

A RESOLUTION FOR THE SALE OF REFUNDING BONDS (2009-11-23/R-9)

WHEREAS:

The Town Council has previously authorized the issuance of up to \$5,750,000 in Town general obligation refunding bonds (the “Bonds”) to refund public improvement bonds issued in 1998 and 2000.

This resolution provides for the issuance of these Bonds and takes related action, such as approving the form of the disclosure document that will be used in connection with the offering and sale of the Bonds.

BE IT THEREFORE RESOLVED by the Town Council of the Town of Chapel Hill, North Carolina, as follows:

1. *Determination To Sell Refunding Bonds* -- The Town will issue and sell the Bonds for their authorized purpose.

2. *Payment Provision* -- The Bonds will bear interest at the rates determined at the time of their sale by the Local Government Commission (currently scheduled for December 15). The principal of the Bonds will be payable in annual installments as the Finance Officer may determine after consultation with the LGC, except that the final maturity for the Bonds must not extend beyond December 31, 2019. The Bonds will not be subject to prepayment prior to the scheduled principal payment dates.

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 Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, 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 Bonds as the same become due.

4. *Approval of Official Statement for Offering* -- There has been made available to each member of the Council the form of an official statement (the “Official Statement”) relating to the Bonds, pursuant to which the Bonds will be offered for sale. The Official Statement remains subject to completion and amendment.

The Official Statement is approved as the form of official statement pursuant to which the Bonds will be offered for sale. The actions of the Finance Officer, in collaboration with the LGC, in preparing the text of the Official Statement are ratified, approved and confirmed. The Council ratifies and approves the LGC's distribution of the Official Statement, in substantially the form presented, to prospective purchasers of the Bonds.

The Council acknowledges that it is the Town’s responsibility, and ultimately the Council’s responsibility, to ensure that the Official Statement in its final form neither contains an untrue statement of a material fact nor omits to state a material fact required to be included

therein for the purpose for which such Official Statement is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. By the adoption of this resolution, the Council members approve the Official Statement as materially correct and complete, and further acknowledge and accept their own responsibility for causing the Town to fulfill these responsibilities for the Official Statement.

5. *Form of Bonds; Payment Details* -- The Bonds will be designated "General Obligation Refunding Bonds, Series 2009," and will be in substantially the form set out in Exhibit A. The Bonds will be dated the date of their initial issuance, will be in fully registered form, in denominations of \$5,000 and integral multiples thereof, and will be numbered R-1 upward.

The Bonds must be signed by the manual or facsimile signature of the Mayor or the Town Manager, must be countersigned by the manual or facsimile signature of the Town Clerk or any Assistant Clerk, and the Town's seal must be affixed thereto or a facsimile thereof printed thereon. No Bond will be valid unless at least one of the signatures appearing on such Bond (which may be the signature of the LGC's representative required by law) is manually applied or until such Bond has been authenticated by the manual signature of an authorized officer or employee of a bond registrar selected by the Town.

Interest on each Bond will be payable semiannually (a) from its date, if it is authenticated prior to the first interest payment date, or (b) otherwise from the interest payment date that is, or immediately precedes, the date on which it is authenticated (unless payment of interest thereon is in default, in which case such Bonds will bear interest from the date to which interest has been paid). Principal and interest will be payable in lawful money of the United States of America.

The Finance Officer will execute a certificate prior to the initial delivery of the Bonds designating the final aggregate principal amount of the Bonds (up to the maximum authorized amount of \$5,750,000) and the principal and interest payment schedule for the Bonds. This certificate will be conclusive evidence of the Finance Officer's approval and determination of such matters.

6. *Finance Officer as Registrar; Payments to Registered Owners* -- The Finance Officer is appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records of the ownership of the Bonds. The Town will treat the registered owner of each Bond as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner, except that interest payments will be made to the person shown as owner on the registration books at the end of the day on the 15th day of the month preceding each interest payment date (whether or not such 15th day is a business day).

7. *Advertising Bonds for Sale* -- The Finance Officer, in collaboration with the LGC, is authorized and directed to take all proper steps to advertise the Bonds for sale in accordance with customary LGC procedures, including through the use of one or more "Notice of Sale" documents in the LGC's customary form. All prior steps toward this end are hereby ratified and approved.

8. LGC To Sell Bonds; Provisions for Delayed Sale -- (a) The Town asks the LGC to sell the Bonds, to receive and evaluate bids and to award the Bonds on the basis of the best bid received.

(b) If market conditions at the time of the proposed sale of the Bonds do not allow the Bonds to be sold at interest rates and prices that make the refunding of all or any portion of the prior bonds economical, as determined by the Finance Officer and in accordance with LGC guidelines, the Finance Officer is authorized to decline the sale of the Bonds, in whole or in part. The Finance Officer is further authorized to provide for additional attempts to sell the Bonds, or any portion of the Bonds, if such officer determines that market conditions have changed such that a successful sale of the Bonds (or any portion) may be possible. The Finance Officer may provide for one or more additional sales until March 1, 2010, without further advance approval from the Council. These additional sales may make use of the previously-approved official statement, with the Finance Officer's approval, and pursuant to such advertisement for sale as the Finance Officer may approve.

9. Completing Official Statement after Sale -- After bids have been received and the LGC has awarded the Bonds to the successful purchaser, the Finance Officer is authorized and directed to prepare, in collaboration with the LGC, a final Official Statement containing, among such other matters as may be appropriate, information required pursuant to Rule 15c2-12 ("Rule 15c2-12") promulgated by the United States Securities and Exchange Commission under the United States Securities Act of 1934, as amended. The Town, together with the LGC, will arrange for the delivery within seven business days of the date the Bonds are sold of a reasonable number of copies of the final Official Statement to the successful bidder on the Bonds for delivery to each potential investor requesting a copy of the final Official Statement and to each person to which such bidder and members of the bidding group initially sell the Bonds.

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

The Finance Officer is authorized and directed to hold the executed Bonds, 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 Bonds and other documents have been completed to the Finance Officer's satisfaction, and thereupon to release the executed Bonds 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 (a) to enter into such agreements or take such other actions as such officer may deem appropriate in connection with obtaining bond insurance for the Bonds, (b) to approve agreements appropriate to carry out the refunding contemplated by this resolution, including agreements for the custody of Bond proceeds and agreements for appropriate professional services, and (c) to approve changes to any documents or closing certifications previously signed by Town officers or employees, provided that the Bonds 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.

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 with respect to the Bonds. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Bonds, this resolution or otherwise with respect to the Bonds.

11. *Undertaking for Continuing Disclosure* -- The Town undertakes, for the benefit of the beneficial owners of the Bonds, to provide continuing disclosure with respect to the Bonds as described in Exhibit B.

The Council designates the Finance Officer as the Town officer to be primarily responsible for the Town's compliance with its undertakings for continuing disclosure provided for in this resolution. The Finance Officer will provide for the filings and reports (including the reports of material events) constituting the continuing disclosure provided for in this resolution.

12. *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 Bonds 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 Bonds 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 Bonds, and the Town will pay any such required rebate from its general funds. For this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, including applicable Treasury regulations.

13. *Bonds Are "Bank-Qualified" Obligations* -- The Town designates the Bonds as "qualified tax-exempt obligations" for the purpose of Code Section 265(b)(3), which provides certain income tax advantages for financial institutions that invest in such obligations.

14. *Book-Entry System for Bond Registration* -- The Bonds will be issued by means of a book-entry system, with one bond certificate for each maturity 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 as described in the Official Statement. Therefore, (a) the Town will pay principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds, (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 Bonds, and (c) the Town will not mail any notices related to the Bonds to anyone other than DTC or its nominee so long as the book-entry system of registration with DTC is in effect. The Town may elect to discontinue the book-entry system with DTC by resolution of the Council. 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.

15. Call of Prior Bonds for Redemption -- The Council authorizes and directs the Finance Officer to make, on the Town’s behalf, an irrevocable call for redemption of such of the Town’s General Obligation Public Improvement Bonds, Series 1998 and Series 2000, as the Finance Officer (after consultation with the LGC) deems beneficial to the Town. The Finance Officer will make this call for redemption by the execution and delivery of an appropriate certificate in connection with the original delivery of the Bonds.

16. 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. Upon the absence, unavailability or refusal to act of the Mayor, the Town Manager or the Finance Officer, any of such officers may assume any responsibility or carry out any function assigned to another officer in this resolution. In addition, the Mayor Pro Tem may in any event assume any responsibility or carry out any function assigned to the Mayor 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 that the foregoing resolution (which includes the attached Exhibits A and B) was duly adopted at a meeting of the Town Council of the Town of Chapel Hill, North Carolina, duly called and held on November 23, 2009, and that a quorum was present and acting throughout such meeting. Such resolution remains in full effect as of today.

Dated this ____ day of _____, 2009.

[SEAL]

Sabrina Oliver
Town Clerk
Town of Chapel Hill, North Carolina

EXHIBIT A - Form of Bonds**REGISTERED****REGISTERED****Number R-X****UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA****TOWN OF CHAPEL HILL****General Obligation Refunding Bond, Series 2009**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	March 1, 20XX	December 22, 2009	159 429 XXX

REGISTERED OWNER: ***CEDE & CO.*********PRINCIPAL AMOUNT: ****_ THOUSAND DOLLARS
(\$_____,000)*****

THE TOWN OF CHAPEL HILL, NORTH CAROLINA (the "Town"), for value received, 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, and to pay interest on this Bond semiannually on each March 1 and September 1, beginning March 1, 2010, at the annual rate stated above. Interest is payable (a) from the dated date stated above, if this Bond is authenticated prior to March 1, 2010, or (b) otherwise from the March 1 or September 1 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest hereon is in default, in which case this Bond will bear interest from the date to which interest has been paid). Principal and interest are payable in lawful money of the United States of America.

This Bond is one of an issue of the Town's \$_____ General Obligation Refunding Bonds, Series 2009 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest and maturity. The Bonds are issued pursuant to a resolution adopted by the Town's governing Town Council on November 23, 2009, and the Constitution and laws of the State of North Carolina, including the Local Government Bond Act.

The Town's full faith and credit are pledged for the payment of principal of and interest on this Bond.

The Bonds are not subject to redemption prior to maturity.

The Bonds are issued by means of a book-entry system, with one bond certificate for each 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 Bonds in the principal amount of \$5,000 or any integral multiple thereof 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 Bonds are payable by the Town to DTC or its nominee as registered owner of the Bonds. The Town is not 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 Bonds 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 Bonds in the form of fully-registered certificates.

The Town's Finance Officer has been appointed Registrar for the Bonds. As Registrar, the Finance Officer will maintain appropriate books and records indicating ownership of the Bonds. The Town will treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that interest payments will be made to the person shown as owner on the Town's registration books at the end of the day on the 15th day of the month preceding each interest payment date (whether or not such 15th day is a business day).

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

The Town intends that North Carolina law will govern the terms of the Bonds.

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 Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other indebtedness of the Town, 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 Chapel Hill, North Carolina, has caused this Bond to be signed by its Mayor, to be countersigned by the Town Clerk, the Town's seal to be affixed hereto and this Bond to be dated December 22, 2009.

COUNTERSIGNED:	(SEAL)	
<p style="text-align: center;"><i>[Sample only - do not sign]</i> Town Clerk Town of Chapel Hill, North Carolina</p>		<p style="text-align: center;"><i>[Sample only - do not sign]</i> Mayor Town of Chapel Hill, North Carolina</p>

The Bonds have been approved by the North Carolina Local Government Commission in accordance with the Local Government Bond Act.

[Sample only - do not sign]
T. Vance Holloman
Secretary, Local Government Commission

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 bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said bond 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 bond in every particular without alteration or enlargement or any change whatsoever.</p>
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Exhibit B -- Undertaking for Continuing Disclosure

The Town undertakes, for the benefit of the beneficial owners of the Bonds, to provide the following:

(a) by not later than seven months from the end of each of the Town's fiscal years, to the Municipal Securities Rulemaking Council ("MSRB"), audited Town financial statements for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements are not available by seven months from the end of any fiscal year, unaudited Town financial statements for such fiscal year, to be replaced subsequently by audited Town financial statements to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each of the Town's fiscal years, to the MSRB, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year (which data will be prepared at least annually, will specify the date as to which such information was prepared and will be delivered with any subsequent material events notices specified in subparagraph (c) below) for the type of information included under heading "The Town - Debt Information" and "- Tax Information" in the final Official Statement (excluding any information on overlapping or underlying units), and (ii) the combined budget of the Town for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, to the MSRB, notice of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of the beneficial owners of the Bonds;
- (8) Bond calls;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds; and

(11) rating changes; and

(d) in a timely manner, to the MSRB, notice of a failure of the Town to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the Town fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an event of default and will not result in any acceleration of payment of the Bonds. All actions will be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Town shall provide the documents referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The Town may discharge its undertaking as set forth in this resolution by providing such information in any manner that the United States Securities and Exchange Commission subsequently authorizes in lieu of the manner described above.

The Town reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the Town's judgment, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Town;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the final Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the Town or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the bond resolution, as it may be amended from time to time, at the time of the amendment.

(d) Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.