, Holland, Holmes and Pollard

NAYS: None

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