

**RESOLUTION FOR THE SALE OF \$2,590,000
SIDEWALK BOND ANTICIPATION NOTES**
Draft Resolution No. 98/2011-12

WHEREAS --

The Town's voters authorized the issuance of up to \$4,600,000 of general obligation bonds for sidewalks and greenway trails (the "Sidewalk Bonds") at a referendum held on November 4, 2003.

The Town has previously issued \$2,590,000 of "bond anticipation notes" to provide construction-period financing for certain projects in anticipation of the later issuance of a portion of the Sidewalk Bonds.

The Board of Aldermen has now determined to issue an additional series of bond anticipation notes to refinance the previously-issued bond anticipation notes at their upcoming maturity, and thereby continue preliminary funding for the projects in anticipation of the later issuance of a portion of the Sidewalk Bonds.

This resolution provides for the issuance of these notes and takes related action.

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 an aggregate principal amount of \$2,590,000. The Town will issue the Notes to refinance a series of bond anticipation notes previously issued, and thereby continue construction-period financing for sidewalk and greenway projects in anticipation of the later issuance of a portion of the previously-authorized Sidewalk Bonds.

2. *Payment Provisions* -- The principal of the Notes will mature on January 16, 2013, without option of prior payment. The Notes will bear interest from their date at the rate determined at the time of their sale by the Local Government Commission (currently scheduled for April 3). Interest will be payable at maturity and calculated 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 Town 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 Sidewalk Bonds are also hereby pledged for the payment of the Notes, and the Notes shall be retired from proceeds of the Sidewalk Bonds as the first priority.

4. *Form of Notes* -- The Notes will be designated "General Obligation Sidewalk Bond Anticipation Notes, Series 2012." The Notes will be issued initially in the form of a single note for the entire issue that will be in substantially the form set out in Exhibit A. The Notes will

be dated the date of their initial issuance, will be in fully registered form, in a minimum denomination of \$100,000, and will be numbered for identification from R-1 upward.

The Notes will be fully-registered as to principal and interest. The Notes must be signed by the manual or facsimile signature of the Mayor or the Town Manager. The Town's seal must be affixed to the Notes (or a facsimile of the seal printed on the Notes) and attested by the manual or facsimile signature of the Town Clerk. No Note will be valid unless at least one signature appearing on the Note is manually applied; the manual signature may be the signature of an official of the North Carolina Local Government Commission (the "LGC") that is required by law to appear on each Note.

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 the Town will pay principal of and interest on the Notes at maturity to the persons shown as owners on the Town's registration books at the end of the calendar day on January 7, 2013 (whether or not that day is a business day).

6. Advertising Notes for Sale – The Finance Officer, in collaboration with the LGC, is directed to take all proper steps to advertise the Notes for sale in accordance with standard LGC procedures, including through the use of a "Notice of Sale" document in the LGC's customary form and in substantially the same form as used for prior Town note sales. The Finance Officer is 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.

7. LGC To Sell Notes – The Town asks the LGC to sell the Notes, to receive and evaluate bids and to award the Notes on the basis of the best bid received.

8. Town Manager and Others Authorized To Complete Closing – After the sale of the Notes, the Town Manager 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, and to take all other proper steps to complete the issuance of the Notes.

The Town Manager 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 Town Manager'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 direction is specifically extended to authorize the Town Manager 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 Town Manager's authorization of

the release of any document for delivery will constitute conclusive evidence of such officer's approval of any such changes.

In addition, the Town Manager is directed to take all appropriate steps for the efficient and convenient carrying out of the Town's on-going responsibilities with respect to the Notes and otherwise with respect to the financing of the project. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under this resolution or otherwise with respect to the Notes or the Sidewalk Bonds.

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 provides beneficial income tax treatment for interest on the Notes in the hands of 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.

Therefore, so long as the book-entry system of registration with DTC is in effect, (a) the Town will pay principal and interest on the Notes only to DTC or its nominee as registered owner of the Notes, (b) the Town will not be responsible or liable for any 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, and (c) the Town will not mail any notices related to the Notes to anyone other than DTC or its nominee. The Board, by resolution, may elect to discontinue the Town's book-entry system with DTC, in which case the Notes will be exchanged for Notes in denominations of \$1,000 above the minimum denomination of \$100,000. The Finance Officer is authorized and directed to enter into any agreements such officer deems appropriate to put into place and carry out the book-entry system with DTC.

12. Miscellaneous provisions -- All Town officers and employees are 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. Upon the absence, unavailability or refusal to act of the Mayor, the Town Manager or the Finance Officer, any of such persons may assume any responsibility or carry out any function assigned to any other officer in this resolution. In addition, the Mayor Pro Tem or any Deputy or Assistant Town Clerk may in any event assume any responsibility or carry out any function assigned to the Mayor or the Town Clerk, respectively, 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.

I certify as follows: that the foregoing resolution (which includes the attached Exhibit A) was properly adopted at a meeting of the Board of Aldermen of the Town of Carrboro, North Carolina; that the meeting was properly called and held on March 20, 2012; that a quorum was present and acting throughout the meeting; and that this resolution has not been modified or amended, and remains in full effect as of today.

Dated this ____ day of March, 2012.

[SEAL]

Catherine C. Wilson
Town Clerk
Town of Carrboro, North Carolina

EXHIBIT A

No. R-1

\$2,590,000

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

TOWN OF CARRBORO

General Obligation Sidewalk Bond Anticipation Note, Series 2012

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	January 16, 2013	April 17, 2012	144 420 XXX

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

PRINCIPAL AMOUNT: *** TWO MILLION FIVE HUNDRED NINETY*****
THOUSAND DOLLARS (\$2,590,000)**

THE TOWN OF CARRBORO, NORTH CAROLINA (the "Town"), for value received, acknowledges itself indebted and promises to pay to the registered owner of this Note, 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 \$2,590,000 General Obligation Sidewalk Bond Anticipation Notes, Series 2012 (the "Notes"). The Notes have been authorized and are issued pursuant to a resolution adopted by the Town's governing Board of Aldermen on March 20, 2012, 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 greenway construction and improvement projects in anticipation of the issuance of certain Town general obligation bonds (the "Bonds") previously authorized for those purposes.

The Town's full faith and credit are 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 may 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 only to DTC or its nominee as registered owner of the Notes. The Town is not responsible or liable for transfers 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 does not 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 owners of the Notes as the persons exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that the Town will pay principal and interest on the Notes at maturity to the persons shown as owners on the Town's registration books at the end of the calendar day on January 7, 2013 (whether or not that day is a business day).

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.

The Town intends that North Carolina law will govern the interpretation of the terms of this Note.

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 Town Manager, the Town's seal to be affixed hereto and attested by the Town Clerk, and this Note to be dated April 17, 2012.

[SEAL]

ATTEST:

[Exhibit Only - Do Not Sign]

Catherine C. Wilson

Town Clerk

Town of Carrboro, North Carolina

[Exhibit Only - Do Not Sign]

David Andrews

Town Manager

Town of Carrboro, North Carolina

The series of 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.

T. Vance Holloman
Secretary, North Carolina
Local Government Commission

**[\$2,590,000 General Obligation
Sidewalk Bond Anticipation Note, Series 2012,
of the Town of Carrboro, North Carolina]**

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 note and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said note 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 participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program</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 note in every particular without alteration or enlargement or any change whatsoever.</p>
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**[\$2,590,000 General Obligation
Sidewalk Bond Anticipation Note, Series 2012,
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