

**A Resolution Providing Final Approval of Terms and Agreements
For Town's 2009 Installment Financing – Fire Substation Project
Resolution No. 125/2008-09**

WHEREAS:

The Town of Carrboro has previously determined to undertake the construction and development of a new fire substation in the northern part of Town (the "Project").

The Board of Aldermen has previously determined to finance costs for the Project by the use of an installment financing contract, as authorized under Section 160A-20 of the North Carolina General Statutes.

The Town has solicited competitive proposals from banks to provide the desired financing, and Branch Banking and Trust Company (the "Bank") has submitted the best overall proposal.

The Town's Finance Officer has made available to this Board the draft agreements listed on Exhibit A (the "Agreements"), which will implement the financing plan.

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

1. Determination To Proceed with Project – The Board confirms its decision to carry out the Project. The Town will carry out the Project with financing from the Bank, substantially in accordance with the financing proposal from the Bank dated May 26, 2009.

Under the financing plan, the Bank will make funds available to the Town for use on Project costs. The Town will repay the amount advanced, with interest, over time. The Town will grant to the Bank a mortgage-type interest in the new fire substation, and the Town's leasehold interest in the fire substation site, to secure the Town's repayment obligation.

2. Approval of Agreements; Direction To Execute Agreements – The Board approves the forms of the Agreements submitted to this meeting. The Board authorizes and directs the Mayor and the Town Manager, or either of them, to execute and deliver the Agreements. The Agreements in their respective final forms must be in substantially the forms presented, with such changes as the Mayor or the Town Manager may approve. The execution and delivery of any document by an authorized Town officer will be conclusive evidence of the approval of any such changes. The Agreements in final form, however, must provide for the amount financed not to exceed \$3,250,000, for a financing term not to extend beyond December 31, 2025, and for an annual interest rate not to exceed 4.07%.

3. Authorization to Officers To Complete Closing – The Board authorizes and

directs the Finance Officer and all other Town officers and employees to take all proper steps to complete the financing pursuant to the Agreements and as contemplated by this resolution. The Board authorizes and directs the Finance Officer to hold executed copies of all documents and instruments authorized or permitted by this resolution in escrow on the Town's behalf until the conditions for their delivery have been completed to such officer's satisfaction, and thereupon to release the executed copies of such documents and instruments for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the Board specifically authorizes the Finance Officer to approve changes to any documents previously signed by Town officers or employees, provided that such changes do not conflict with this resolution or substantially alter the intent of the document from that expressed in the form originally signed. 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.

In addition, the Finance Officer is authorized and directed to take all appropriate steps for the efficient and convenient carrying out of the Town's on-going responsibilities under the Agreements. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Agreements.

4. Resolutions As To Tax Matters; Obligations are "Bank-Qualified" -- (a) The Town will not take or omit to take any action the taking or omission of which will cause its obligations to pay principal and interest (the "Obligations") under the Agreements 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 components of the installment payments 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 financing proceeds. In this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, and includes applicable Treasury regulations.

(b) The Town designates its payment Obligations as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3), which provides certain tax advantages for financial institutions providing financing to the Town.

5. 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 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 Town Manager, the Mayor or the Finance Officer, any other of such officers may assume any responsibility or carry out any function assigned in this resolution. All other Board proceedings, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

Exhibit A -- Draft Agreements

(a) A draft dated May 29, 2009, of an Installment Financing Contract to be dated on or about July 1, 2009, between the Town and the Bank, providing for the advance of funds to the Town for the Town's undertaking of the Project, stating the Town's obligation to repay the amount advanced, with interest, and providing for additional loan terms.

(b) A draft dated May 29, 2009, of a Deed of Trust to be dated on or about July 1, 2009, from the Town to a deed of trust trustee for the Bank's benefit, providing for a real estate security interest to secure the Town's obligations under the financing agreement.

(c) A draft dated May 29, 2009, of a Project Fund Agreement to be dated on or about July 1, 2009 between the Town and the Bank, providing for the custody and investment of financing proceeds and procedures for the application of such funds to project costs.

Fire Substation - Financing

RECOMMENDED BANK: BB&T
debt payment due January, 2010

	Option A	Option B	Option A	Option B	Option A	Option B	Option A	Option B	Option A
Bank	SunTrust	SunTrust	CommunityOne	CommunityOne	Cardinal State Bank	Cardinal State Bank	BB&T	BB&T	Bank Of America
Interest Rate	5.78%	5.82%	4.44%	4.48%	4.70%	5.00%	4.07%	4.69%	4.29%
Term of Lease	15 YEARS	15 YEARS	15 YEARS	20 YEARS	15 YEARS	20 YEARS	15 YEARS	20 YEARS	15 YEARS
Other Conditions/Costs:									
Repayment Schedule	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual
Closing Date (no later than)	7/24/2009	7/24/2009	7/15/2009	7/15/2009	no date given	no date given	7/10/2009	7/10/2009	7/9/2009
Other potential costs:									
Prepayment Penalty	NA	2%, ANYTIME	NA	NA	NA	NA	1%	1%	principal + accrued interest
Escrow Acct	YES						yes	yes	
Closing Costs, LEGAL FEES	\$ 3,500	\$ 3,500					\$ 4,900	\$ 4,900	\$ 5,000

TOTAL COST									
PRINCIPAL	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00	\$ 3,500,000.00
INTEREST	\$ 1,567,825.06	\$ 1,578,675.10	\$ 1,222,149.02	\$ 1,630,883.33	\$ 1,294,173.33	\$ 1,820,668.41	\$ 1,119,119.79	\$ 1,700,027.94	\$ 1,156,989.00
LOAN TOTAL	\$ 5,067,825.06	\$ 5,078,675.10	\$ 4,722,149.02	\$ 5,130,883.33	\$ 4,794,173.33	\$ 5,320,668.41	\$ 4,619,119.79	\$ 5,200,027.94	\$ 4,656,989.00
ADDITIONAL COST	\$ 3,500.00	\$ 3,500.00	\$ -	\$ -	\$ -	\$ -	\$ 4,900.00	\$ 4,900.00	\$ 5,000.00
TOTAL	\$ 5,071,325.06	\$ 5,082,175.10	\$ 4,722,149.02	\$ 5,130,883.33	\$ 4,794,173.33	\$ 5,320,668.41	\$ 4,624,019.79	\$ 5,204,927.94	\$ 4,661,989.00

debt payment: year 1	\$ 217,816.67	\$ 218,516.67	\$ 388,287.29	\$ 332,006.89	\$ 201,201.38	\$ 177,430.56	\$ 203,023.88	\$ 187,065.34	\$ 185,068.00
debt payment: year 2	\$ 425,518.34	\$ 426,848.34	\$ 377,783.40	\$ 324,058.00	\$ 391,755.96	\$ 345,758.68	\$ 368,660.84	\$ 332,994.38	\$ 375,976.00
debt payment: year 3	\$ 412,031.67	\$ 413,268.34	\$ 367,639.22	\$ 316,490.22	\$ 380,636.98	\$ 337,337.15	\$ 359,164.17	\$ 324,786.88	\$ 365,966.00

Solicited/No Bid
FirstCitizens
Harrington Bank
Koch Financial Corporation
Local Government Credit Union/LLC Partners
Wachovia/Wells Fargo

No bid, but stated the following:

RBC Centura - Only had 10-year loan options available

Loan @ \$3,250,000:

PRINCIPAL	\$ 3,250,000
INTEREST	\$ 1,039,183
LOAN TOTAL	\$ 4,289,183
ADDTL COST	\$ 4,900
TOTAL	\$ 4,294,083
debt payment:	
year 1	\$ 193,422.17
debt payment:	
year 2	\$ 342,327.91
debt payment:	
year 3	\$ 333,509.58