

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 200 College Street, Suite 326, Asheville, North Carolina, at 4:30 p.m. on March 3, 2015.

\* \* \*

The following members were present:

The following members were absent:

Also present:

\* \* \*

Commissioner \_\_\_\_\_ moved that the following resolution (the "*Resolution*"), a copy of which was available with the Board and which was read by title:

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF BUNCOMBE, NORTH CAROLINA, APPROVING AN INSTALLMENT PURCHASE CONTRACT AND A DEED OF TRUST AND THE DELIVERY THEREOF AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS**

**WHEREAS**, the County of Buncombe, North Carolina (the "*County*") is a validly existing political subdivision of the State of North Carolina, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (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 financing contracts in order to finance the purchase of real and personal property used, or to be used, for public purposes, and (3) finance the construction of fixtures or improvements on real property by contracts that create in the fixtures or improvements and in the real property on which such fixtures or improvements are located a security interest to secure repayment of moneys advanced or made available for such construction;

**WHEREAS**, the Board hereby determines that it is in the best interest of the County to enter into an installment purchase contract (the "*Contract*") with the Buncombe Financing Corporation (the "*Corporation*") in order to (a) (1) pay the capital costs of the construction of an addition to the County's Health & Human Services Campus, including a parking deck adjacent to the addition (the "*HHS Facilities*"), (2) the construction of Enka Intermediate School in Candler (the "*School Facility*"); (3) the construction of a new indoor firearms training facility (the "*Firearms Training Facility*"); (4) the construction of a new swimming pool in Woodfin (the "*Woodfin Pool*"); (5) the renovation of the Sheriff Detention Center (the "*Sheriff Facility*"); (6) the relocation of the evidence room to 339 New Leicester Highway (the "*Evidence Room Facility*"); (7) the renovation of the facility housing the Permits and Inspections Department (the "*Permits and Inspection Facility*"); and (8) acquisition of certain election systems and software and other capital equipment (the "*Equipment*" and collectively with the HHS Facilities, the School Facility, the Firearms Training Facility, the Woodfin Pool, the Sheriff Facility, the Evidence Room Facility, the Permits and Inspection Facility and the Equipment, the "*Project*"); and (b) refinance a portion of the County's installment payment obligations under (1) an Installment Financing

Contract dated as of December 1, 2003 (as amended, the “2003 Contract”) with the Corporation, as amended by Amendment Number One to the 2003 Contract dated as of January 1, 2005 with the Corporation and Amendment Number Two to the 2003 Contract dated as of August 1, 2007 with the Corporation, (2) an Installment Financing Contract dated as of March 1, 2006 (the “2006 Contract”) with the Corporation, (3) an Installment Financing Contract dated as of November 15, 2009 (the “2009 Contract,” and together with the 2003 Contract, the 2006 Contract, the “Prior Contracts”) with the Corporation and (4) the County’s General Obligation Public Improvement Bonds, Series 2005A (the “Prior Bonds”), all so as to reduce the County’s payment obligations with respect to the 2003 Contract, the 2006 Contract, the 2009 Contract and the 2005A Bonds;

**WHEREAS**, in order to secure the County’s obligations under the Contract, the County will enter into a Deed of Trust, Security Agreement and Fixture Filing dated as of April 1, 2015 (the “Deed of Trust”) related to the County’s fee simple interest in the HHS Facilities and the School Facility and the improvements thereon to secure the County’s obligations under the Contract;

**WHEREAS**, the Corporation will issue its Limited Obligation Bonds, Series 2015 (the “Bonds”) in an aggregate principal amount not to exceed \$141,000,000, evidencing proportionate undivided interests in rights to receive certain Revenues (as defined in the Contract) pursuant to the Contract and secured by the Deed of Trust;

**WHEREAS**, in connection with the sale of the Bonds by the Corporation to Robert W. Baird & Co. and a financial institution to be determined by the Interim Finance Director (collectively, the “Underwriters”) and the Corporation will enter into a Contract of Purchase to be dated on or about April 17, 2015 (the “Contract of Purchase”), and the County will execute a Letter of Representation to the Underwriters with respect to the Bonds (the “Letter of Representation”);

**WHEREAS**, there have been described to the Board the forms of the following documents (collectively, the “Instruments”), copies of which have been made available to the Board, which the Board proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment financings:

- (1) the Contract;
  - (2) the Deed of Trust;
  - (3) an Indenture of Trust dated as of April 1, 2015 (the “Indenture”) between the Corporation and U.S. Bank National Association, as trustee;
  - (4) the Contract of Purchase;
  - (5) an Escrow Agreement dated as of April 1, 2015 (the “Escrow Agreement”) between the County and U.S. Bank National Association, as escrow agent;
- and
- (6) the Letter of Representation;

**WHEREAS**, to make an offering and sale of the Bonds, there will be prepared a Preliminary Official Statement with respect to the Bonds (the “Preliminary Official Statement”), a draft thereof having been presented to the Board, and a final Official Statement relating to the Preliminary Official Statement (together with the Preliminary Official Statement, the “Official Statement”), which Official Statement will contain certain information regarding the County;

**WHEREAS**, it appears that each of the Instruments and the Preliminary Official Statement is in an appropriate form and is an appropriate instrument for the purposes intended;

**WHEREAS**, the County hereby determines that the acquisition of the Project and the refinancing of the Prior Contract and the Prior Bond is essential to the County's proper, efficient and economic operation and to the general health and welfare of its inhabitants; that the Project and the projects financed by the Prior Contract and the Prior Bond will provide or have provided an essential use and will permit or have permitted the County to carry out public functions that it is authorized by law to perform; and that entering into the Contract is necessary and expedient for the County by virtue of the findings presented herein;

**WHEREAS**, the County hereby determines that the Contract would allow the County to purchase the Project and take title thereto and refinance the projects financed by the Prior Contract and the Prior Bond at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the County;

**WHEREAS**, the County hereby determines that the estimated cost of the acquisition of the Project and the refinancing of the Prior Contract and the Prior Bond is an amount not to exceed \$141,000,000 and that such cost exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the County in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

**WHEREAS**, although the cost of the acquisition of the Project and the refinancing of the Prior Contracts and the Prior Bond pursuant to the Contract is expected to exceed the cost thereof pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of the acquisition of the Project and the refinancing of the Prior Contracts and the Prior Bond pursuant to the Contract and the Deed of Trust and the obligations of the County thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of acquiring, constructing, improving and equipping the Project and refinancing the Prior Contracts and the Prior Bond; and (3) no revenues are produced by the Project or by the projects financed by the Prior Contracts and the Prior Bond so as to permit a revenue bond financing;

**WHEREAS**, the County has determined and hereby determines that the estimated cost of the acquisition of the Project and the refinancing of the Prior Contracts and the Prior Bond pursuant to the Contract reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

**WHEREAS**, the County [does not] anticipate a future property tax increase to pay installment payments falling due under the Contract;

**WHEREAS**, the sums to fall due under the Contract will be adequate but not excessive for its proposed purpose;

**WHEREAS**, Parker Poe Adams & Bernstein LLP, as bond counsel ("*Bond Counsel*"), will render an opinion to the effect that entering into the Contract and the transactions contemplated thereby are authorized by law;

**WHEREAS**, no deficiency judgment may be rendered against the County in any action for its breach of the Contract, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any moneys due under the Contract;

**WHEREAS**, the County is not in default under any of its debt service obligations;

**WHEREAS**, the County's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the County has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget ordinance;

**WHEREAS**, past audit reports of the County indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the County has not been censured by the North Carolina Local Government Commission (the "LGC"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

**WHEREAS**, a public hearing on the Contract after publication of a notice with respect to such public hearing must be held and the Board conducted such public hearing on March 3, 2015 to receive public comment on the Contract, the Deed of Trust, the Project to be financed thereby and the refinancing of the Prior Contract and the Prior Bond;

**WHEREAS**, approval of the LGC with respect to entering into the Contract must be received and the County has filed an application to the LGC for approval of the Contract;

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

*Section 1. Ratification of Instruments.* All actions of the County, the Chairman of the Board (the "Chairman"), the Clerk to the Board (the "Clerk"), the County Manager, the Interim Finance Director of the County, the Senior Buncombe County Staff Attorney and their respective designees, whether previously or hereinafter taken, in effectuating the proposed refinancing, specifically including making application to the LGC, are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments.

*Section 2. Financing Team.* The financing team of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, as bond counsel, Robert W. Baird & Co. and one or more additional financial institutions to be selected by the Interim Finance Director, as underwriters, and the underwriters use of McGuireWoods LLP, as underwriters' counsel, is approved.

*Section 3. Authorization of the Official Statement.* The form, terms and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and of the final Official Statement 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 or the Interim Finance Director is hereby authorized and directed, individually and collectively, to deliver, on behalf of the County, the Official Statement in substantially such form, with such changes, insertions and omissions as he or she may approve.

*Section 4. Authorization to Execute the Contract.* The County hereby approves the financing of the Project and the refinancing of the Refinancing pursuant to the Contract, which will be a valid, legal and binding obligation of the County in accordance with its terms. The form and content of the Contract is hereby in all respects authorized, approved and confirmed, and the Chairman, the Clerk and the County Manager and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Contract, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions

or deletions therein as they deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the County's approval of any and all changes, modifications, additions or deletions therein from the form and content thereof presented to the Board. From and after the execution and delivery of the Contract, the Chairman, the Clerk, the County Manager and the Interim Finance Director are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions thereof as executed.

*Section 5. Authorization to Execute the Deed of Trust.* The County approves the form and content of the Deed of Trust, and the Deed of Trust is in all respects authorized, approved and confirmed. The Chairman, the Clerk and the County Manager and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Deed of Trust, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate. Execution by the Chairman, the Clerk and the County Manager or their respective designees constitutes conclusive evidence of the County's approval of any and all such changes, modifications, additions or deletions therein from the form and content of the Deed of Trust presented to the Board, and from and after the execution and delivery of the Deed of Trust, the Chairman, the Clerk, the County Manager and the Interim Finance Director of the County are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Deed of Trust as executed.

*Section 6. Letter of Representation.* The form and content of the Letter of Representation are hereby in all respects approved, and the Chairman, the County Manager or the Interim Finance Director is authorized to execute the Letter of Representation for the purposes stated therein.

*Section 7. Approval, Authorization of Escrow Agreement.* The County approves the form and content of the Escrow Agreement, and the Escrow Agreement is in all respects authorized, approved and confirmed. The Chairman, the Clerk and the County Manager and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Escrow Agreement, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate. Execution by the Chairman, the Clerk and the County Manager or their respective designees constitutes conclusive evidence of the County's approval of any and all such changes, modifications, additions or deletions therein from the form and content of the Escrow Agreement presented to the Board, and from and after the execution and delivery of the Escrow Agreement, the Chairman, the Clerk, the County Manager and the Interim Finance Director of the County are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreement as executed.

*Section 8. County Representative.* The Chairman, the County Manager and the Interim Finance Director of the County are hereby designated as the County's representative to act on behalf of the County in connection with the transactions contemplated by the Instruments and the Preliminary Official Statement, and the Chairman, the County Manager and the Interim Finance Director are authorized to proceed with the refinancing of a portion of the County's installment payment obligations under the Prior Contracts in accordance with the Instruments and to seek opinions as a matter of law from the Senior Buncombe County Staff Attorney, which said Attorney is authorized to furnish on behalf of the County, and opinions of law from such other attorneys for all documents contemplated hereby as required by law. The County's representative and/or designee or designees are in all respects authorized on behalf of the County to supply all information pertaining to the County for use in the Official Statement and the

transactions contemplated by the Instruments or the Preliminary Official Statement. The County's representatives or their respective designees are hereby authorized, empowered and directed, individually and collectively, to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate to consummate the transactions contemplated by the Instruments or the Preliminary Official Statement or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution.

*Section 9. Severability.* If any section, phrase or provision of this Resolution is for any reason declared to be invalid, such declaration will not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

*Section 10. Repealer.* All motions, orders, resolutions and parts thereof, in conflict herewith are hereby repealed.

*Section 11. Effective Date.* 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 entitled **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF BUNCOMBE, NORTH CAROLINA, APPROVING AN INSTALLMENT PURCHASE CONTRACT AND A DEED OF TRUST AND THE DELIVERY THEREOF AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS ”** adopted by the Board of Commissioners of the County of Buncombe, North Carolina, at a meeting held on the 4<sup>th</sup> day of March, 2015.

***WITNESS*** my hand and the corporate seal of the County of Buncombe, North Carolina, this the 4th day of March, 2015.

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