

**THE BOARD OF COUNTY COMMISSIONERS
DURHAM, NORTH CAROLINA**

Monday, March 25, 2002

7:00 P.M. Regular Session

MINUTES

Place: Commissioners' Room, second floor, Durham County Government Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman MaryAnn E. Black, Vice-Chairman Ellen W. Reckhow, and Commissioners Joe W. Bowser, Philip R. Cousin Jr., and Becky M. Heron

Absent: None

Presider: Chairman Black

Opening of Regular Session

Chairman Black called the meeting to order with the Pledge of Allegiance.

Excused From Meeting

Vice-Chairman Reckhow requested to be excused from the Wednesday, March 27, 2002 BOCC/DPS Board of Education Budget Worksession at Durham Public Schools Staff Development Center, 2107 Hillandale Road, Room M1 at 6:30 p.m. Also, she asked that the administration do a better job in communicating with the Commissioners before scheduling special sessions.

Commissioner Bowser asked to be excused from the March 27 meeting.

Commissioner Cousin made a motion, seconded by Commissioner Heron, to excuse Vice-Chairman Reckhow and Commissioner Bowser from the March 27, 2002 meeting.

The motion carried unanimously.

Agenda Adjustments

No adjustments were made to the agenda.

Minutes

Vice-Chairman Reckhow was concerned that the March 11, 2002 Closed Session Minutes may have created the wrong impression relative to the price of the land for the Eastern Library site. She referenced the statement that the asking price per acre was \$130,000 versus \$15,000 per acre assessed value. She asked the County Manager to speak to this issue because of the difference between that assessment for raw land and what it would be for a developed site.

Per a previous request by Commissioner Heron, the County Manager checked with the Tax office and determined the assessed value at \$18,000 per acre. The distinction is that the platted lots (4 acres—4 lots per acre—16 lots), once they are platted and as a matter of record are recorded, would be valued at, according to Steve Crysel, \$550,000. That is the distinction which we tried to make in closed session.

Vice-Chairman Reckhow asked that this be included as a part of the record in tonight's meeting minutes for clarification.

Chairman Black asked that the backup material from that meeting be placed as an addendum to the March 11, 2002 Regular Session Minutes to help clarify why the Board made the decision to purchase the land from Torrey Homes for the Eastern Library site.

Commissioner Bowser moved, seconded by Vice-Chairman Reckhow, to approve the February 4, 2002 Worksession Minutes as corrected. The February 11, 2002 BOCC/Library Board of Trustees, February 25, 2002 BOCC/Area Board of Mental Health, February 25, 2002 Regular Session, February 26, 2002 BOCC Retreat (continued), and March 11, 2002 Closed Session Minutes of the Board were approved as submitted.

Proclamation for Dr. James H. Ammons

Events culminating with the official installation of Dr. James H. Ammons as Chancellor of North Carolina Central University are planned for the first week in April 2002. A proclamation was prepared for the Board of County Commissioners' approval designating April 6, 2002 as "Dr. James H. Ammons Day" in Durham County.

Dr. Ammons brought his vision to the University in July 2001. As he assumed the mantle of leadership, he noted his desire to enhance the image and academic offerings at North Carolina Central University. In particular, he stated his desire to expand course offerings to attract top student achievers and hope to add degree programs in pharmacy, computer engineering, software engineering, actuarial science journalism, and

architecture. He also noted that he wants the university to offer Ph.D. programs in education and biomedical sciences.

In short order, Dr. Ammons has become actively involved in the Durham community and has received local honors. The News & Observer named Dr. Ammons of the "10 to Watch in 2002." He was selected as the honorary chair of 2001 "Light up Durham" and co-chair of the Durham Public Education Network.

County Manager's Recommendation: Approve the proclamation and forward to Dr. James H. Ammons along with the Board's best wishes for his successful tenure as Chancellor of North Carolina Central University.

Chairman Black asked Commissioner Cousin to read the following proclamation into the record:

PROCLAMATION

WHEREAS, Dr. James H. Ammons, a native of Florida, graduated cum laude from Florida A&M University with a B.S. degree in Political Science in 1974; and

WHEREAS, he was awarded the Minority Graduate Fellowship from the American Political Science Association and went on to earn from Florida State University, both the M.S. in Public Administration in 1975, and a Ph.D. in Government in 1977; and

WHEREAS, Dr. Ammons began his teaching career in public policy and administration in 1977 at the University of Central Florida; and

WHEREAS, in 1983 Dr. Ammons returned to Florida A&M as a political science associate professor, was promoted in 1984 to Assistant Vice President for Academic Affairs, and was again promoted in 1989 to Associate Vice President for Academic Affairs and served as Director of Title III Programs; and

WHEREAS, Dr. Ammons was promoted to the rank of full professor in 1993, and was appointed to the position of Provost and Vice President for Academic Affairs in 1995; and

WHEREAS, as a result of his excellent academic background, outstanding accomplishments, achievements, and administrative experiences, Dr. Ammons was tapped to succeed Attorney Julius Chambers as Chancellor of North Carolina Central University; and

WHEREAS, since July 2001, Dr. Ammons has clearly articulated his goals for North Carolina Central University, where he intends to expand both its image and academic offerings; and

WHEREAS, Dr. Ammons has a demonstrated record of community service in his previous positions and has already shown that interest in Durham by seeking to empower 4,600 Eagle Village neighborhood residents through an \$889,000 initiative that promotes a greater understanding of how technology can enhance life:

NOW, THEREFORE, BE IT RESOLVED that we, the members of the Durham County Board of Commissioners, do hereby proclaim Saturday, April 6, 2002 as

DR. JAMES H. AMMONS DAY

in Durham County. We invite the entire Durham community to join in wishing him a long and inspired tenure as the leader of this outstanding institution of higher learning.

This the 25th day of March, 2002.

/s/ Five Commissioners
Durham County Commissioners

Vice-Chairman Reckhow would read this proclamation and present it to Dr. Ammons on April 6, 2002 at 10:00 a.m. at his installation service. Chairman Black would be out of town for that service.

Chairman Black asked that the proclamation be framed for Dr. Ammons' office.

Proclamation for National Nutrition Month

National Nutrition Month is observed annually to emphasize the importance of maintaining a healthy lifestyle through making healthful eating choices for a lifetime. The Chairman has been asked to proclaim March as "National Nutrition Month" in Durham County. Tracey Bates, Health Promotion Nutritionist for the Public Health Department, received the proclamation.

County Manager's Recommendation: Approve the proclamation and present it to Ms. Bates.

Chairman Black read the following proclamation into the record:

PROCLAMATION

WHEREAS, children and adults throughout the Durham community will participate in activities aimed at celebrating National Nutrition Month during March; and

WHEREAS, trying new foods and new physical activities can jump-start plans for health; and

WHEREAS, personalizing the food guide pyramid can serve as a roadmap toward eating a variety of foods, using moderation when selecting portion sizes, and balancing choices over time; and

WHEREAS, taking the first step toward making healthful lifestyle choices can be easier when enlisting help from friends and family; and

WHEREAS, Americans of all ages benefit from making healthful eating, physical activity, and lifestyle choices:

NOW, THEREFORE BE IT RESOLVED that I, MaryAnn E. Black, Chairman of the Durham County Board of Commissioners, do hereby proclaim the month of March, 2002 as

“NATIONAL NUTRITION MONTH”

in Durham County. I further ask all citizens to “start today for a healthy tomorrow.”

This the 25th day of March, 2002.

/s/MaryAnn E. Black
Chairman, Board of County Commissioners

Ms. Bates introduced herself and her special friend, Power Panther. (Selena Sullivan, Community Nutrition Team Leader, graciously agreed to wear the Power Panther costume.) Mr. Panther is from the USDA and has gone out to the schools for a fitness promotion and celebration of National Nutrition Month. Ms. Bates introduced Rebecca Freeman, Director of Nutrition Services for the Health Department. She thanked the Commissioners for their continued support of the Nutrition Division and its activities.

Ms. Bates and Power Panther accepted the proclamation and shook the Commissioners’ hands.

Introduction of the New City-County Planning Director

The Board had an opportunity to meet Mr. Frank Duke, the newly appointed Joint City-County Planning Director. Mr. Duke comes to Durham from the state of Florida where he served as the Director of the Planning Division of Palm Beach County in West Palm Beach, FL. As Planning Director for Florida’s largest county geographically, he was responsible for the implementation, interpretation, and amendment of the County’s comprehensive plan. Prior to being named Director in 1997, he was the Senior Supervising Planner for the South Florida Water Management District for West Palm Beach, where he led the development of the District Water Management Plan and served as Director of Community Development and Planning for Bay County (Panama City, FL)

from 1982 to 1989. He has held other planning and economic analyst positions in Tallahassee and Sarasota.

Mr. Duke holds Bachelor of Arts degrees from Auburn University and the University of Alabama at Birmingham. He earned a Master's degree in Planning from Florida State University in 1987, with a concentration in housing and economic development. He also holds a Master's degree in History from Auburn University.

Resource Person(s): Wendell M. Davis, Deputy County Manager

County Manager's Recommendation: The Manager's recommendation was that the Board welcome Mr. Duke as the new City-County Planning Director.

Deputy County Manager Davis introduced Mr. Duke.

Mr. Duke thanked the Commissioners for the opportunity to come to Durham and work for the residents of Durham City and County. He felt privileged to be in this position. He had worked with some of the Commissioners in several meetings and looked forward to the opportunity to work with everyone.

Vice-Chairman Reckhow acknowledged Mr. Duke's efforts to attend all the meetings of the boards and commissions staffed by the Planning Department. She felt it is a good way for Mr. Duke to become acquainted with the community.

Commissioner Heron welcomed Mr. Duke and expressed the Board's gratitude for his coming to Durham. She is really excited about some of the things he has done already, some of the things she has read about in the newspaper, and some of the stands he has taken on issues that have come before the elected bodies.

Chairman Black welcomed Mr. Duke to Durham County.

Donation of Conservation Easement by Irmgard S. Hill

Irmgard S. Hill owns a 32-acre tract of land in northern Durham County. Ms. Hill has offered to donate a conservation easement to Durham County, which will cover this land. However, in order to consummate the donation, the County must agree to accept the conservation easement.

This 32-acre parcel is one tract within the larger Quail Roost Farm complex. The property is primarily in open pasturelands for horses, and includes a large farm pond. The property includes naturalized woodland along Mountain Creek, a tributary of the Little River Reservoir, which forms the western property line. The property includes an existing dwelling and associated barn and outbuildings, which will not be restricted by the easement.

In August 2001, the BOCC adopted the Little River Corridor Open Space Plan, which specifically recommends the preservation of Quail Roost Farm as open space due to its importance for farmland, wildlife habitat, and scenic character. This easement is significant, both in its being a donated farmland easement under the county's farmland preservation program, but also as the first within the Little River watershed.

The County is fortunate to have the continued existence of Quail Roost Farm as a major contributor to the scenic character in northern Durham, and is further fortunate that the property owner is committed to preserving these values with a permanent conservation easement.

Resource Person(s): Wayne Cash, Chairman, Farmland Preservation Board, and Lowell L. Siler, Deputy County Attorney

County Manager's Recommendation: Accept the conservation easement.

Commissioner Heron told of several good conversations with Ms. Hill about this property and how happy she was for this easement.

Vice-Chairman Reckhow expressed that this conservation easement is a major step in the right direction and hoped it would lead others to follow suit because implementation of the Plan will require cooperation with the various area landowners. She hopes this is the beginning of a trend in the Little River Corridor.

Vice-Chairman Reckhow moved, seconded by Commissioners Bowser and Heron, to accept the conservation easement.

The motion carried unanimously.

Hearing to Consider Refund of Excise Taxes due to Incorrect Recording

Chairman Black stated that this item was removed from tonight's meeting agenda.

Consent Agenda

Vice-Chairman Reckhow moved, seconded by Commissioner Bowser, to approve the following consent agenda items:

- *(a) Property Tax Releases and Refunds for Fiscal Year 01-02 (accept the property tax release and refund

- report as presented and authorize the Tax Assessor to adjust the tax records as outlined by the report);
- (b) Cancellation of the April 1, 2002 BOCC Worksession (cancel the April 1, 2002 Regular Session of the Board);
 - (c) Renewal of Ambulance Franchise for Johnston Ambulance Service (approve the franchise renewal as requested); and
 - (d) Conveyance of Surplus Vehicle (authorize the County Manager to convey the surplus vehicle described herein in consideration for the limited use of the vehicle for a public purpose only, and to publish notice of such conveyance as required by G.S.§160A-267).

The motion carried unanimously.

*The document related to this item follows:

Consent Agenda 9(a). Property Tax Releases and Refunds for Fiscal Year 01-02 (accept the property tax release and refund report as presented and authorize the Tax Assessor to adjust the tax records as outlined by the report).

Due to property valuation adjustments for over assessments, listing discrepancies, duplicate listings and clerical errors, etc., the report details releases and refunds for the month of February 2002.

Releases & Refunds for 2001 and 2002 Taxes:

Real	\$ 93,406.06
Personal	\$ 492.35
Registered Vehicles	\$ 18,820.08
Vehicle Fees	\$ 245.00
Solid Waste	<u>\$ 180.00</u>
Total for 2001 and 2002 Taxes and Fees	\$ 113,143.49

Prior Years (1993-2000) releases and refunds for February 2002 are in the amount of \$3,744.93.

Total Current Year and Prior Year Releases and Refunds \$116,888.42

(Recorded in Appendix A in the Permanent Supplement of the March 25, 2002 Minutes of the Board.)

Consent Agenda Item Pulled for Discussion

Consent Agenda (9e). Northeast Durham Small-Area Plan (accept the revised plan recommendations and adopt the Northeast Durham Small-Area Plan. Actual revisions have not been made to the plan given that the City Council has not had an opportunity to consider the plan).

Chairman Black removed consent agenda item No. 9(e) to allow two citizens to speak on that item.

Mr. Paul T. Glenn, 2612 Burton Road, Durham, NC 27704 forfeited his time to Mr. Parrish.

Mr. John Parrish, 2704 Burton Road, Durham, NC 27704, represented the Burton Road Neighborhood Association. He thought this item had been approved at the February 11, 2002 Regular Session and did not realize it would come back before the Board. He was concerned because he thought the plan would have been forwarded to the City Council weeks ago with a few corrections to some statements that Ms. Heron had asked about. Why did it take so long? He was very upset that changes had been made and that his neighborhood association had not been notified. He was very upset; however, he and Mr. Glenn arrived at the meeting early and staff had addressed his concerns.

Chairman Black said that staff had tried unsuccessfully to reach Mr. Parrish by telephone today to inform him of the changes. The reason the item was brought back before the Board was so the Commissioners could review the changes.

Vice-Chairman Reckhow asked whether City Council has approved the plan.

Mr. Duke replied that the plan would be presented to City Council.

Vice-Chairman Reckhow asked if the plan would be sent forward with any reservations about any points.

Mr. Duke replied in the negative.

Commissioner Heron asked when the plan would go before City Council.

Mr. Duke replied that the plan would be presented May 6.

Commissioner Heron explained that it is crucial that the plan get approved by the Council as soon as possible because of the development pressures on that section of the County.

Vice-Chairman Reckhow expressed a desire that the process be expedited in the future because these delays can lead to anxiety for the residents.

Commissioner Heron wanted to know whether the City would have to schedule a public hearing for this item and if so, would Mr. Parrish and the neighbors be notified.

Mr. Duke replied in the affirmative.

Chairman Black commented that the plan would be forwarded to the City Council for its approval.

Amendment of the Contract for the Wastewater Utility Rate and Fee Study to Include the Phase II Financial Feasibility Study

The Board was requested to approve a feasibility study for the financing of Phase II of the Triangle Wastewater Treatment Plant improvement project. A proposal was received from Raftelis Financial Consultants to complete this work as an amendment to the current contract for a rate/fee study, approved by the Board on November 12, 2001. The cost of the feasibility study is \$ 44,200 (not to exceed).

The planning and design of the Triangle Wastewater Treatment Plant (TWWTP) upgrade and expansion project has been underway for several years to meet new regulatory requirements and provide additional capacity for future customers. It is critical that this project proceed to meet the January 1, 2004 regulatory requirements to remove Nitrogen. The Board of County Commissioners approved construction contracts for Phase I of the project on January 14, 2002. Phase II plans were submitted to the State of North Carolina in December 2001. Advertisement for bids is expected in April 2002 and construction is expected to begin in July 2002.

Phase II will be financed with Special Obligation Bonds (SOBs) as per the approved Capital Improvements Program (CIP). To proceed with financing, a feasibility study is required. The feasibility study is required by the Local Government Commission (LGC) to demonstrate the adequacy of cash flow for debt service purposes and to determine, if any, additional support is needed. Special Obligation Bonds were recommended because we believe there will be insufficient coverage to support Revenue Bonds. Generally, a debt coverage ratio of 1.75 to 2.5 is required for Revenue Bonds (all from rate).

Much of the same data collection and analysis is required for both the rate/fee study and feasibility study; therefore, we recommend that the current contract with Raftelis Financial Consulting be amended to include the feasibility study. The fee of \$44,200 was negotiated for this service. Combining the two studies achieves cost savings of approximately \$16,000.

Resource Person(s): George Quick, Director of Finance; Pam Meyer, Budget Director; Chuck Kitchen, County Attorney; Glen E. Whisler, P.E., County Engineer; and Wendell M. Davis, Deputy County Manager

County Manager's Recommendation: The Manager's recommendation was that the Board authorize the County Manager to execute a contract amendment with Raftelis Financial Consultants for a Feasibility Study for TWWTP improvements at a cost not to exceed \$44,200. This feasibility study is critical to allow the County's project to proceed to meet regulatory requirements and provide additional capacity for future customers. Furthermore, the Manager is recommending the appropriation of \$44,200 from Enterprise Fund retained earnings (Budget Ordinance Amendment No. 02BCC0000056) to the Wastewater Treatment Plant project (Capital Project Amendment No. 02CPA0000014), which will be reimbursed upon issuance of Special Obligation Bonds related to this project. The third and final phase of the financing for this project is underwriting, which is being awarded in a related agenda action at tonight's meeting.

Vice-Chairman Reckhow moved, seconded by Commissioner Cousin, to approve this agenda item.

The motion carried unanimously.

Vice-Chairman Reckhow moved, seconded by Commissioner Cousin, to direct the County Manager to engage in discussions with the City about future wastewater treatment in this basin with the goal of obtaining a long-term contract.

The motion carried unanimously.

Triangle Wastewater Treatment Plant Project (Phase II)—Underwriting Contract for Special Obligation Bonds

On Friday March 8, 2002, Durham County closed the RFP (02-027) for underwriting services relative to an issuance of special obligation bonds to finance Phase II of the Triangle Wastewater Treatment Plant project. The Local Government Commission requires an underwriter for the issuance of special obligation bonds. After a review of all proposals, staff recommends the firm of Jackson Securities Incorporated (Atlanta, GA) and Morgan Keegan & Company Inc. (Durham, NC) as Co-Managing Underwriters at a cost of \$107,423.50. The basis for this recommendation is cost. All of the bidders reflect acceptable experience and expertise to accomplish the mission. The other bidders follow:

Bank of America	\$135,586.00
Wachovia	\$137,253.15
Legg Mason	\$141,950.00
Salomon Smith Barney	\$161,210.05
BB&T	\$179,250.00

Morgan Keegan & Company Inc. requested to participate as Co-Managing Underwriters only.

The Bonds will be used to finance improvements for Phase II of the Triangle Wastewater Treatment Plant project. This project has been in design for several years and is necessary to meet new regulatory requirements. The project is approved in our CIP for \$35 million; however, only \$25 million must be issued for this phase. The award meets all of the County's MWBE requirements as set forth in the County's MWBE Ordinance.

Resource Person(s): George K. Quick, Finance Director; Pam Meyer, Budget Director; Chuck Kitchen, County Attorney; and Glen Whisler, P.E., County Engineer

County Manager's Recommendation: Authorize the County Manager to execute a contract with Jackson Securities Incorporated and Morgan Keegan & Company Inc. as Co-Managing Underwriters for the Underwriting of the Special Obligation Bonds for TWWTP improvements at a cost not to exceed \$107,423.50.

A motion was made by Commissioner Cousin, seconded by Commissioner Heron, to authorize the County Manager to execute the contract.

The motion carried unanimously.

Chairman Black welcomed to the meeting Samuel Bacote and Ken Hendricks, partners with Jackson Securities Inc., who will be managing the transaction.

Site Plan Approval for EMD Pharmaceuticals (D01-792)

Coulter, Jewell, Thames, PA, on behalf of EMD Pharmaceuticals, has submitted a plan for a 213,350 square-foot manufacturing warehouse, lab/research and office building and 186 parking spaces on a ±109.052-acre site, zoned I-2 and F/J-A Watershed Overlay. The property is located on the west side of Teknika Parkway, on the south side of Red Mill Road, and east of Old Oxford Road. (Tax reference 950-1-1 (part); PIN 0845-02-67-5196 (part); Durham County Street Atlas Page 30, Block D-1, Page 31, Block A-1, Page 36, Blocks C-4 and D-4, and Page 37, Block A-4). Governing Body approval is required for site plans greater than 25,000 square feet and for all non-residential projects in the F/J-A. Notice of the governing board consideration of this site plan has been published in the newspaper in accordance with the requirements of the Durham Zoning Ordinance Section 5.5.5.1 for non-residential projects within the F/J-A. A Traffic Impact Analysis has been reviewed and accepted by the Transportation Department. Improvements to be made as a result of that study are reflected on the site plan. The Planning staff recommended that the plan be approved.

Resource Person(s): Teri Danner, Senior Planner and Steve Medlin, Planning Supervisor

County Manager's Recommendation: The Manager's recommendation was that the Board discuss this matter and approve the site plan.

The Commissioners asked questions to which Mr. Medlin responded.

Vice-Chairman Reckhow moved, seconded by Commissioner Bowser, to approve the site plan.

The motion carried unanimously.

Resolution Providing for Issuance of Bonds and Reimbursement Resolution for Library Bonds

The initial sale of the majority of the bonds authorized by the November referendum is set for April 16, 2002. The first sale will be in the amount of \$68,410,000. All of the bonds are not being sold due to the various schedules for construction of the projects. To comply with the arbitrage rules of the Internal Revenue Service, a small portion of the bonds will be sold at a later date. The proposed proceedings set forth the legal framework necessary to effectuate this sale of the bonds.

Also included in the proposed proceedings is a reimbursement resolution for any expenditure made within 60 days of the resolution for library purposes. Bond counsel has suggested that a reimbursement resolution would be appropriate so there is no question as to whether the preliminary expenditures for libraries would be able to be repaid from the bond proceeds.

Resource Person(s): Chuck Kitchen, County Attorney

County Manager's Recommendation: Approve the two resolutions so that the sale of the GO bonds may proceed in an orderly manner.

Commissioner Heron moved, seconded by Vice-Chairman Reckhow, to approve the two resolutions.

The motion carried unanimously.

County Attorney presented this agenda item and answered several questions from the Commissioners.

The resolutions follow:

RESOLUTION PROVIDING FOR THE ISSUANCE OF \$68,410,000 PUBLIC
IMPROVEMENT BONDS, SERIES 2002B

BE IT RESOLVED by the Board of Commissioners for the County of Durham,
North Carolina:

Section 1. Said Board of Commissioners (the "Board of Commissioners") has
determined and does hereby find and declare:

(a) That orders authorizing not exceeding \$51,800,000 School Bonds,
\$10,270,000 Library Facilities Bonds, \$5,840,000 Museum Bonds, \$5,550,000
Recreational Facilities Bonds and \$1,200,000 Health Care Facilities Bonds were adopted
by the Board of Commissioners on June 11, 2001 and that each of said orders was
approved by the vote of a majority of the voters of said County who voted thereon at a
referendum duly called and held on November 6, 2001.

(b) That none of said School Bonds have been issued, that no notes have been
issued in anticipation of the receipt of the proceeds of the sale of said School Bonds and
that it is necessary to issue at this time all of said School Bonds.

(c) That none of said Library Facilities Bonds have been issued, that no notes
have been issued in anticipation of the receipt of the proceeds of the sale of said Library
Facilities Bonds and that it is necessary to issue at this time all of said Library Facilities
Bonds.

(d) That none of said Museum Bonds have been issued, that no notes have
been issued in anticipation of the receipt of the proceeds of the sale of said Museum
Bonds and that it is necessary to issue at this time \$4,840,000 of said Museum Bonds.

(e) That none of said Recreational Facilities Bonds have been issued, that no notes have been issued in anticipation of the receipt of the proceeds of the sale of said Recreational Facilities Bonds and that it is necessary to issue at this time \$1,000,000 of said Recreational Facilities Bonds.

(f) That none of said Health Care Facilities Bonds have been issued, that no notes have been issued in anticipation of the receipt of the proceeds of the sale of said Health Care Facilities Bonds and that it is necessary to issue at this time \$500,000 of said Health Care Facilities Bonds.

(g) That it is convenient to consolidate for the purpose of their issuance said \$51,800,000 School Bonds, said \$10,270,000 Library Facilities Bonds, said \$4,840,000 Museum Bonds, said \$1,000,000 Recreational Facilities Bonds and said \$500,000 Health Care Facilities Bonds into a single issue of \$68,410,000 Public Improvement Bonds, Series 2002B as hereinafter provided.

(h) That the weighted average of the maximum periods of usefulness of the improvements to be financed with the proceeds of said School Bonds, said Library Facilities Bonds, said Museum Bonds, said Recreational Facilities Bonds and said Health Care Facilities Bonds to be issued is estimated as a period of 40 years and that the date of expiration of said period computed from May 1, 2002, the date of said School Bonds, said Library Facilities Bonds, said Museum Bonds, said Recreational Facilities Bonds and said Health Care Facilities Bonds to be issued as provided in Section 2 of this resolution, is May 1, 2042.

Section 2. Pursuant to said orders, there shall be issued bonds of the County of Durham, North Carolina (the "Issuer") in the aggregate principal amount of \$68,410,000, designated "Public Improvement Bonds, Series 2002B" and dated May 1, 2002 (the "Bonds"). The Bonds shall be stated to mature annually, April 1, \$1,375,000 2003 to 2012, inclusive, \$5,465,000 2013 to 2020, inclusive, and \$5,470,000 2021 and 2022, and shall bear interest at a rate or rates to be determined by the Local Government Commission of North Carolina at the time the Bonds are sold, which interest to the respective maturities thereof shall be payable on October 1, 2002 and semiannually thereafter on April 1 and October 1 of each year until payment of such principal sum.

Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date in which event it shall bear interest from such interest payment date or (b) authenticated prior to the first interest payment date in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof.

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates to be made except as hereinafter provided. One fully-registered Bond certificate with respect to each date on which the Bonds are stated to mature, in the aggregate principal amount of the Bonds stated to mature on such date and

registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York (“DTC”), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence beneficial ownership of the Bonds in the principal amount of \$5,000 or any multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of each Bond shall be payable to Cede & Co. or any other person appearing on the registration books of the Issuer hereinafter provided for as the registered owner of such Bond or his registered assigns or legal representative at such office of the Bond Registrar mentioned hereinafter or such other place as the Issuer may determine upon the presentation and surrender thereof as the same shall become due and payable. Payment of the interest on each Bond shall be made by the Bond Registrar on each interest payment date to the registered owner of such Bond (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bond) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed to such person at his address as it appears on such registration books. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer will not be responsible or liable for such transfers of payments or for

maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Finance Director of the Issuer determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book-entry system with DTC. If the Issuer identifies another qualified securities depository to replace DTC, the Issuer will make arrangements with DTC and such other depository to effect such replacement and deliver replacement Bonds registered in the name of such other depository or its nominee in exchange for the outstanding Bonds, and the references to DTC or Cede & Co. in this resolution shall thereupon be deemed to mean such other depository or its nominee. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will deliver replacement Bonds in the form of fully registered certificates in the denomination of \$5,000 or any multiple thereof ("Certificated Bonds") in exchange for the outstanding Bonds as required by DTC and others. Upon the request of DTC, the Issuer may also deliver one or more Certificated Bonds to any participant of DTC in exchange for Bonds credited to its account with DTC.

Unless indicated otherwise, the provisions of this resolution that follow shall apply to all Bonds issued or issuable hereunder, whether initially or in replacement thereof.

Section 3. The Bonds shall bear the manual or facsimile signatures of the Chairman of the Board of Commissioners and the Clerk to said Board and the corporate

seal or a facsimile of the corporate seal of the Issuer shall be impressed or imprinted, as the case may be, on the Bonds.

The certificate of the Local Government Commission of North Carolina to be endorsed on all Bonds shall bear the manual or facsimile signature of the Secretary of said Commission and the certificate of authentication of the Bond Registrar to be endorsed on all Bonds shall be executed as provided hereinafter.

In case any officer of the Issuer or the Local Government Commission of North Carolina whose manual or facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Bond may bear the manual or facsimile signatures of such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

The Bonds to be registered in the name of Cede & Co. and the endorsements thereon shall be in substantially the following forms:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R- \$.....

United States of America
State of North Carolina

COUNTY OF DURHAM

PUBLIC IMPROVEMENT BOND, SERIES 2002B

<u>Maturity</u>	<u>Interest Rate</u>	<u>Cusip</u>
.....

The County of Durham, in the State of North Carolina, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above, upon the presentation and surrender hereof, at the office of the Finance Director of said County (the “Bond Registrar”), the principal sum of

..... DOLLARS

and to pay interest on such principal sum from the date hereof or from the April 1 or October 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an April 1 or an October 1 to which interest

shall have been paid, in which case from such date, such interest to the maturity hereof being payable on October 1, 2002 and semiannually thereafter on April 1 and October 1 in each year, at the rate per annum specified above, until payment of such principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt payment hereof, both principal and interest as the same shall become due, the faith and credit of said County of Durham are hereby irrevocably pledged.

This bond is one of an issue of bonds designated "Public Improvement Bonds, Series 2002B" (the "Bonds") and issued by said County for the purpose of providing funds, with any other available funds, for erecting, remodeling, enlarging and reconstructing school buildings and other school plant facilities in said County, providing additional library facilities of said County, enlarging and improving museum exhibits and other museum facilities in said County, providing additional recreational facilities of said County and providing and improving health care facilities of said County, and this bond is issued under and pursuant to The Local Government Bond Act, as amended, Article 7,

as amended, of Chapter 159 of the General Statutes of North Carolina, five orders adopted by the Board of Commissioners for said County, each of which was approved by the vote of a majority of the qualified voters of said County who voted thereon at a referendum duly called and held, and a resolution duly passed by said Board of Commissioners on March 25, 2002 (the "Resolution").

The Bonds maturing prior to April 1, 2013 are not subject to redemption prior to maturity. The Bonds maturing on April 1, 2013 and thereafter may be redeemed, at the option of said County, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than April 1, 2012, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as said County in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000 and, further, that The Depository Trust Company, New York, New York ("DTC") will determine by lot the amount of interest of each direct participant of DTC in such Bonds to be redeemed so long as a book-entry system with DTC is continued.

If less than all of the Bonds stated to mature on different dates shall be called for redemption, said County shall direct which maturities of the Bonds are to be redeemed.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, said County shall cause a notice of such redemption to be filed with the Bond Registrar and given by certified or registered mail to Cede & Co. at its address appearing upon the registration books of said County. On the date fixed for redemption, notice having been given as aforesaid, the Bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such Bonds or portions thereof on such date plus accrued interest to such date and, if moneys for payment of such redemption price and the accrued interest have been deposited by said County as provided in the Resolution, interest on the Bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this Bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to Cede & Co. or its legal representative upon the surrender hereof.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Resolution. One fully-registered Bond certificate with respect to each date on which the Bonds are stated to mature, in the aggregate principal amount of the Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of DTC, is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence beneficial ownership of the Bonds in the principal amount of \$5,000

or any multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. Said County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In certain events, said County will be authorized to deliver replacement Bonds in the form of fully-registered certificates in the denomination of \$5,000 or any multiple thereof in exchange for the outstanding Bonds as provided in the Resolution.

At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at his or her office the books of said County for the registration of transfer of Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new Bond or Bonds, registered in the name of the transferee, of

authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or of any Bond called for redemption in whole or in part pursuant to the Resolution.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of North Carolina to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed in regular and due form and time as so required; that provision has been made for the levy and collection of a direct annual tax upon all taxable property within said County sufficient to pay the principal of and the interest on this bond as the same shall become due; and that the total indebtedness of said County, including this bond, does not exceed any constitutional or statutory limitation thereon.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, said County of Durham, by resolution duly passed by its Board of Commissioners, has caused this bond [to be manually signed by] [to bear the facsimile signatures of] the Chairman of said Board and the Clerk to said Board and [a

facsimile of] its corporate seal to be [printed] [impressed] hereon, all as of the 1st day of
May 2002.

/s/ MaryAnn E. Black
Chairman, Board of County Commissioners

/s/ Garry E. Umstead
Clerk to the Board

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The Local Government Bond Act of North Carolina.

Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

Finance Director of the County of Durham,
North Carolina, as Bond Registrar

By: _____
Authorized Signatory

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells,
assigns and transfers unto _____

the within bond and all rights thereunder and hereby irrevocably constitutes and appoints

attorney to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Certificated Bonds issuable hereunder shall be in substantially the form of the Bonds registered in the name of Cede & Co. with such changes as are necessary to reflect the provisions of this resolution that are applicable to Certificated Bonds.

Section 4. The Bonds maturing prior to April 1, 2013 will not be subject to redemption prior to maturity. The Bonds maturing on April 1, 2013 and thereafter will be redeemable, at the option of the Issuer, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than April 1, 2012, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Issuer in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing

the principal amount of such Bond by \$5,000, and, further, that DTC will determine by lot the amount of interest of each direct participant of DTC in such Bonds to be redeemed so long as a book-entry system with DTC is continued. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the Issuer shall direct which maturities of the Bonds are to be redeemed.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his address appearing upon the registration books of the Issuer, provided that such notice to Cede & Co. shall be given by certified or registered mail. Failure to mail such notice or any defect therein shall not affect the validity of the redemption as regards registered owners to whom such notice was given as required hereby. Each such notice shall set forth the date designated for redemption, the redemption price to be paid and the maturities of the Bonds to be redeemed. In the event that Certificated Bonds are outstanding, each such notice to the registered owners thereof shall also set forth, if less than all of the Bonds of any maturity then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond

or Bonds in principal amount equal to the unredeemed portion of such Bond will be issued.

On or before the date fixed for redemption, moneys shall be deposited with the Bond Registrar to pay the principal of the Bonds or portions thereof called for redemption as well as the interest accruing thereon to the redemption date thereof.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, have been deposited by the Issuer to be held in trust for the registered owners of Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefits or security under this resolution or to be deemed outstanding, and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

If a portion of a Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption, and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of

the principal amount of the Bond so surrendered, a Bond or Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

Section 5. Bonds, upon surrender thereof at the office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

The transfer of any Bond may be registered only upon the registration books of the Issuer upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in an aggregate principal amount equal to the unredeemed principal amount of such Bond so surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled

by the Bond Registrar. The Issuer or the Bond Registrar may make a charge for shipping and out-of-pocket costs for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made by the Issuer or the Bond Registrar for exchanging or registering the transfer of Bonds under this resolution. The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or of any Bond called for redemption in whole or in part pursuant to Section 4 of this resolution.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bond and the interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

The Issuer shall appoint such registrars, transfer agents, depositories or other agents as may be necessary for the registration, registration of transfer and exchange of Bonds within a reasonable time according to then current commercial standards and for the timely payment of principal, interest and any redemption premium with respect to the Bonds. The Finance Director of the Issuer is hereby appointed the registrar, transfer

agent and paying agent for the Bonds (collectively the “Bond Registrar”), subject to the right of the governing body of the Issuer to appoint another Bond Registrar, and as such shall keep at his or her office the books of the Issuer for the registration, registration of transfer, exchange and payment of the Bonds as provided in this resolution.

Section 6. The Issuer covenants that, to the extent permitted by the Constitution and laws of the State of North Carolina, it will comply with the requirements of the Internal Revenue Code of 1986, as amended, as are applicable to the Bonds, except to the extent that the Issuer obtains an opinion of bond counsel to the effect that noncompliance would not result in interest on the Bonds being includable in the gross income of the owners of the Bonds for purposes of federal income taxation.

Section 7. The Issuer hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide:

(a) by not later than seven months from the end of each fiscal year of the Issuer, to each nationally recognized municipal securities information repository (“NRMSIR”) and to the state information depository for the State of North Carolina (“SID”), if any, audited financial statements of the Issuer 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 of the Issuer are not available by seven months from the end of such fiscal year, unaudited financial statements of the Issuer for such fiscal year to be replaced subsequently by audited financial statements of the Issuer 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 fiscal year of the Issuer, to each NRMSIR, and to the SID, if any, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under heading “The County - Debt Information and - Tax Information” in the Official Statement relating to the Bonds (excluding any information on overlapping or underlying units) and (ii) the combined budget of the Issuer 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 each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”), and to the SID, if any, 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 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) modification to the rights of the beneficial owners of the Bonds;

- (8) call of any of the Bonds for redemption;
- (9) defeasance of any of the Bonds;
- (10) release, substitution or sale of property securing repayment of the Bonds; and
- (11) rating changes; and

(d) in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of a failure of the Issuer to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the Issuer fails to comply with the undertaking described above, any beneficial owner of the Bonds then outstanding 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 shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Issuer reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Issuer, 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 Issuer;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”) as of the date of the Official Statement relating to the Bonds, 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 Issuer (such as bond counsel), or by approving vote of the registered owners of a majority in principal amount of the Bonds then outstanding pursuant to the terms of this resolution, as it may be amended from time to time, at the time of the amendment.

The Issuer agrees that the 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.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

Section 8. The actions of the County Manager, the Finance Director and the County Attorney of the Issuer in applying to the Local Government Commission of North Carolina to advertise and sell the Bonds are hereby approved and ratified and the Local Government Commission of North Carolina is hereby requested to ask for sealed bids for the Bonds by publishing notices and printing and distributing an Official Statement and a

Supplement to such Official Statement relating to the sale of the Bonds. Such Official Statement, dated March 29, 2002, and substantially in the form of the draft thereof presented to the Board of Commissioners, is hereby approved, and the Chairman of the Board of Commissioners, the County Manager and the Finance Director of the Issuer are each hereby authorized to approve changes in such Official Statement, to approve such Supplement and to execute such Official Statement and such Supplement for and on behalf of the Issuer.

Section 9. The Letter of Representations, as requested by DTC in connection with the issuance of the Bonds and in the form presented at this meeting, is hereby approved, and the Finance Director of the Issuer is hereby authorized to complete and execute such Letter of Representations and to deliver the same to DTC for and on behalf of the Issuer.

Section 10. The County Manager, the Finance Director and the County Attorney of the Issuer and their designees are hereby authorized and directed to take such other actions and to execute and deliver such other documents, certificates, undertakings, agreements or other instruments as may be necessary or appropriate to effectuate the issuance of the Bonds.

Section 11. This resolution shall take effect upon its passage.

**RESOLUTION OF THE BOARD OF COMMISSIONERS FOR THE
COUNTY OF DURHAM, NORTH CAROLINA, DECLARING ITS
INTENTION TO REIMBURSE SAID COUNTY FROM THE
PROCEEDS OF A TAX-EXEMPT FINANCING FOR CERTAIN
EXPENDITURES IN CONNECTION WITH CERTAIN LIBRARY
FACILITIES**

WHEREAS, the County of Durham, North Carolina (the "County"), is a political subdivision organized and existing under the laws of the State of North Carolina; and

WHEREAS, the County has paid, beginning no earlier than January 24, 2002, and will pay, on and after the date hereof, certain expenditures in connection with providing additional library facilities of the County, including the construction of a branch library in the eastern area of the County, the expansion and renovation of an existing branch library, the acquisition of necessary land, rights of way, furnishings and equipment therefor and the acquisition of necessary land and rights of way for additional branch libraries (collectively the "Project"); and

WHEREAS, the Board of Commissioners for the County (the "Board") has determined that certain moneys of the County previously advanced no earlier than January 24, 2002 and to be advanced on and after the date hereof by the County to pay such expenditures (the "Expenditures") are available only for a temporary period and it is and will be necessary to reimburse the County for the Expenditures from the proceeds of a tax-exempt financing in the form of an issue of Library Facilities Bonds of the County that were approved at the referendum thereon on November 6, 2001 in the amount of \$10,270,000 and will be a part of an issue of Public Improvement Bonds, Series 2002B of the County to be issued pursuant to a resolution passed by the Board on March 25, 2002 (the "Tax-exempt Financing");

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. The Board hereby declares the County's intent to reimburse the County with the proceeds of the Tax-exempt Financing for the Expenditures made on and

after January 24, 2002, which date is no more than 60 days prior to the date hereof. The County reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Tax-exempt Financing.

Section 2. Each Expenditure was or will be (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Tax-exempt Financing, (c) a nonrecurring item that is not customarily payable from current revenues or (d) a grant to a party that is not related to or an agent of the County so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the County.

Section 3. The maximum principal amount of the Tax-exempt Financing expected to be entered into with respect to the Project is \$10,270,000.

Section 4. The County will make a reimbursement allocation, which is a written allocation by the County that evidences the County's use of proceeds of the Tax-exempt Financing to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The County recognizes that exceptions are available for certain preliminary expenditures, costs of issuance, certain de minimis amounts, expenditures by small issuers (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least five years.

Section 5. This resolution shall take effect immediately upon its passage.

Adjournment

Chairman Black adjourned the meeting at approximately 8:15 p.m.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board