

**THE BOARD OF COMMISSIONERS OF  
THE BUNCOMBE COUNTY INDUSTRIAL FACILITIES AND  
POLLUTION CONTROL FINANCING AUTHORITY**

EXCERPT FROM MINUTES  
OF MEETING OF  
DECEMBER 10, 2010

The Buncombe County Industrial Facilities and Pollution Control Financing Authority met at 30 Valley Street, Asheville, North Carolina, at 2:00 p.m., on the 10<sup>th</sup> day of December, 2010.

Present: Vernon Dover, Chairman, Jon Creighton, Secretary, Erich Schmid, John Lyda, Barbara Whitaker and Michael Frue

Absent: John O'Neal

Also Present: Ron Freeman, CFO, Ingles Markets, Inc. and Ray Denny

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Commissioner Michael Frue introduced the following resolution the title of which was read:

FINAL RESOLUTION AUTHORIZING ISSUANCE OF UP TO  
\$99,740,000 RECOVERY ZONE FACILITY BOND (INGLES  
MARKETS PROJECT) SERIES 2010

WHEREAS, the Board of Commissioners of The Buncombe County Industrial Facilities and Pollution Control Financing Authority (the "Authority") met pursuant to notice in the Commissioners Meeting Room, 30 Valley Street, Asheville, North Carolina, at 2:00 p.m., on the 10<sup>th</sup> day of December, 2010; and

WHEREAS, Ingles Markets, Incorporated, a North Carolina corporation, or an affiliated or related entity (the "Borrower"), has requested the Authority, and the Authority has agreed, to issue its Recovery Zone Facility Bonds (Ingles Markets Project) Series 2010 in an amount up to \$99,740,000 (the "Bonds") under the provisions of Chapter 159C of the North Carolina General Statutes, as amended (the "Act") to finance a portion of the cost of the acquisition, construction and equipping of an approximately 830,000 square foot warehouse and distribution center located on its current headquarters site at 2913 U.S. Highway 70-West, Black Mountain, North Carolina and a new 80-100,000 square foot grocery store located at 153 Smokey Park Highway, Asheville, North Carolina (the "Project") and to pay certain costs incurred in connection with the issuance of the Bond; and

WHEREAS, the Bonds will be issued under an Indenture of Trust dated as of December 1, 2010 (the "Indenture") between the Authority and Branch Banking and Trust Company, as trustee (the "Trustee"), and the proceeds thereof loaned to the Borrower pursuant to a Loan Agreement dated as of December 1, 2010 between the Authority and the Borrower, to finance a portion of the costs of the Project; and

WHEREAS, the Bonds will be secured by a pledge of all receipts to be derived from the Borrower under the Loan Agreement, including payments on a promissory note with respect thereto (except in each case for payments to the Authority for indemnification and Authority fees and expenses); and

WHEREAS, the Bond will be sold to Wells Fargo Bank, N.A. (the "Bank") pursuant to a Bond Purchase Agreement dated on or about December 22, 2010 (the "Bond Purchase Agreement") among the Bank, the Borrower and the Authority; and

WHEREAS, the Bank and the Borrower will enter into a Continuing Covenant Agreement (the "Covenant Agreement") dated as of December 1, 2010 which contains additional terms relating to the loan of the proceeds of the Bonds to the Borrower; and

WHEREAS, it is anticipated that the Bank will participate or syndicate the loan made under the Loan Agreement and the Covenant Agreement to one or more additional financial institutions; and

WHEREAS, the issuance of the Bond is expected to be approved by the North Carolina Local Government Commission at its December 15, 2010 meeting; and

WHEREAS, there have also been presented to this meeting the forms of the following instruments (the "Documents") which the Authority proposes to approve to carry out the transactions described above, copies of which instruments shall be filed with the records of the Authority:

1. The Indenture;
2. The Loan Agreement;
3. The Bond Purchase Agreement;
4. The form of the promissory note of the Borrower in the amount of up to \$99,740,000, to be dated the date of closing (the "Note") together with the form of the endorsement from the Authority to the Trustee; and
5. The form of the Authority's \$99,740,000 Recovery Zone Facility Bonds (Ingles Market Project) Series 2010, bearing interest and payable as set forth therein.

NOW THEREFORE, the Board of Commissioners of the Authority does the following:

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE BUNCOMBE COUNTY INDUSTRIAL FACILITIES AND POLLUTION CONTROL FINANCING AUTHORITY:

1. It is hereby found and determined that the Project is a "special purpose project" under the Act, and is "recovery zone property" under Section 1400U-1 through 1400U-3 of the Internal Revenue Code of 1986 as amended (the Code"), as amended by the American Recovery and Reinvestment Tax Act of 2009 (the "Recovery Act"), and that the financing of the Project for the benefit of the Borrower will promote the purposes of the Act, and thereby promote the

general welfare of the inhabitants of North Carolina. The Authority hereby ratifies and confirms the County's designation of the entire County as a recovery zone under the Recovery Act.

2. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute, the Secretary or Assistant Secretary is authorized and directed to affix and attest the seal of the Authority to, and either is authorized and directed to deliver the Indenture to the other parties thereto.

3. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute, the Secretary or Assistant Secretary is authorized and directed to affix and attest the seal of the Authority to, and either is authorized and directed to deliver the Loan Agreement to the other parties thereto.

4. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute, the Secretary or Assistant Secretary is authorized and directed to affix and attest the seal of the Authority to, and either is authorized and directed to deliver the Bond Purchase Agreement to the other parties thereto.

5. The Chairman or Vice Chairman is authorized and directed to accept the Note, execute the form of assignment thereon, and deliver the Note to the Trustee.

6. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute, the Secretary or Assistant Secretary is authorized and directed to affix and attest the seal of the Authority to, and either is authorized and directed to deliver the Bond to the purchaser upon payment to the Trustee of the purchase price therefor.

7. The Indenture, the Loan Agreement, the Bond Purchase Agreement, the Note and the Bond shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes.

8. The officers of the Authority are hereby authorized and directed to execute and deliver all other certificates and instruments, including IRS Form 8038 and a Non-Arbitrage and Tax Certificate, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond and the undertaking of the Project.

9. All other acts of the officers of and counsel to the Authority previously or hereafter taken which are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond and the undertaking of the Project are hereby approved, ratified and confirmed.

Commissioner Erich Schmid moved the passage of the foregoing resolution and Commissioner Barbara Whitaker seconded the motion and the resolution was passed by the following vote:

Ayes: Vernon Dover, Chairman, Jon Creighton, Secretary, Erich Schmid, John Lyda, Barbara Whitaker and Michael Frue

Nays: none

Not voting: John O'Neal [absent]

I, Jon Creighton, Secretary of the Board of Commissioners of The Buncombe County Industrial Facilities and Pollution Control Financing Authority DO HEREBY CERTIFY that attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Authority at a special meeting duly called and held on December 10, 2010, and that the proceedings of such meeting will be recorded in the minutes of the Board.

I DO HEREBY FURTHER CERTIFY that due notice of such meeting, stating its time and place and the subjects to be considered was posted, mailed or delivered as required by G. S. § 143-318.12(b)(2).

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 10<sup>th</sup> day of December, 2010.

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Jon Creighton, Secretary

(SEAL)