

**RESOLUTION OF THE PUBLIC WORKS COMMISSION OF
THE CITY OF FAYETTEVILLE, NORTH CAROLINA
ESTABLISHING AN ANNEXATION PHASE V – AREAS 6 and 7
CAPITAL PROJECT FUND**

WHEREAS, the Public Works Commission of the City of Fayetteville, NC (COMMISSION) and the City of Fayetteville, NC (CITY) adopted a policy (POLICY) on May 7, 2008 and May 12, 2008, respectively, concerning the funding of water and sewer installation for areas 6 through 34 within the City of Fayetteville that were annexed through the involuntary annexation process and designated as Phase V; and

WHEREAS, the North Carolina Local Government Budget and Fiscal Control Act requires the use of a capital project fund for the proceeds of all bond issuances and debt instruments; and

WHEREAS, areas 1 through 5 were funded under a separate agreement referred to as Annexation Phase V – Project 1; and

WHEREAS, the CITY adopted a Preliminary Assessment Resolution for Areas 6 and 7 of the Phase V Annexation (PROJECT) on March 23, 2009 and a Resolution Directing the Phase V Annexation Areas 6 and 7 Utility Improvement Projects be Undertaken on April 27, 2009; and

WHEREAS, the PROJECT has been designed, bid and are ready to construct; and

WHEREAS, the construction of the PROJECT will be funded with a portion of the proceeds of the Series 2009B Revenue Bonds totaling approximately \$5,903,543 which is in accordance with the POLICY; and

WHEREAS, the COMMISSION desires to establish a capital project fund to account for the construction activity and use of bond proceeds associated with the PROJECT; and

NOW, THEREFORE, be it resolved by the COMMISSION that:

Section 1. The COMMISSION hereby creates an Annexation Phase V- Area 6 and 7 Capital Project Fund (CPF) for the purpose of accounting for the installation of water and sewer utilities in said areas.

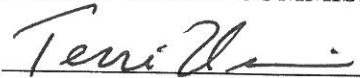
Section 2. The CPF will remain operational until the project areas are complete and all accounting transactions are finalized. Any remaining funds may be transferred to another appropriate fund to finance other water and wastewater projects as provided for in the Bond Order.

Section 3. The COMMISSION will manage this fund to include the accounting and reporting, disbursements, and investment of funds. The COMMISSION also establishes and will maintain a budget for the expected sources and uses of funds (EXHIBIT A).

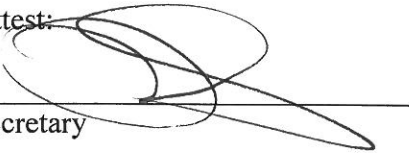
Section 4. The City Council of the CITY is hereby requested to adopt this resolution in the form presented above.

ADOPTED, this the 28th day of October 2009.

PUBLIC WORKS COMMISSION


Chairman

Attest:


Secretary