

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM,
NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT
FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT
THERE TO 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 installment financing contract (the "*Contract*") with the Chatham County Public Facilities Corporation, a North Carolina nonprofit corporation (the "*Corporation*"), in order:

(1) to pay the capital costs of constructing and equipping an agricultural center - to replace the County's existing agricultural center and a service facility for County-owned vehicles and vehicles owned by the County School Board (collectively, the "*2014 Projects*");

(2) to refinance the principal components payable under an installment financing contract dated as of April 15, 2009 between RBC Bank (USA), the successor to which is PNC Bank, N.A., and the County, as amended, the proceeds of which were used to pay the capital costs of constructing and equipping Margaret B. Pollard Middle School in the County (the "*2009 Project*");

(3) to refinance a portion of the principal components payable under an installment financing contract dated as of November 1, 2006 between Chatham County Public Facilities Corporation and the County, the proceeds of which were used to pay the capital costs of (a) acquiring, constructing and equipping the Virginia Cross Elementary School in Siler City, North Carolina (the "*Virginia Cross School Project*"); (b) acquiring, constructing and equipping a cafeteria and classroom facilities at the Jordan Matthews High School in Siler City, North Carolina (the "*Jordan Matthews High School Project*"); (c) acquiring, constructing and equipping an addition to, and renovating, an existing building for the Department of Social Services (the "*Social Services Building Project*"); (d) acquiring, constructing and equipping water, sewer and roadway improvements at the Central Carolina Business Campus (the "*Central Carolina Business Campus Project*"); (e) acquiring, constructing and equipping a new high school in northeast Chatham County, North Carolina (the "*Northeast High School Project*"); (f) acquiring and installing softball field lighting and/or tennis field lighting at Northwood High School, Chatham Central High School and Jordan Matthews High School (the "*Athletic Facilities Improvements*" and together with the Virginia Cross School Project, the Jordan Matthews High School Project, the Northeast High School Project, the Social Services Building Project and the Central Carolina Business Campus Project, the "*2006 Projects*," and together with the 2009 Project and the 2014 Projects, the "*Project*"); and

(4) (a) to pay the costs related to the execution and delivery of the Contract

and (b) a deed of trust, security agreement and fixture filing (the "*Deed of Trust*") related to the County's fee simple interest in the sites of the 2014 Projects and the 2009 Project (collectively, the "*Sites*") and the improvements thereon to secure the County's obligations under the Contract;

WHEREAS, the County hereby determines that the 2014 Projects are, and previously determined that the 2006 Projects and the 2009 Project were, essential to the County's proper, efficient and economic operation and to the general health and welfare of its citizens; that the financing of the 2014 Projects will and the refinancing of the 2006 Projects and the 2009 Project do permit the County to carry out public functions that it is authorized by law to perform; and that entering into the Contract and the Deed of Trust are necessary and expedient for the County by virtue of the findings presented herein;

WHEREAS, the County hereby determines that the Contract allows the County to purchase the 2014 Projects and take title thereto at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the County and to lower its financing costs with respect to the 2006 Projects and the 2009 Project;

WHEREAS, the County hereby determines that the estimated cost of constructing and equipping the 2014 Projects and refinancing the 2006 Projects and the 2009 Project is an amount not to exceed \$52,000,000 and that such cost 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 the 2014 Projects and refinancing the 2006 Projects and the 2009 Project pursuant to the Contract is expected to exceed the cost of financing the 2014 Projects and refinancing the 2006 Projects and the 2009 Project pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing the 2014 Projects and refinancing the 2006 Projects and the 2009 Project pursuant to the Contract and the Deed of Trust 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 the 2014 Projects and refinancing the 2006 Projects and the 2009 Project pursuant to the Contract 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 does not anticipate a future property tax increase to pay installment payments falling due under the Contract;

WHEREAS, Parker Poe Adams & Bernstein LLP, as bond counsel, will render an opinion to the effect that entering into the Contract 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 Contract 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 of the 2014 Projects.

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

Section 1. ***Authorization to Negotiate Contract.*** 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 the Contract for a principal amount not to exceed \$52,000,000, for the financing the 2014 Projects and refinancing the 2006 Projects and the 2009 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 Deed of Trust conveying a lien and interest in the Sites and the improvements thereon, as may be required by the entity, or its assigns, providing the funds to the County under the Contract.

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 Contract 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 Bond Counsel and Financial Advisor.*** That the County Manager and the Finance Officer, 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 PNC Capital Markets LLC and Wells Fargo Bank, National Association, as underwriters.

Section 4. ***Public Hearing.*** That a public hearing (the "Public Hearing") shall be conducted by the Board on September 15, 2014 at 6:00 p.m. in the Historic Courthouse, 9 Hillsboro Street, Pittsboro, North Carolina, concerning the Contract, the Deed of Trust, the proposed financing the 2014 Projects and refinancing the 2006 Projects and the 2009 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 18th day of August, 2014.

By: _____
Chairman of the Board of Commissioners

Clerk to the Board

APPROVED AS TO FORM:



County Attorney

EXHIBIT A
NOTICE OF PUBLIC HEARING

At its August 18, 2014 meeting, the Board of Commissioners (the "*Board*") of the County of Chatham, North Carolina (the "*County*") adopted a resolution which:

1. Authorized the County to proceed to pay

(1) to pay the capital costs of constructing and equipping an agricultural center to replace the County's existing agricultural center and a service facility for County-owned vehicles and vehicles owned by the County School Board (collectively, the "*2014 Projects*");

(2) to refinance the principal components payable under an installment financing contract dated as of April 15, 2009 between RBC Bank (USA), the successor to which is PNC Bank, N.A., and the County, as amended, the proceeds of which were used to pay the capital costs of constructing and equipping Margaret B. Pollard Middle School in the County (the "*2009 Project*"); and

(3) to refinance a portion of the principal components payable under an installment financing contract dated as of November 1, 2006 between Chatham County Public Facilities Corporation and the County, the proceeds of which were used to pay the capital costs of (a) acquiring, constructing and equipping the Virginia Cross Elementary School in Siler City, North Carolina (the "*Virginia Cross School Project*"); (b) acquiring, constructing and equipping a cafeteria and classroom facilities at the Jordan Matthews High School in Siler City, North Carolina (the "*Jordan Matthews High School Project*"); (c) acquiring, constructing and equipping an addition to, and renovating, an existing building for the Department of Social Services (the "*Social Services Building Project*"); (d) acquiring, constructing and equipping water, sewer and roadway improvements at the Central Carolina Business Campus (the "*Central Carolina Business Campus Project*"); (e) acquiring, constructing and equipping a new high school in northeast Chatham County, North Carolina (the "*Northeast High School Project*"); (f) acquiring and installing softball field lighting and/or tennis field lighting at Northwood High School, Chatham Central High School and Jordan Matthews High School (the "*Athletic Facilities Improvements*" and together with the Virginia Cross School Project, the Jordan Matthews High School Project, the Northeast High School Project, the Social Services Building Project and the Central Carolina Business Campus Project, the "*2006 Projects*")

pursuant to an installment financing contract (the "*Contract*"), in a principal amount not to exceed \$52,000,000 under which the County will make certain installment payments;

2. Authorized the County to proceed to provide, in connection with the Contract, as grantor, a deed of trust, security agreement and fixture filing (the "*Deed of Trust*") under which the County's interest in the real property on which the 2014 Projects will be and the 2009 Project is located and the improvements thereon (the "*Mortgaged Property*"), will be mortgaged by the County to create a lien thereon for the benefit of the entity, or its assigns, providing the funds to the County under the Contract. The portion of the 2014 Projects consisting of the new agricultural center will be located at 1192 Highway 64 West, Pittsboro, North Carolina and the portion of the 2014 Projects consisting of the new vehicle service center will be located at 166 County Services Road, Pittsboro, North Carolina. The 2009 Project is the Margaret B. Pollard Middle School located at 185

Granite Mill Road and Andrews Store Road in Chapel Hill, North Carolina 27516.

On payment by the County of all installment payments due under the Contract, the Deed of Trust and any lien created thereunder will terminate and the County's title to the Mortgaged Property will be unencumbered.

NOTICE IS HEREBY GIVEN, pursuant to Sections 160A-20 of the General Statutes of North Carolina, that on September 15, 2014 at 6:00 p.m. in the Historic Courthouse, 9 Hillsboro Street, Pittsboro, North Carolina, a public hearing will be conducted concerning the approval of the execution and delivery of the Contract and the Deed of Trust and the County's financing of the 2014 Projects and the refinancing of the 2006 Projects and the 2009 Project. All interested parties are invited to present comments at the public hearing regarding the execution and delivery of the Contract and the 2014 Projects to be financed and the 2006 Projects and 2009 Project to be refinanced thereby.

/s/ LINDSAY K., RAY

Clerk to the Board of Commissioners
County of Chatham, North Carolina

Published: _____

STATE OF NORTH CAROLINA)
)
COUNTY OF CHATHAM) ss:

I, *Lindsay K. Ray*, Clerk to the Board of Commissioners of the County of Chatham, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled **RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CHATHAM, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO**” adopted by the Board of Commissioners of the County of Chatham, North Carolina, at a meeting held on the 18th day of August, 2014.

WITNESS my hand and the corporate seal of the County of Chatham, North Carolina, this the ___th day of August, 2014.

LINDSAY K. RAY
Clerk to the Board of Commissioners
County of Chatham, North Carolina