

**ATTACHMENT A**

**A RESOLUTION FOR THE SALE OF  
GENERAL OBLIGATION REFUNDING BONDS  
Resolution No. 174/2002-03**

WHEREAS, on May 20, 2003, the Board of Aldermen (the "Board") of the Town of Carrboro, North Carolina (the "Town"), authorized the issuance of up to \$650,000 of Town general obligation refunding bonds (the "Bonds") to refund the outstanding balance of the Town's 1989 general obligation taxable refunding bond and its 1990 general obligation bonds for streets and bikeways (the "Prior Bonds"). The 1989 Bond was issued with interest that is not exempt from federal income tax; and

WHEREAS, the Town has solicited competitive proposals for the purchase of such refunding bonds, and Bank of America, National Association ("Bank of America"), has submitted the best proposal.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO AS FOLLOWS:

*1. Determination To Sell Bonds*

- (a) The Town will issue and sell the Bonds and use the proceeds to retire the Prior Bonds and to pay financing costs.
- (b) The Town will issue the Bonds in two series. One series (the "Taxable Bonds") will be used to refund the taxable 1989 bond and will be designated "Taxable Refunding Bonds, Series 2003A." The second series (the "Tax-Exempt Bonds") will be used to refund the 1990 bonds and will be designated "Tax-Exempt Refunding Bonds, Series 2003B."

*2. Acceptance of Proposal* - The Town asks the North Carolina Local Government Commission (the "LGC") to sell the Bonds to Bank of America at a private sale pursuant to the terms of its proposal dated May 22, 2003 (the "Proposal"). These sales are to be in accordance with the provisions of North Carolina General Statute §159-123, which permits the private sale of refunding bonds.

*3. Determination of Details of the Bonds* - The Town Finance Officer is authorized and directed to determine certain details of the Bonds subject to the provisions of this resolution and the Proposal. The Finance Officer will execute and file an Issuance and Sale Certificate among the official records of the Town, setting forth such details. This certificate will contain the following additional details of the Bonds:

- (a) The aggregate principal amount of the Bonds, with such amount not to exceed \$650,000 in the aggregate;

- (b) The interest rates on the Bonds, with such interest rates (in the absence of default or change in tax status) not exceeding an annual interest rate of (i) 3.55% for the Taxable Bonds, and (ii) 2.99% for the Tax-Exempt Bonds;
- (c) The principal payment schedule for the Bonds, with a final maturity date in each case not to extend beyond December 31, 2010; and
- (d) Prepayment provisions for the Bonds.

4. *Pledge of Faith, Credit and Taxing Power* -- The Town's full faith and credit are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the Board will levy and collect an annual ad valorem tax, without restriction as to rate or amount, on all locally taxable property in the Town sufficient to pay the principal of and interest on the Bonds as the same become due.

5. *Form of Bonds* -- There will be initially a single, fully-registered bond for each series of Bonds. The Bonds will be in substantially the form set out in Exhibit A.

The Bonds must be signed by the manual or facsimile signature of the Board's Mayor or Mayor Pro Tem, must be countersigned by the manual or facsimile signature of the Town Clerk or any Assistant Clerk, and the Town's seal must be affixed thereto or a facsimile thereof printed thereon. No Bond will be valid unless at least one of the signatures appearing on such Bond (which may be the signature of the LGC's representative required by law) is manually applied or until such Bond has been authenticated by the manual signature of an authorized officer or employee of an independent bond registrar now or hereafter selected by the Town.

6. *Finance Officer as Registrar; Payments to Registered Owners* -- The Town Finance Officer is appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Bonds. The Town will treat the registered owner of each Bond as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all rights and powers of the owner, except that interest payments will be made to the person shown as owner on the registration books on the 15th day of the month preceding each interest payment date (whether or not such 15th day is a business day).

7. *Finance Officer To Complete Bond Closing* - After the sale of the Bonds, the Finance Officer and all other Town officers and employees are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to Bank of America upon payment for the Bonds.

The Finance Officer is authorized and directed to hold the executed Bonds, and any other documents authorized or permitted by this resolution, in escrow on the Town's behalf until the conditions for the delivery of the Bonds and other documents have been completed to the Finance Officer's satisfaction, and thereupon to release the executed Bonds and other documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, this authorization and direction is specifically extended to authorize the Finance Officer (a) to enter into such agreements or take such other actions as such officer may deem appropriate in carrying out the refunding contemplated by this resolution (such as entering into a refunding escrow agreement with an escrow agent) and (b) to approve changes to any documents or closing certifications previously signed by Town officers or employees, provided that the Bonds will be in substantially the form approved by this resolution and that any such changes will not substantially alter the intent of such certificates from that expressed in the forms of such certificates as executed by such officers or employees. The Finance Officer's authorization of the release of any such document for delivery will constitute conclusive evidence of such officer's approval of any such changes.

8. *Resolutions As To Tax Matters* - The Town will not take or omit to take any action the taking or omission of which will cause the Tax-Exempt Bonds to be "arbitrage bonds," within the meaning of Section 148 of the "Code" (as defined below), or "private activity bonds" within the meaning of Code Section 141, or otherwise cause interest on the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Town will comply with any Code provision that may require the Town at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Tax-Exempt Bonds, and the Town will pay any such required rebate from its general funds. For the purposes of this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended through the closing date of the Tax-Exempt Bonds, including applicable Treasury regulations.

9. *Tax-Exempt Bonds Are "Bank-Qualified" Obligations* - The Town designates the Tax-Exempt Bonds as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3).

10. *Ratification of Professionals* - The Board confirms the selection of Robert M. Jessup, Jr. of The Sanford Holshouser Law Firm to serve as the Town's bond counsel with respect to the Bonds.

11. *Call of Prior Bonds for Redemption* - The Board authorizes and directs the Finance Officer to make, on the Town's behalf, an irrevocable call for redemption of the Prior Bonds (or such portion thereof as the Finance Officer, after consultation with the LGC, deems beneficial to the Town). The Finance Officer will make this call for redemption by the execution and delivery of an appropriate certificate in connection with the original delivery of the Bonds.

12. *Miscellaneous Provisions* -- All Town officers and employees are authorized and directed to take all such further action as they may consider necessary or desirable in connection with the furtherance of the purposes of this resolution. All such prior actions of Town officers and employees are ratified, approved and confirmed. Upon the absence, unavailability or refusal to act of the Mayor or the Finance Officer, the Town Manager may assume any responsibility or carry out any function assigned to the Mayor or the Finance Officer in this resolution. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

EXHIBIT A - Form of Bonds

REGISTERED

Number R-1  
June  
\_\_\_\_, 2003

UNITED STATES OF AMERICA  
STATE OF NORTH CAROLINA

TOWN OF CARRBORO

[Taxable] [Tax-Exempt] Refunding Bond, Series 2003 [A/B]

*THE TOWN OF CARRBORO, NORTH CAROLINA (the "Town")*, for value received, hereby acknowledges itself indebted and promises to pay to

**BANK OF AMERICA, NATIONAL ASSOCIATION**

its successors and registered assigns (the "Bondholder"), the principal sum of

\_\_\_\_\_ **DOLLARS**  
(\$ \_\_\_\_\_)

together with interest on the unpaid principal from the date hereof until payment of the entire principal sum at the annual rate of \_\_\_\_\_%, subject to prepayment and adjustment as described below, in installments on dates and in amounts as shown on Schedule I.

Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal, premium, if any, and interest are payable in lawful money of the United States of America.

The Town's full faith and credit are pledged for the payment of principal of and interest on this Bond.

This Bond is the sole Bond in the issue of the Town's \$ \_\_\_\_\_ [Taxable/Tax-Exempt] Refunding Bonds, Series 2003[A/B]. The Bond is issued

pursuant to a resolution adopted by the Board of Aldermen on June 3, 2003, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act.

While Bank of America, National Association, is the registered owner of this Bond, the Town will make payments of principal and interest in immediately available funds delivered to the Bondholder on the payable date. If Bank of America, National Association, is no longer the Bondholder, then principal, premium, if any in interest will be payable by check mailed by the Town to the Bondholder on the payment date.

This Bond is subject to prepayment at the Town's option, in whole or in part at any time, upon payment of the principal amount to be prepaid plus all accrued and unpaid interest to the prepayment date, along with a prepayment premium of (i) 3% of the principal amount to be prepaid, if the prepayment date is prior to July 1, 2005, (ii) 2% of the principal amount to be prepaid, if the prepayment date is thereafter but prior to July 1, 2007, and (iii) 1% of the principal amount thereafter.

If less than all of the outstanding principal of this Bond is to be so prepaid, it will be prepaid in inverse order of maturity, and such prepayments will not affect the Town's obligation to pay remaining installments in full as provided herein.

[Interest rate and payment adjustment, to come]

This Bond is registered as to both principal and interest. The Town Finance Officer has been appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records indicating ownership of the Bonds. The Town will treat the registered owner of this Bond as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments will be made to the person shown as owner on the Town's registration books on the 15th day of the month preceding each interest payment date (whether or not such 15<sup>th</sup> day is a business day).

The registered owner of this Bond may register the transfer of the ownership hereof only by delivery to the Registrar of an assignment, in form and substance reasonably acceptable to the Registrar, that has been executed by the registered

owner or its duly authorized attorney or legal representative. Upon receipt of such an assignment, the Registrar will register this Bond as to both principal and interest on the Town's registration books in the name of the transferee named in such assignment.

**[The Town has taken no action to provide that interest on this Bond should be excluded from gross income for federal income tax purposes. The Town expects that interest on this Bond will not be excluded from gross income for federal income tax purposes.]**

[This Bond has been designated as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

This Bond is issued with the intent that North Carolina law shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

*IN WITNESS WHEREOF*, the Board of Aldermen of the Town of Carrboro, North Carolina, has caused this Bond to be signed by the Town's Mayor, the Town's seal to be affixed hereto and attested by the Town Clerk, and this Bond to be dated June \_\_\_\_\_, 2003.

(SEAL)

<p><b>ATTEST:</b></p>  <p><i>[Sample only - do not sign]</i> Town Clerk</p>	    <p><i>[Sample only - do not sign]</i> Mayor</p>
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Town of Carrboro, North Carolina	Town of Carrboro, North Carolina
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This Bond has been approved by  
the North Carolina Local Government  
Commission in accordance with the  
Local Government Bond Act.

*[Sample only - do not sign]*

Janice T. Burke  
Secretary, Local Government Commission

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or type transferee's name and address, including zip code)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OR TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

<p>Signature Guaranteed:</p> <p>_____</p> <p>NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company</p>	<p>_____</p> <p>(Signature of Registered Owner)</p> <p>NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular without alteration or enlargement or any change whatsoever.</p>
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**ATTACHMENT B**

**AN ORDINANCE AMENDING FY'2002-03 BUDGET ORDINANCE  
Ordinance No. /2002-03**

WHEREAS, the Town Board of the Town of Carrboro on July 23, 2002 adopted the annual budget for the fiscal year beginning July 1, 2002 and ending June 30, 2003; and

WHEREAS, it is appropriate to amend the expense accounts in the funds listed to provide for increased expenses for the reasons stated.

NOW, THEREFORE, BE IT ORDAINED, that in accordance with authority contained in G.S. 159-15, the following expense and revenue accounts are amended as shown and that the total amount for the funds are herewith appropriated for the purposes shown:

FUND	ACCOUNT TITLE	INCREASE (DECREASE)	AMOUNT	FROM	TO
<b>General Fund</b>					
<b>Expenditures</b>	Contingency	DECREASE	\$2,500	\$ 10,400	\$ 7,900
	Debt Service	INCREASE	\$2,500	\$603,697	\$606,197

REASON: Pay loan expenses to Bank of America for GO Bond Refundings.

**RECOMMENDED BANK: BANK OF AMERICA  
REFUNDING OF THE 1990 TAX EXEMPT GO BONDS**

<b>BID PROPOSAL CALLED FOR:</b>	<b>BB&amp;T</b>	<b>BANK OF AMERICA</b>	<b>EXISTING SCHEDULE</b>
INTEREST RATE	2.93%	2.99%	7.00%
LOAN TERM	7 YEARS	7 YEARS	7 YEARS
PRINCIPAL	\$183,500.00	\$183,500.00	\$ 175,000
INTEREST	\$19,773.75	\$20,146.49	\$49,000.00
LOAN TOTAL	\$203,273.75	\$203,646.49	\$224,000.00
ADDITIONAL COST, ESTIMATED	458.75	\$ 2,500.00	NA
TOTAL COST	\$203,732.50	\$206,146.49	\$224,000.00
CLOSING DATE (NO LATER THAN)	6/22/2003	7/5/2003	NA
PREPAYMENT PENALTY	NA	SEE BELOW	NA

**1987 TAXABLE GO BONDS**

<b>BID PROPOSAL CALLED FOR:</b>	<b>BB&amp;T</b>	<b>BANK OF AMERICA</b>	<b>EXISTING SCHEDULE</b>
INTEREST RATE	6.31%	3.55%	10.35%
LOAN TERM	6 YEARS	6 YEARS	6 YEARS
PRINCIPAL	\$454,500.00	\$454,500.00	\$ 447,000
INTEREST	\$91,135.34	\$51,178.10	\$175,020.00
LOAN TOTAL	\$545,635.34	\$505,678.10	\$622,020.00
ADDITIONAL COST, ESTIMATED	\$ 1,136.25	SEE NOTE	NA
TOTAL COST	\$546,771.59	\$505,678.10	\$622,020.00
CLOSING DATE (NO LATER THAN)	6/22/2003	7/5/2003	
PREPAYMENT PENALTY	NA	SEE NOTE	

**BB&T: LOAN DOCUMENTATION EXPENSES, ETC = 1/4% OF TOTAL AMOUNT FUNDED PER BOND REFINANCING**

**BANK OF AMERICA: PREPAYMENT PENALTY-**  
**3% OF PRINCIPAL REPAID, YR 1-2**  
**2% OF PRINCIPAL REPAID, YEAR 3-4**  
**1% OF PRINCIPAL REPAID, YEAR 5-7**  
**\$2500 IS LEGAL EXPENSE FOR BOTH LOANS**  
**RATE WILL INCREASE BY 1% IF TOWN BOND RATING GOES TO BBB OR WORSE**

**COMBINED FINANCING - SAVINGS ANALYSIS - GO BOND DEBT**

<b>BID PROPOSAL CALLED FOR:</b>	<b>BB&amp;T</b>	<b>BANK OF AMERICA</b>	<b>EXISTING SCHEDULE</b>
PRINCIPAL	\$638,000.00	\$638,000.00	\$ 622,000
INTEREST	\$110,909.09	\$71,324.59	\$ 224,020
LOAN TOTAL	\$748,909.09	\$709,324.59	\$846,020.00
ADDITIONAL COST, ESTIMATED	\$ 1,595.00	\$ 2,500.00	NA
TOTAL COST	\$750,504.09	\$711,824.59	\$846,020.00
CLOSING DATE (NO LATER THAN)	6/22/2003	7/5/2003	NA
	<b>SAVINGS:</b>	<b>\$134,195.41</b>	

<b>ANTICIPATED FY03-04 DEBT SERVICE PAYMENT GO BOND REFUNDING, \$183,500 &amp; 454,500</b>			
	<b>old</b>	<b>new</b>	<b>savings</b>
debt service payment, \$183,500	\$ 37,250	\$ 31,077	\$ (6,173)
debt service payment, \$454,500	\$ 104,265	\$ 89,953	\$ (14,312)
accrued interest on old loan, \$183,500	na	\$ 2,450	\$ 2,450
accrued interest on old loan, \$454,500	na	\$ 9,253	\$ 9,253
loan expenses, bank of america	na	\$ 2,500	\$ 2,500
<b>Total</b>	<b>\$ 141,515</b>	<b>\$ 135,232</b>	<b>\$ (6,282)</b>