

**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 TO BE MADE IN  
CONNECTION WITH THE CONSTRUCTION OF CERTAIN  
CAPITAL IMPROVEMENTS**

WHEREAS, Fayetteville Public Works Commission is an electric, water and wastewater utility wholly owned by the City of Fayetteville, North Carolina (the "Issuer"), which 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 May 10, 2003 and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the construction of Electric, Water and Wastewater System facilities (the "Project"), as more fully described in Exhibit A attached hereto; and

WHEREAS, the Public Works Commission of the Issuer (the "PWC") 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 PWC AS FOLLOWS:

Section 1. The PWC 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 May 10, 2003, 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.

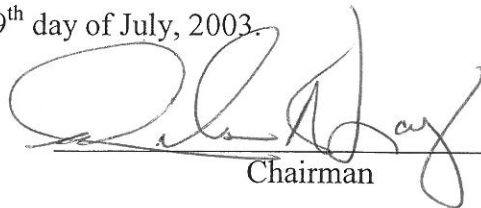
Section 2. Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily 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 \$16,000,000.

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 five years.

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

PASSED AND ADOPTED this 9<sup>th</sup> day of July, 2003.

  
Chairman

Attested to:

  
Secretary