

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION
FOR APPROVAL OF A FINANCING AGREEMENT AUTHORIZED BY
NORTH CAROLINA GENERAL STATUTE 160A-20

WHEREAS, the Town of Bunn, North Carolina desires to construct a new water supply well (the "Project") to serve the citizens of Bunn; and

WHEREAS, the Town of Bunn desires to finance the Project by the use of an installment contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and

WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina Statute 159, Article 8, Section 151 prior to approval of the proposed contract;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Town of Bunn, North Carolina, meeting in special session on the 17th day of June, 1996 make the following findings of fact:

1. The proposed contract is necessary or expedient because:

(a) the Town of Bunn has been mandated by the N.C. Division of Environmental Health to provide an adequate and safe supply of drinking water for its citizens.

(b) the new water supply well must be constructed and put on-line as quickly as possible to provide an additional water supply and the desired financing method allows this to happen.

2. The proposed contract is preferable to a bond issue for the same purpose because:

(a) the Project can be completed in a much more timely manner.

(b) the cost of the Project exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances, and non-voted bonds that can be issued by the Town of Bunn in the current fiscal year pursuant to Article V, Section 4 of the North Carolina Constitution.

(c) the Town of Bunn has determined that the most efficient manner of financing the Project will be through entering into a construction Advance and Installment Repayment Contract (the "Contract") with the Renesslaerville Institute (the "Institute"), pursuant to which Contract the Institute will advance to the Town of Bunn amounts sufficient to pay all or a portion of the cost of the Project, and the Town of Bunn will repay the construction advance in installments, with interest.

3. The sums to fall due under the contract are adequate and not excessive for the proposed Project. The costs for the Project have been calculated by the Town's Professional Engineer registered to practice engineering in North Carolina.

4. The Town of Bunn's debt management procedures and policies are good because they have been carried out in strict compliance with law and the Town has never defaulted any debt in the past 20 years.

5. No tax increase is necessary to meet the sums to fall due under the proposed contract. Installment repayment will be done through increased water system user fees.

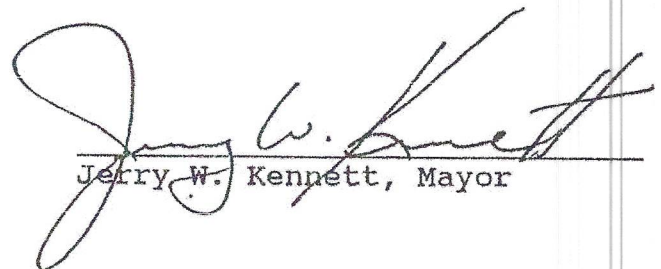
6. The Town of Bunn is not in default in any of its debt service obligations.

7. The attorney for the Town of Bunn has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

8. The probable net revenues of the project to be financed will be sufficient to meet the sums to fall due under the proposed project.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Mayor is hereby authorized to act on behalf of the Town of Bunn in filing an application with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.

This resolution is effective upon its adoption this 17th day of June, 1996.

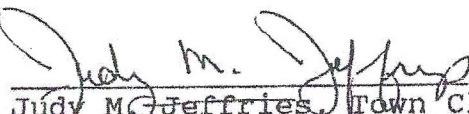

Jerry W. Kennett, Mayor

I, Judy M. Jeffries, Town Clerk of the Municipality, DO HEREBY CERTIFY that the foregoing is a true copy of so much of the proceedings of the Governing Body of the Municipality at a meeting held on the 17 day of June, 1996, as it relates in any way to the passage of a resolution authorizing installment purchase financing for the Municipality.

I DO HEREBY CERTIFY that at least 48 hours before the time of said meeting, written notice of said meeting stating its purpose (i) was posted by me on the principal bulletin board of the City and (ii) was mailed or delivered to each newspaper, wire service, radio station and television station which has filed a written request for notice with me and to each other person which has filed a written request with me for such notice pursuant to G.S. 143-318.12.

WITNESS my hand and the corporate seal of the Municipality this 17 day of June, 1996.

(SEAL)


Judy M. Jeffries, Town Clerk
Jeffries