

Extract of Minutes of a regular meeting of the Board of Commissioner of the County of Buncombe, North Carolina held in the Commissioners' Chambers at the Buncombe County Courthouse, Asheville, North Carolina, at 4:30 p.m. on November 17, 2009.

\* \* \*

The following members were present:

The following members were absent:

Also present:

Commissioner \_\_\_\_\_ moved that the following resolution, a copy of which was available with the Board and which was read by title, be adopted:

**RESOLUTION OF THE COUNTY OF BUNCOMBE, NORTH CAROLINA DESIGNATING A PORTION OF THE PRINCIPAL COMPONENT OF INSTALLMENT PAYMENTS UNDER AN INSTALLMENT FINANCING CONTRACT AS RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, APPROVING A NEW NOT TO EXCEED AGGREGATE PRINCIPAL COMPONENTS OF INSTALLMENT PAYMENTS UNDER AN INSTALLMENT FINANCING CONTRACT AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION THEREWITH**

*WHEREAS*, the County of Buncombe, North Carolina (the "*County*") is a political subdivision validly existing under the Constitution, statutes and laws of the State (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 to finance the purchase or improvement 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 or improved to secure repayment of the purchase price;

*WHEREAS*, the Board of Commissioners of the County (the "*Board*"), has previously determined that it is in the best interest of the County to enter into (a) an installment financing contract (the "*Contract*") with the Buncombe Financing Corporation, a North Carolina nonprofit corporation (the "*Corporation*"), in order to pay the capital costs of the following: (1) the construction and equipping of two intermediate schools for the Buncombe County Schools (the "*County School Facilities*"), one to be located at 175 Erwin Hills Road in Asheville and the other to be located at 224 Long Shoals Road in Arden; and (2) the acquisition of an office building known as the Carolina First Building for local government purposes (the "*County Building*" and collectively with the County School Facilities, the "*Projects*"); and (b) a deed of trust, security agreement and fixture filing related to all or a portion of the County's fee simple interest in the real property on which the intermediate school to be located at

175 Erwin Hills Road in Asheville and the County Building is or will be located (the “*Sites*,” and together with the improvements thereon, the “*Mortgaged Property*”);

*WHEREAS*, the Board has been advised that the bids for construction of the County School Facilities exceeded the estimate therefor by approximately \$7,000,000;

*WHEREAS*, the Corporation will issue one or more series of limited obligation bonds (collectively, the “*Bonds*”) in an aggregate principal amount not to exceed \$43,000,0000 to evidence proportionate undivided interests in rights to receive certain Revenues (as defined in the Contract) pursuant to the Contract;

*WHEREAS*, to make an offering and sale of the Bonds, there will be prepared a Preliminary Official Statement (the “*Preliminary Official Statement*”), a draft thereof having been previously presented to the Board with respect to the Bonds;

*WHEREAS*, since the Board’s approval of the Preliminary Official Statement at its November 3, 2009 meeting, there have been changes to the Preliminary Official Statement that necessitate new approval;

*WHEREAS*, the revised Preliminary Official Statement (the “*Revised Preliminary Official Statement*”) has been presented to the Board prior to this meeting and such Revised Preliminary Official Statement and a final Official Statement (together with the Revised Preliminary Official Statement, the “*Official Statement*”) will contain certain information regarding the County;

*WHEREAS*, Recovery Zone Economic Development Bonds (RZEDBs) created by the American Recovery and Reinvestment Act (ARRA) as a financing vehicle for state and local governments to use to finance certain economic development projects authorized \$10 billion of RZEDBs, which may be issued before January 1, 2011, of which, \$9,749,000 may be issued by the County; and

*WHEREAS*, RZEDBs must be used to finance qualified economic development purposes, which ARRA defines as “expenditures for purposes of promoting development of other economic activity in a recovery zone” and includes capital expenditures paid or incurred with respect to property in the zone and expenditures for public infrastructure and construction of public facilities;

*WHEREAS*, eligible projects must be identified by December 15, 2009 and bonds issued by April 15, 2010, or be on the agenda for the Local Government Commission’s May 2010 meeting; otherwise, the bond allocation will be deemed waived to the State, which will reallocate the authority to other projects that can meet the established deadlines;

*WHEREAS*, the County seeks to identify the Projects as eligible for RZEDB financing and designate a portion of the principal component of installment payments made under the Contract as RZEDBs;

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

*Section 1. Authorization of the Official Statement.* That the form, terms and content of the Revised Preliminary Official Statement to be dated on or about December 2, 2009 are in all respects authorized, approved and confirmed, and the use of the Revised Preliminary Official Statement and of the final Official Statement to be dated on or about December 10, 2009 by the Underwriters in connection with the sale of the Bonds is hereby in all respects authorized, approved and confirmed. The Chairman,

the County Manager and the Finance Director are each hereby authorized and directed to execute and deliver, on behalf of the County, the Official Statement in substantially such form, with such changes, insertions and omissions as each may approve, the execution thereof by any of them to constitute conclusive evidence of such approval.

*Section 2. **Aggregate Principal Components of Installment Payments.*** That the Board hereby approves \$43,000,000 as the not to exceed aggregate principal components of Installment Payments under an Installment Financing Contract .

*Section 3. **Recovery Zone.*** That the Board hereby establishes a recovery zone coterminous with the boundaries of the County.

*Section 4. **Recovery Zone Economic Development Bonds.*** That the Board hereby identifies the Projects as eligible for RZEDB financing and designates a portion of the principal component of installment payments made under the Contract as RZEDBs.

*Section 5. **Severability.*** That if any section, phrase or provision of this Resolution is for any reason declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

*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.

STATE OF NORTH CAROLINA            )  
  )  
COUNTY OF BUNCOMBE                )            SS:

I, *Kathy Hughes*, Clerk to the Board of Commissioners of the County of Buncombe, North Carolina, **DO HEREBY CERTIFY** that the foregoing is a true and exact copy of a resolution titled **“RESOLUTION OF THE COUNTY OF BUNCOMBE, NORTH CAROLINA DESIGNATING A PORTION OF THE PRINCIPAL COMPONENT OF INSTALLMENT PAYMENTS UNDER AN INSTALLMENT FINANCING CONTRACT AS RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, APPROVING A NEW NOT TO EXCEED AGGREGATE PRINCIPAL COMPONENTS OF INSTALLMENT PAYMENTS UNDER AN INSTALLMENT FINANCING CONTRACT AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION THEREWITH”** adopted by the Board of Commissioners of the County of Buncombe, North Carolina in regular session convened on the 17<sup>th</sup> day of November, 2009, as recorded in the minutes of the Board of Commissioners of the County of Buncombe, North Carolina.

**WITNESS**, my hand and the seal of the County of Buncombe, North Carolina, this the \_\_\_ day of November, 2009.

(SEAL)

\_\_\_\_\_  
Kathy Hughes, Clerk to the Board of Commissioner  
County of Buncombe, North Carolina