

RESOLUTION OF THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

WHEREAS, THE PUBLIC WORKS COMMISSION (the "Issuer") is a political subdivision organized and existing under the laws of the STATE OF NORTH CAROLINA; and

WHEREAS, the Issuer has paid, beginning no earlier than July 1, 1994 and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the acquisition, construction and/or equipping of water and sanitary sewer systems facilities (the "Project"), as more fully described in Exhibit A attached hereto; and

WHEREAS, the PUBLIC WORKS COMMISSION of the Issuer (the "Board") has determined that those moneys previously advanced no more than 60 days prior to the date hereof and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the "Bonds");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. The Board hereby declares the Issuer's intent to reimburse the Issuer with the proceeds of the Bonds for the Expenditures with respect to the Project made on and after July 1, 1994, which date is no more than 60 days prior to the date hereof. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure [was and] will be either (a) of a type properly chargeable to 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 Bonds, (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 Issuer 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 Issuer.

Section 3. The maximum principal amount of the Bonds expected to be issued for the Project is \$ 33,000,000.

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer's use of proceeds of the Bonds 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 Issuer 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 5 years.

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

PASSED AND ADOPTED this 27th day of July, 1994.

W. Lyndo Tippet
Chairman

Attested to:

William H. Owen
Secretary

EXHIBIT A

DESCRIPTION OF PROJECTS

Water and Sanitary Sewer System Capital Additions consisting of:

1. w Alum Sludge Facilities	\$4,400,000
2. w Clinton Rd Tank Supply 20,500 ft. of 30" Water Main	1,917,000
3. w P. O. Hoffer clearwell renovations	1,335,000
4. w Relocate Person Street Elevated Water Tank	1,210,000
5. w P. O. Hoffer Water Plant Upgrade	1,100,000
6. w Along Bingham Dr. to Raeford Rd. 11,250 ft. of 24" Water Main	885,000
7. w Along Raeford Rd. from Bingham Dr. to School Rd. 8,250 ft. of 24" Water Main	649,000
8. w Vander to Cedar Creek 16,500 ft. of 12" and 16" Water Main	439,000
9. w Along Fisher Road 5,250 ft. of 15" Water Main	292,000
10. s Locks Creek 24" Sanitary Sewer	1,870,000
11. s Beaver Creek 7,500 ft. of 18" Sanitary Sewer Main	1,139,000
12. s Upgrade of the North Fayetteville Lift Station and 8,000 ft. of 20" Force Main	959,000
13. s Carvers Creek 4,000 ft. of 30" Sanitary Sewer Main	935,000
14. s Purolator Plant 5,000 ft. of 15" Sanitary Sewer Main	538,000
15. s Carvers Creek Tributary 3,100 ft. of 15" Sanitary Sewer Main	333,000
	<u>333,000</u>
Total	<u>\$18,001,000</u>

w = Water System

s = Sanitary Sewer System