

**RESOLUTION FOR THE ISSUANCE OF \$1,230,000  
SIDEWALK BOND ANTICIPATION NOTES**

Resolution No. 131/2005-06

**WHEREAS:**

At a referendum held on November 4, 2003, the voters of the Town of Carrboro, North Carolina (the "Town"), authorized the issuance of up to \$4,600,000 of Town general obligation bonds for sidewalks and greenway trails (the "Bonds"). None of such Bonds have yet been issued.

The Town's Board of Aldermen (the "Board") has now determined to issue a series of bond anticipation notes to provide preliminary funding for sidewalk and greenways projects in anticipation of the later issuance of a portion of the Bonds.

**BE IT THEREFORE RESOLVED by the Board of Aldermen of the Town of Carrboro, North Carolina, as follows:**

1. **Determination To Issue Notes** -- The Town will issue and sell a single issue of general obligation sidewalk bond anticipation notes (the "Notes") in the aggregate principal amount of \$1,230,000. The Town will issue the Notes to provide preliminary financing for sidewalk and greenways projects in anticipation of the later issuance of a portion of the previously-authorized Bonds.

2. **Payment and Other Details of the Notes** -- The Notes will be designated "General Obligation Sidewalk Bond Anticipation Notes, Series 2006." The Notes will be dated the date of their initial execution and delivery, will be in a minimum denomination of \$100,000, will be numbered from R-1 upward and will mature on March 14, 2007, without option of prior payment. The Notes will bear interest from their date at such rate or rates as will be determined at the time of sale, payable at maturity on the basis of a 360-day year consisting of twelve 30-day months.

3. **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 Notes. Unless other funds are lawfully available and appropriated for timely payment of the Notes, 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 Notes as the same become due. In addition, the proceeds of the Bonds are also hereby pledged for the payment of the Notes, and the Notes shall be retired from proceeds of the Bonds as the first priority.

4. **Form of Notes** -- The Notes will be fully-registered as to principal and interest, and in substantially the form set out in Exhibit A. The Notes must be signed by the manual or facsimile signature of the Town's Mayor or the Town Manager. The Town's seal must be affixed thereto or a facsimile thereof printed thereon and attested by the manual or facsimile signature of the Town Clerk or any Assistant or Deputy Clerk. No Note will be valid unless at least one signature appearing on such Note (which may be the signature of the LGC official required by law) is manually applied.

5. **Finance Officer as Registrar; Payments to Registered Owners** -- The Town's Finance Officer is appointed Registrar for the Notes. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Notes. The Town will treat the registered owner of each Note as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that principal and interest on the Notes will be paid at maturity to the persons shown as owners on the Town's registration books on March 1, 2007.

6. **Advertising Notes for Sale** -- The Finance Officer, in collaboration with the LGC, is authorized and directed to take all proper steps to advertise the Notes in accordance with customary LGC procedures, including through the use of a "Notice of Sale" document in the LGC's customary form. The Finance Officer is authorized and directed to review and approve a form of Notice of Sale as such officer may determine to be in the Town's best interest. Any previous actions to that end are ratified and confirmed.

7. **LGC To Sell Notes** -- The Town asks the LGC to sell the Notes, to receive and evaluate bids and to award the Notes pursuant to the best bid received.

8. **Finance Officer and Others Authorized To Complete Closing** -- After the sale of the Notes, the Finance Officer and all other Town officers and employees are authorized and directed to take all proper steps to have the Notes prepared and executed in accordance with their terms and to deliver the Notes to the purchaser upon payment for the Notes.

The Finance Officer is authorized and directed to hold the executed Notes, 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 Notes and other documents have been completed to the Finance Officer's satisfaction, and thereupon to release the executed Notes 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 to approve changes to any documents or closing certifications previously signed by Town officers or employees, provided that the Notes must be in substantially the form approved by this resolution and that any such changes must 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.

9. **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 Notes 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 Notes 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 Notes, 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, including applicable Treasury regulations.

10. **Notes Are "Bank-Qualified" Obligations** -- The Board designates the Notes as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3), which relates to the deductibility of certain interest payments made by certain financial institutions.

11. **Book-Entry System for Note Registration** -- The Notes will be issued by means of a book-entry system, with one note certificate immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. The book-entry system for registration will operate in accordance with DTC's usual operating procedures. The Town will pay principal and interest on the Notes to DTC or its nominee as registered owner of the Notes. The Town will not be responsible or liable for such transfer of payments to parties other than DTC or for

maintaining, supervising or reviewing the records maintained by DTC or any other person related to the Notes. The Town may elect to discontinue the book-entry system with DTC. The Finance Officer is authorized and directed to enter into any agreements such officer deems appropriate to put into place the book-entry system with DTC.

**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 the Town officers and employees are ratified, approved and confirmed. All other resolutions, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

No. R-1

\$1,230,000

**UNITED STATES OF AMERICA**

**STATE OF NORTH CAROLINA**

**TOWN OF CARRBORO**

**Sidewalk Bond Anticipation Note, Series 2006**

| <b>INTEREST RATE</b> | <b>MATURITY DATE</b> | <b>DATED DATE</b> | <b>CUSIP</b> |
|----------------------|----------------------|-------------------|--------------|
| _____ %              | March 14, 2007       | June 20, 2006     | XXX XXX XXX  |

**REGISTERED OWNER: \*\*\*\*\*CEDE & CO.\*\*\*\*\***

**PRINCIPAL AMOUNT: \*\*\*\* ONE MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS (\$1,230,000)\*\*\***

**THE TOWN OF CARRBORO, NORTH CAROLINA (the "Town"),** for value received, acknowledges itself indebted and promises to pay to the registered owner hereof, or registered assigns or legal representative, the principal amount stated above on the maturity date stated above, without option of prior payment, together with interest on the unpaid principal from the date of this Note until payment of the entire principal sum at the annual rate of \_\_\_\_% (calculated on the basis of a 360-day year consisting of twelve 30-day months).

This Note constitutes the entire issue of the Town's \$1,230,000 Sidewalk Bond Anticipation Notes, Series 2006 (the "Notes"). The Notes have been authorized and are issued pursuant to a resolution adopted by the Town's Board of Aldermen on May 16, 2006, and the Constitution and laws of the State of North Carolina, including The Local Government Bond Act. The Notes have been authorized and are issued to provide funds, together with other available funds, to pay capital costs of sidewalk and greenways construction and improvement projects in anticipation of the issuance of certain Town general obligation bonds (the "Bonds") previously authorized for such purpose.

The Town's full faith and credit are irrevocably pledged for the payment of the principal of and interest on the Notes. In addition, the proceeds of the Bonds are also pledged for the payment of the Notes, and the Notes shall be retired from the Bond proceeds as the first priority.

The Notes are issued by means of a book-entry system, with one note certificate for the single maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. Transfer of beneficial ownership interests in the Notes in the minimum denomination of \$100,000 will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal and interest on the Notes are payable by the Town to DTC or its nominee as registered owner of the Notes. The Town is not

**ATTACHMENT A-5**

responsible or liable for such transfer of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Notes or (b) the Town so elects, the Town will discontinue the book-entry system with DTC. If the Town fails to identify another qualified securities depository to replace DTC, the Town will deliver replacement Notes in the form of fully-registered certificates.

The Town Finance Officer has been appointed Registrar for the Notes. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Notes. The Town will treat the registered owner of this Note as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that principal and interest on the Notes will be paid at maturity to the persons shown as owners on the Town's registration books on March 1, 2007.

The Town has designated the Notes as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is issued with the intent that North Carolina law will govern its terms.

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 Note have happened, exist and have been performed, and the issue of Notes of which this Note is one, together with all other Town indebtedness, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

***IN WITNESS WHEREOF***, the Town of Carrboro, North Carolina, has caused this Note to be signed by its Mayor, the Town's seal to be affixed hereto and attested by the Town Clerk, and this Note to be dated June 20, 2006.

**[SEAL]**

**ATTEST:**

[Exhibit Only - Do Not Sign]

Sarah C. Williamson  
Town Clerk  
Town of Carrboro, North Carolina

[Exhibit Only - Do Not Sign]

Mark Chilton  
Mayor  
Town of Carrboro, North Carolina

The Notes of which this Note is one have been approved by the North Carolina Local Government Commission in accordance with the Local Government Bond Act.

s/T. Vance Holloman  
Secretary, North Carolina  
Local Government Commission

# Sanford Holshouser

**Attorneys at Law**  
SENATOR TERRY SANFORD (1917-1998)  
GOVERNOR JAMES E. HOLSHOUSER, JR.

May 10, 2006

**By Facsimile and Electronically**

L. Bing Roenigk  
Finance Officer  
Town of Carrboro  
301 West Main Street  
Carrboro, NC 27510

**2006 Sidewalk Notes - Board Resolution**

Dear Bing:

Here is the resolution that needs the Town Board's attention at the May 16 meeting, to authorize the Town's sidewalk bond anticipation notes. This may seem like a long resolution, but it does a lot of things. Specifically, this resolution does the following:

1. Formally authorizes the sale of \$1,230,000 in sidewalk notes;
2. Formally pledges the Town's taxing power to provide for payment on the notes;
3. Approves the proposed form of the notes themselves;
4. States the Town's agreement to comply with the relevant provisions of federal tax law; and
5. Authorizes Town staff to complete the process of issuing the notes, and approves the steps to that end previously taken.

This resolution is in substantially the same form as similar resolutions I have used with other local governments in similar circumstances. It is certainly ready to go as far as I am concerned, but of course please call me if you have any questions

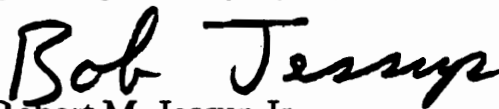
L. Bing Roenigk  
May 10, 2006  
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or comments about any of this material. Otherwise, I will see you next Tuesday night for the Board meeting at which this is to be considered.

As you may recall, the actual interest rates on the notes will be set when the LGC receives sealed bids on June 6, and the closing on the notes is scheduled for June 20, 2006.

Very truly yours,

**SANFORD HOLSHOUSER**

  
Robert M. Jessup Jr.

cc: Michael B. Brough, Esq.  
Martha Lasater, LGC  
(Each by first-class mail, with enclosure)

G. Seiz  
5/8/2006

**Cost Summary for Sidewalk and Greenways Bond Projects -  
Estimated Needs for BAN proceeds**

|                                          |                     |
|------------------------------------------|---------------------|
| <b>Quail Roost</b>                       | <b>\$131,100</b>    |
| (based on contract prices)               |                     |
| <b>Lisa Drive</b>                        | <b>\$120,000</b>    |
| (based on contract prices)               |                     |
| <b>Sidewalk Bond Projects - Phase I</b>  | <b>\$348,413</b>    |
| (based on contract prices)               |                     |
| <b>Bolin Forest**</b>                    | <b>\$31,513</b>     |
| (based on contract prices)               |                     |
| <b>Hanna St.**</b>                       | <b>\$94,832</b>     |
| (based on contract prices)               |                     |
| <b>Engineering Design</b>                | <b>\$250,000</b>    |
| <b>Construction Eng.</b>                 | <b>\$78,625</b>     |
| (Estimated)                              |                     |
| <b>Right of Way (paid to Brough Law)</b> | <b>\$3,900</b>      |
| <b>Greenways</b>                         | <b>\$10,000</b>     |
| <b>Sub-Total</b>                         | <b>\$1,068,383</b>  |
| <b>Contingency 15%</b>                   | <b>\$160,257</b>    |
| <b>Grand Total</b>                       | <b>\$1,228,640</b>  |
| <b>Round to nearest \$5,000 per LGC:</b> | <b>\$ 1,230,000</b> |