

**10. REQUEST FOR NOTE CO-SIGNATURE  
FRANKLIN-SOUTHAMPTON FAIR FOUNDATION**

Attached for your reference, please find correspondence from Steve Clark, President of the Franklin-Southampton County Fair Foundation, seeking your consideration in co-signing a note with them to purchase and install air conditioning in the large exhibition building at the County Fairgrounds.

As you may recall, Southampton County owns the Fairgrounds but leased the property to the Fair Foundation for 99 years back in 1999. Among other things, the lease provides that the Fair Foundation is responsible for maintenance of all buildings and structures, including heating, cooling, ventilation, plumbing and electrical systems.

In addition, the lease prohibits the Fair Foundation from improving the property if such improvements would subject the property to any lien or encumbrance, without the consent and approval of Southampton County. Accordingly, since they intend to borrow up to \$40,000 to install the air conditioning in the exhibition building, the property would become subject to a lien (in the event of default), which necessitates your consent and approval in advance.

In addition, because we hold title to the property, it's my understanding that the prospective lender has requested that Southampton County co-sign the note. While there's always risk in co-signing a note, in this case, the worst that could happen is:

- The Fair Foundation defaults on the Note;
- Southampton County is called upon to pay the remaining balance;
- As owner, Southampton County is direct beneficiary of the improvements procured with proceeds of the Note (air conditioning).

The Franklin-Southampton Fair Foundation is now almost 30 years old and comprised of several community volunteers that do a marvelous job each year in organizing the Fair, including managing their own finances. I would characterize the risk of default as minimal.

I have not seen the term sheet (other than the principal sum) for the proposed loan and trust that the Fair Board's representative will be available to share that (lender, interest rate, term) with you on Monday.

**MOTION REQUIRED:**

If the Board is so inclined, a motion is required authorizing the Chairman and/or the County Administrator to co-sign the Note (up to \$40,000) for installation of air conditioning in the Exhibition Building at the Southampton County Fairgrounds.