

EXTRACTS FROM MINUTES OF CITY COUNCIL

* * *

A Regular Meeting of the City Council of the City of Charlotte, North Carolina was duly held in the Meeting Chamber at the Charlotte-Mecklenburg Government Center in Charlotte, North Carolina, the regular place of meeting, at 6:30 p.m. on March 22, 2021:

Members Present:

Members Absent:

* * * * *
* * *

Councilmember _____ introduced the following resolution (the “*Resolution*”), a summary of which had been provided to each Councilmember, copy of which was available with the City Clerk and which was read by title:

A RESOLUTION AUTHORIZING THE ISSUANCE OF AIRPORT REVENUE BOND ANTICIPATION NOTE OF THE CITY OF CHARLOTTE AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS

WHEREAS, the City of Charlotte, North Carolina, a municipal corporation in the State of North Carolina (the “*City*”), owns and operates within the City a public airport known as the Charlotte Douglas International Airport (together with such additions thereto as may be made from time to time, the “*Airport*”);

WHEREAS, the City is empowered, under the constitution and laws of the State of North Carolina (the “*State*”), particularly The State and Local Government Revenue Bond Act (Article 5 of Chapter 159 of the General Statutes of North Carolina), as the same may be amended from time to time (the “*Act*”), to issue its revenue bonds and notes for the purpose of financing airport facilities and refunding prior bonds issued for such purposes;

WHEREAS, the City Council of the City (the “*City Council*”) on April 24, 2017 adopted a bond order authorizing and securing airport revenue bonds of the City, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, and which the City Council may further restate, supplement and amend from time to time (the “*Order*”);

WHEREAS, the City Council has determined and hereby further determines that it is in the City’s best interest to finance and refinance the costs of Airport facilities and improvements in accordance with the Airport’s capital improvement plan (the “*Projects*”);

WHEREAS, the City has proceeded with financing some of the Projects on an interim basis from the proceeds of bond anticipation notes, including the City of Charlotte, North Carolina Airport Revenue Bond Anticipation Note, Series 2020A (the “*2020A BAN*”);

WHEREAS, the City has determined to issue another airport revenue bond anticipation note to be known as “*City of Charlotte, North Carolina Airport Revenue Bond Anticipation Note, Series 2021*” (the “*Note*”) in an aggregate principal amount not to exceed \$300,000,000 in order to (1) refinance the 2020A BAN, (2) further finance a portion of the Projects, (3) pay capitalized interest on the Note and (4) pay the costs of issuing the Note;

WHEREAS, Bank of America, N.A. (the “*Purchaser*”) has agreed to purchase the Note under the terms of the Order, this Resolution and a Note Purchase and Advance Agreement among the City, the Local Government Commission of North Carolina (the “*LGC*”) and the Purchaser (the “*Note Purchase Agreement*”);

WHEREAS, a copy of the form of the Note Purchase Agreement has been filed with the City Clerk and is available to the City Council; and

WHEREAS, in order to satisfy the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder (collectively, the “*Code*”), the City Council held a public hearing on February 22, 2021, after notice being duly given (the “*Public Hearing Notice*”), regarding the issuance of the Note in connection with the financing and refinancing the Projects, and now desires to approve the issuance of the Note and the financing and refinancing of the Projects with the proceeds thereof in accordance with the Code.

WHEREAS, the City has applied to LGC for approval of the Note as required by the Act;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina that the City Council has determined to adopt, in accordance with Section 208 of the Order, this Resolution authorizing the issuance of the Note under the Order, as follows:

Section 1. For purposes of this Resolution, all capitalized, undefined words have the meanings ascribed to them in Appendix A attached hereto (the “*Appendix*”). The Appendix is incorporated into this Resolution by reference. This Resolution is a Series Resolution under the Order.

Section 2. The Note is to be issued by the City for the purpose of providing funds, together with other available funds of the City, to (1) refinance the 2020A BAN, (2) further finance a portion of the Projects, (3) pay capitalized interest on the Note and (4) pay the costs of issuing the Note, as set out in the documents attached to the City’s application to the LGC and as described in the Appendix.

Section 3. The City will issue not to exceed \$300,000,000 in total aggregate principal amount of its Note.

Section 4. The City Council has requested that the Note be sold by the LGC at private sale without advertisement to the Purchaser at such price as the LGC determines to be in the best interest of the City and as set forth in the City’s application. The award of the Note by the LGC to the Purchaser is approved and the Authorized Officers (as defined below) are directed to authenticate and deliver the Note to and upon the order of the Purchaser on payment of the purchase price therefor as further described in Appendix A. The Note will bear interest at a variable rate as set forth in the Appendix and the Note Purchase Agreement.

Section 5. The Note is to be dated as of its date of issuance and the principal of and interest on the Note will be payable as set forth in the Appendix.

Section 6. The City covenants to take such action as may be required in the opinion of Bond Counsel to cause the Note and all actions of the City with respect to the proceeds thereof to comply with the Code. The Chief Financial Officer, or her designee, is hereby authorized to execute a tax certificate in order to comply with Section 148 of the Code.

Section 7. The form and content of the Note Purchase Agreement are in all respects authorized, approved and confirmed. The Mayor, the City Manager and the Chief Financial Officer, including anyone serving as such in an interim capacity, and their respective designees, individually or collectively (the “*Authorized Signatories*”), are hereby authorized, empowered and directed to execute and deliver the Note Purchase Agreement for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City Council, but with such changes, modifications, additions or deletions therein as they deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of the City Council’s approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Note Purchase Agreement, the Mayor, the City Manager, the Chief Financial Officer, the Aviation Director and the City Clerk, including anyone serving as such in an interim capacity, and their respective designees, individually or collectively (the “*Authorized Officers*”) are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Note Purchase Agreement as executed, including any on-going administration. Such execution by the Authorized Officers constitutes conclusive evidence of the City Council’s approval thereof.

Section 8. No stipulation, obligation or agreement herein contained or contained in the Note, this Resolution, the Note Purchase Agreement or any other instrument related to the issuance of the Note is deemed to be a stipulation, obligation or agreement of any officer, agent or employee of the City in his or her individual capacity, and no such officer, agent or employee is personally liable on the Note or subject to personal liability or accountability by reason of the issuance thereof.

Section 9. The Authorized Officers are hereby authorized, empowered and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by (1) this Resolution and (2) the other documents presented to this meeting and to execute and administer such transactions; except that none of the above is authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Resolution, (b) any agreement to which the City is bound or (c) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State. Any provision in this Resolution that authorizes more than one officer of the City to take certain actions shall be read to permit such officers to take the authorized actions either individually or collectively.

Section 10. Pursuant to and in satisfaction of the requirements of Section 147(f) of the Code, the City Council hereby approves (a) the issuance of the Note in an aggregate principal amount not to exceed the amount listed in the Public Hearing Notice and (b) the financing and refinancing of the Projects.

Section 11. From the adoption of this Resolution until the date of the issuance of the Note hereunder, the Authorized Signatories are hereby authorized, empowered and directed to make any changes, modifications, additions or deletions to the Appendix as to them seem necessary, desirable or appropriate to implement the intent of this Resolution. Such changes, modifications, additions or deletions to the Appendix shall be set forth in a certificate executed by an Authorized Signatory on the date of issuance of the Note hereunder. Such execution by an Authorized Signatory constitutes conclusive evidence of the City Council’s approval thereof.

Section 12. All acts and doings of the City and its officials authorized by this Resolution that are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance of the Note and the execution, delivery and performance of the Note Purchase Agreement are in all respects ratified, approved and confirmed.

Section 13. If any one or more of the agreements or provisions herein contained is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions hereof or of the Note authorized hereunder.

Section 14. This Resolution is adopted with the intent that the laws of the State govern its construction.

Section 15. All resolutions or parts thereof of the City Council in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 16. This Resolution is effective on its adoption.

STATE OF NORTH CAROLINA)

CITY OF CHARLOTTE) ss:
)

I, _____, the _____ of the City of Charlotte, North Carolina, **DO HEREBY CERTIFY** that the foregoing is a true and exact copy of a resolution entitled “**A RESOLUTION AUTHORIZING THE ISSUANCE OF AIRPORT REVENUE BOND ANTICIPATION NOTE OF THE CITY OF CHARLOTTE AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS**” adopted by the City Council of the City of Charlotte, North Carolina, at a meeting held on the 22nd day of March, 2021, the reference having been made in Minute Book _____, and recorded in full in Resolution Book _____, Page(s) _____.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the ____ day of _____, 2021.

Stephanie C. Kelly
City Clerk
City of Charlotte, North Carolina

APPENDIX A

TO

RESOLUTION PROVIDING
FOR THE ISSUANCE OF:

CITY OF CHARLOTTE, NORTH CAROLINA

AIRPORT REVENUE BOND ANTICIPATION NOTE, SERIES 2021

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ARTICLE I.

DEFINITIONS

Section 1.01. *Meaning of Words and Terms.*

(a) *Definitions.* All words and phrases defined in Article I of the Order are incorporated herein by reference. In addition, the following terms, except where the context indicates otherwise, have the respective meanings set forth below:

“*Advance*” means all advances of the purchase price of the Note made by the Purchaser under the Note Purchase Agreement on or before the Advance Termination Date.

“*Advance Termination Date*” has the meaning assigned to such term in Section 4.05.

“*Amortization Period*” has the meaning assigned in the Note Purchase Agreement.

“*Appendix A*” means this Appendix A which is attached to, and incorporated in, the Series Resolution.

“*Applicable Spread*” has the meaning set forth in the Note Purchase Agreement.

“*Authorized Denomination*” means \$250,000 and multiples of \$1 in excess thereof.

“*Bond Counsel*” means an attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds, selected by the City.

“*Bond Registrar*” means U.S. Bank National Association, or any successor or successors thereto appointed pursuant to the Order, the Series Resolution or this Appendix A.

“*Business Day*” means, with respect to the Note, any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Charlotte, North Carolina.

“*Code*” means the Internal Revenue Code of 1986, as from time to time amended.

“*Default Event*” has the meaning set forth in the Note Purchase Agreement.

“*Default Rate*” means the Term Loan Rate plus three percent (3%) per annum.

“*Determination of Taxability*” means, with respect to the Note, a determination that all or a portion of the interest on the Note is included in gross income of the Owner thereof for federal income tax purposes, as a result of an action, or failure to act, by the City, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (1) the date on which such Owner is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, as a result of an action, or failure to act, by the City, all or a portion of the interest on the Note is included in the gross income of the Owner for federal income tax purposes; (2) the date on which the City receives notice from such Owner that the Owner has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Owner which asserts, in effect, that all or a portion of the interest with respect to the Note received by the Owner is included in the gross income of the Owner for federal income tax purposes, as a result of an action, or failure to act, by the

City; (3) the date on which the City is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that all or a portion of the interest on the Note is included in the gross income of the Owner thereof for federal income tax purposes as a result of an action, or failure to act, by the City; or (4) the date on which the City is advised in writing by counsel to the Owner of the Note that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the City has been given written notice and an opportunity, at the expense of the City, to participate and defend that interest on the Note is included in the gross income of such Owner for federal income tax purposes, as a result of an action, or failure to act, by the City.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America, N.A. on such day on such transactions as determined by Bank of America, N.A.

“Finance Director” has the meaning set forth in the Bond Order which, as of the date of the Series Resolution is the Chief Financial Officer of the City.

“Full Funding Date” means May 6, 2024, unless extended in writing by the Owner of the Note.

“Initial Term Interest Rate” means with respect to each Interest Rate Period, a per annum rate of interest equal to the SIFMA Index plus the Applicable Spread (which is initially 0.49% per annum (49 bppa), as may be adjusted in accordance with the Note Purchase Agreement), rounded up to the fifth place past the decimal.

“Initial Term Period” means the period commencing on the Closing Date and ending on, but not including, the Full Funding Date.

“Interest Payment Date” means (a) except during the Amortization Period, each January 1 and July 1, beginning December 1, 2021, (b) during the Amortization Period, each date on which the Amortization Amount (as defined in the Note Purchase Agreement) is payable under the Note Purchase Agreement and (c) any other date that interest is required to be paid on the Note under the Note Purchase Agreement.

“Interest Rate” means, with respect to the Note, (a) during the Initial Term Period, a per annum rate of interest equal to the Initial Term Interest Rate, and (b) during the Term Loan Period, the Term Loan Rate; *provided*, however, that (1) upon a Determination of Taxability, the Note will bear interest during the Taxable Period at a rate equal to the Taxable Rate, (2) upon the occurrence and during the continuation of an Default Event (as defined in the Purchase Agreement), the Interest Rate shall be a per annum rate of interest equal to the Default Rate and (3) in no event shall the Interest Rate exceed the Maximum Interest Rate.

“Interest Rate Period” means the period commencing on the date of issuance of the Note and ending on the day preceding the first Reset Date, and thereafter commencing on each Reset Date and ending on the day preceding the next succeeding Reset Date.

“*Mail*” means first-class United States mail, postage prepaid.

“*Maximum Interest Rate*” means the lesser of (a) 20% per annum and (b) the maximum rate of interest permitted by applicable law.

“*Note*” means the up to \$300,000,000 City of Charlotte, North Carolina Airport Revenue Bond Anticipation Note, Series 2021 issued pursuant to the Order, the Series Resolution and this Appendix A.

“*Note Purchase Agreement*” means the Note Purchase and Advance Agreement among the City, the Purchaser and the Local Government Commission related to the Note.

“*Order*” means the bond order adopted by the City Council on April 24, 2017 authorizing and securing airport revenue bonds of the City, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, and which the City Council may further restate, supplement and amend from time to time (the “*Order*”).

“*Owner*” means, with respect to the Note, the registered owner of the Note.

“*Paying Agent*” means the Bond Registrar or any successor or successors thereto appointed pursuant to the Order or this Appendix A.

“*Prepayment Date*” means the date on which the Note or any portion thereof has been called for prepayment or is to be prepaid pursuant to this Appendix A.

“*Prime Rate*” means on any day, the rate of interest in effect for such day as publicly announced from time to time by the Purchaser as its “prime rate.” The “prime rate” is a rate set by the Purchaser based on various factors including the Purchaser’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Purchaser shall take effect at the opening of business on the day specified in the public announcement of such change.

“*Principal Amount*” means the sum of all Advances less any prepayment of Note. Advances and prepayments shall be recorded (which records may be electronic) on the Table of Advances and Table of Partial Prepayment attached to the Note, however failure to record an Advance or prepayment shall not affect the Principal Amount outstanding under the Note.

“*Projects*” has the meaning set forth in the Series Resolution.

“*Purchaser*” means Bank of America, N.A., as the initial Owner of the Note, and its successors and assigns.

“*Record Date*” means the day next preceding each Interest Payment Date, whether or not a Business Day.

“*Reset Date*” means Thursday of each week.

“*Series Resolution*” means the Series Resolution adopted by the City Council on March 22, 2021 relating to the Note, the appendices attached thereto, and any amendments or supplements thereto.

“*Series 2021 Note Additional Facilities Account*” means the account created and so designated by Section 4.01.

“*Series 2021 Note Subaccount of the Revenue Bond Interest Account*” means the subaccount created and so designated by Section 4.01.

“*Series 2021 Note Subaccount of the Revenue Bond Principal Account*” means the subaccount created and so designated by Section 4.01.

“*Series 2021 Note Subaccount of the Revenue Bond Redemption Account*” means the subaccount created and so designated by Section 4.01.

“*Series 2021 Note Subaccount of the Revenue Bond Sinking Fund Account*” means the subaccount created and so designated by Section 4.01.

“*SIFMA Index*” means, for any date computed, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day.

If the SIFMA Index is no longer published, then “*SIFMA Index*” shall mean the S&P Weekly High Grade Index. If the S&P Weekly High Grade Index is no longer published, then “*SIFMA Index*” shall mean the prevailing rate determined by the Purchaser for tax-exempt state and local government bonds meeting criteria determined in good faith by the Purchaser to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Index immediately prior to the date on which the Securities and Financial Markets Association ceased publication of the SIFMA Index. If SIFMA Index shall be less than zero, such rate shall be deemed to be zero for purposes of the determining the interest rate on the Note.

“*Stated Principal Amount*” means \$300,000,000.

“*Taxable Date*” means the date on which interest on the Note is first includable in gross income of an Owner (including, without limitation, any previous Owner) thereof as a result of a Determination of Taxability.

“*Taxable Period*” means the period beginning on the date interest on the Note first becomes subject to inclusion in gross income as a result of a Determination of Taxability, and ends on the date (if any) such interest is no longer included in gross income.

“*Taxable Rate*” means an interest rate per annum equal to the product of the interest rate on the Note then in effect multiplied by 1.27.

“*Term Loan Period*” means the period, if any, commencing on May 6, 2024 and ending on the earlier of the maturity date of the Note or the date the Note has been prepaid in whole prior to maturity.

“*Term Loan Rate*” means the greater of (i) the Prime Rate plus 1.00%, (ii) the Federal Funds Rate plus 2.00% and (iii) 7.0%; provided that the Term Loan Rate shall not exceed the Maximum Interest Rate.

“*2020A BAN*” means the City’s Airport Revenue Bond Anticipation Note, Series 2020A.

(b) *Construction.* This Appendix A, except where the context by clear implication herein otherwise requires, is subject to and to be construed in the same manner as provided by Section 102 of the Order.

Section 1.02. **Parties Interested Herein.** Except as otherwise expressly provided in this Appendix A, nothing herein expressed or implied is intended or to be construed to confer on or to give to any Person, other than the City, the City Council, the Paying Agent, the Bond Registrar, the Trustee, the Purchaser and the owners from time to time of the Note, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City are for the sole and exclusive benefit of the City, the City Council, the Paying Agent, the Bond Registrar, the Trustee, the Purchaser and the owners of the Note, except as herein otherwise provided.

Section 1.03. **Ratification.** All action heretofore taken (not inconsistent with the provisions of this Appendix A) by the City directed toward the purposes described in Section 2 of the Series Resolution, the sale and delivery of the Note for those purposes and the acceptance and execution of the Note Purchase Agreement is hereby ratified, approved and confirmed.

[End of Article I]

ARTICLE II.

AUTHORIZATION, FORM, ISSUANCE, DELIVERY AND REGISTRATION OF NOTE

Section 2.01. **Authorization of Financing and Authorization of the Note.** The financing and refinancing of the Projects and the other uses of proceeds set forth in the Series Resolution are hereby authorized, approved and confirmed. The Note is hereby authorized, approved and confirmed and will be issued, under and pursuant to the constitution and the laws of the State, including the Act, the Order, the Series Resolution and this Appendix A in the amount and subject to the conditions herein provided for the purposes described in Section 2 of the Series Resolution. No Note may be issued under the provisions of this Appendix A and the Order except in accordance with this Article. The total principal amount of the Note that may be issued is hereby expressly limited to the Stated Principal Amount, except as provided in Sections 204 and 210 of the Order.

Section 2.02. **Issuance of the Note.** The Note will be designated “*City of Charlotte, North Carolina Airport Revenue Bond Anticipation Note, Series 2021.*” The Note will be issuable as fully registered note in any Authorized Denomination. The Note will be numbered R-1. The Note will be substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by this Appendix A.

Section 2.03. **Delivery of the Note.** The Note will be deposited with the Bond Registrar for authentication, but before the Note may be authenticated and delivered by the Bond Registrar to the State Treasurer for redelivery to the Purchaser, there must be filed with the Trustee the following:

- (a) a copy, certified by the City Clerk, of the Order;
 - (b) a copy, certified by the City Clerk, of the Series Resolution adopted by the City Council for the Note;
 - (c) a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission, of the resolution of the Local Government Commission approving the issuance of and awarding the Note;
 - (d) evidence of compliance with the provisions of Section 716 of the Bond Order;
- and

(e) such other documents as are required to be delivered to the Trustee under the Note Purchase Agreement in connection with the issuance of the Note.

When the documents mentioned in this Section have been filed with the Trustee and when the Note has been executed and authenticated as required by the Order and Series Resolution, the Trustee shall deliver the Note to the State Treasurer for redelivery to or on the order of the Purchaser, but only on payment to the Trustee of the Initial Advance under the Note, all as further set forth in the Note Purchase Agreement. The Trustee is entitled to rely on the resolutions and certificates mentioned in this Section as to all matters stated therein.

Section 2.04. *Details of the Note; Payment.*

(a) The Note will mature, subject to prepayment as set forth herein, on May 6, 2027 and will bear interest at the Interest Rate. Interest payable on the Note shall be determined based on the Principal Amount of the Note. Interest payable on the Note shall be calculated on the basis of the actual number of days elapsed in a 365/366 day year as the case may be. The amount of interest payable on each Interest Payment Date shall be calculated by the Purchaser in accordance with the Note Purchase Agreement and confirmed by the Trustee. Interest on the Note will be payable in arrears.

In the event a Taxable Date occurs, the City hereby agrees to pay to the Owner, as and when interest is otherwise due and payable (A) an amount equal to the difference between (1) the amount of interest paid to the Owner on the Note during the period in which interest on the Note is includable in the gross income of the Owner beginning on the Taxable Date and (2) the amount of interest that would have been paid to the Owner during such Taxable Period had the Note borne the Taxable Rate, and (B) an amount equal to any interest, penalties or charges owed by the Owner as a result of interest on the Note becoming includable in the gross income of the Owner, together with any and all reasonable attorneys' fees, court costs, or other out of pocket costs incurred by the Owner in connection therewith. The City will also pay such other amounts required by the Note Purchase Agreement.

The Note will bear interest during the Term Loan Period at the Term Loan Rate.

Notwithstanding the foregoing provisions of this section, on the occurrence and continuation of a Default Event under the Purchase Agreement with respect to the Note, from and after the effective date of such Default Event, the interest rate on the Note will be established at all times equal to the Default Rate, such rate not to exceed the Maximum Interest Rate.

(b) Both the principal of and the interest on the Note are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The Note shall bear interest from its date until its principal sum has been paid, but if such Note has matured or has been called for prepayment and the Prepayment Date has occurred and funds are available for the payment thereof in full in accordance with the terms of the Order, such Note shall then cease to bear interest as of the maturity date or Prepayment Date, as applicable. The Note will be dated as of its date of issuance, except that a Note issued in exchange for or on the registration of transfer of the Note will be dated as of the Interest Payment Date next preceding the date of authentication thereof, unless (1) the date of such authentication precedes the first Interest Payment Date, in which case it will be dated as of the date of the initial issuance of the Note or (2) the date of such authentication is an Interest Payment Date to which interest on the Note has been paid in full or duly provided for in accordance with the terms of this Appendix A, in which case it will be dated

as of such Interest Payment Date; except that if, as shown by the records of the Bond Registrar, interest on the Note is in default, the Note executed and delivered in exchange for or on registration of transfer of the Note will be dated as of the date to which interest on the Note has been paid in full. If no interest has been paid on the Note, the Note executed and delivered in exchange for or on the registration of transfer of the Note will be dated as of the initial issuance of the Note.

(c) The Note is payable at the designated corporate trust office of the Bond Registrar without the need for presentation and surrender of the Note, except at maturity or prepayment in whole. Interest on the Note will be paid by the Bond Registrar by check or draft mailed on the Interest Payment Date to the Owner as its name and address appear on the registration books kept by the Bond Registrar at the close of business on the Record Date. At the written request of the Owner, principal and interest may be payable by wire transfer at the address specified in writing by the Owner to the Bond Registrar by the Record Date. CUSIP number identification, if such is assigned to the Note, with appropriate dollar amounts for the CUSIP number shall accompany all payments of principal of, premium, if any, and interest on the Note, whether by check or by wire transfer. Notwithstanding the foregoing, so long as the Owner of the Note is the Purchaser, all amounts due under the Note will be paid and will be payable in accordance with the Note Purchase Agreement.

(d) U.S. Bank National Association, Charlotte, North Carolina, is hereby appointed as Bond Registrar and Paying Agent with respect to the Note.

Section 2.05. **Arbitrage and Tax Covenants.** The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the Note and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The City acknowledges that the continued exclusion of interest on the Note from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the Note or other funds under their control to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Note to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

Section 2.06. **Restriction on Transfer of the Note.** This Note may only be in an Authorized Denomination and may not be transferred other than to (a) an affiliate of the Purchaser, (b) a trust or custodial arrangement established by the purchaser or one of its affiliates, the owners of the beneficial interests in which are limited to qualified institutional buyers, or (c) to a person that is a qualified institutional buyer that is a commercial bank having a combined capital and surplus, determined as of the date of any transfer pursuant to this section, of \$5,000,000,000 or more that has executed and delivered to the City an investor letter in the form of Exhibit A to the Note Purchase Agreement. In no event shall the Note be transferred to any person or entity who holds the Note for the benefit of a person or entity that is not a qualified institutional buyer or as part of a pool of assets in which persons that are not qualified institutional buyers may invest, such as a mutual fund or retirement plan.

The Bond Registrar will have no obligation to pay any amounts due on the Note to anyone other than the Owner of the Note as shown on the registration books kept by the Bond Registrar.

[End of Article II]

ARTICLE III.

PREPAYMENT OF THE NOTE

Section 3.01. ***Privilege of Prepayment and Prepayment Price.*** The Note is prepayable, on notice as provided below, at the times, at the prepayment prices and on the terms contained in this Article III and in Article III of the Order.

Section 3.02. ***Optional Prepayment of the Note.*** The City may prepay the Note, either in whole or in part, on any Business Day at a prepayment price equal to 100% of the principal amount thereof, without premium, plus the accrued interest thereon to the Prepayment Date.

Section 3.03. ***Mandatory Prepayment of the Note.*** The City shall prepay the Note in whole on the Full Funding Date at a prepayment price equal to 100% of the principal amount thereof, without premium, plus the accrued interest thereon to the Prepayment Date. If the Note is eligible for the Amortization Period under Section 3(c) of the Note Purchase Agreement, however, then the City will not be required to prepay the Note on the Full Funding Date and the Note will continue to be Outstanding and will be prepaid during the Amortization Period as set forth in Section 3(c) of the Note Purchase Agreement. If the City provides to the Purchaser and the Trustee written notice by noon on the Full Funding Date of its intent to repay the Note pursuant to the terms of Section 3(c) of the Note Purchase Agreement, accompanied by a certificate signed by the Finance Officer to the effect that the City is, as of the Full Funding Date, in compliance with all conditions set forth in Section 3(c) of the Note Purchase Agreement, then the Note shall be deemed eligible for the Amortization Period under Section 3(c) of the Note Purchase Agreement.

Section 3.04. ***Notice of Prepayment.*** The City will provide written notice to the Trustee of the optional prepayment of the Note not less than 35 days (or such lesser number of days as the Trustee may accept), and notice of such prepayment under Section 3.02 will be given by the Trustee not less than 30 days (or such lesser period of time as may be agreed to by the Owner of the Note) before the Prepayment Date (1) to the Local Government Commission by Mail or electronic transmission, and (2) by Mail or by such other means as may be permitted by the Owner to the then-registered Owner of the Note at the last address shown on the registration books kept by the Bond Registrar. During the Amortization Period, notice of prepayment will be given in accordance with Section 3(c) of the Note Purchase Agreement.

Such notice must (1) specify the Prepayment Date, the prepayment price and the place or places where amounts due on such prepayment must be payable and if less than all of the Note is to be prepaid, the portion of the Note to be prepaid, and (2) state that on the Prepayment Date, the Note or portion thereof to be prepaid will cease to bear interest.

If the Owner provides the City and the Trustee with a pay-off letter for the proposed Prepayment Date, then no prepayment notice is required under this section.

Failure to provide such notice to the Local Government Commission will not affect the validity of any proceedings for such prepayment.

If money is on deposit with the Trustee to pay the prepayment price of the Note, or portion thereof, called for prepayment on a Prepayment Date, the Note or portion thereof so called for prepayment as hereinabove specified will not bear interest after such Prepayment Date and will not be considered to be Outstanding or to have any other rights under the Order other than the right to receive payment.

Section 3.05. **Payment of Prepayment Price.** The City will cause to be deposited in the Series 2021 Note Subaccount of the Revenue Bond Redemption Account, solely out of Net Revenues, an amount sufficient to pay the principal of and interest on the Note, or portion thereof, to be prepaid on the Prepayment Date, and the Note, or portion thereof, will be deemed to be paid within the meaning of Section 305 of the Order.

Section 3.06. **Record of Prepayment.** The Trustee will record any prepayments of the Note on the Table of Partial Prepayment attached to the Note (or otherwise kept on the Trustee's official books and records, which may be electronic records).

Section 3.07. **No Partial Prepayment After Default.** Anything in this Appendix A to the contrary notwithstanding, if an Event of Default occurs and is continuing hereunder there will be no prepayment of less than all of the Note Outstanding

[End of Article III]

ARTICLE IV.

ADVANCES, ACCOUNTS AND FUNDS

Section 4.01. **Establishment of Accounts.** The following subaccounts are hereby established with, and shall be held by, the Trustee under the Order:

- (a) Series 2021 Note Additional Facilities Account of the Construction Fund;
- (b) Series 2021 Note Subaccount of the Revenue Bond Interest Account;
- (c) Series 2021 Note Subaccount of the Revenue Bond Principal Account;
- (d) Series 2021 Note Subaccount of the Revenue Bond Redemption Account; and
- (e) Series 2021 Note Subaccount of the Revenue Bond Sinking Fund Account.

The Note will not be secured by any subaccount of the Revenue Bond Reserve Account.

Section 4.02. **Revenues Received by the City.** On or before the 25th day of each month after the Note is issued (or such other date set forth below), the City shall, subject to the provisions of the Order, deposit or cause to be deposited from Net Revenues with the Trustee the following amounts and the Trustee shall apply such amounts to the various accounts and subaccounts specified herein:

(a) into the Series 2021 Note Subaccount of the Revenue Bond Interest Account an amount necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand on the 25th day of each month immediately preceding an Interest Payment Date to pay the next maturing installment of interest on the principal amount of the Note then Outstanding; and

(b) beginning on the 25th day of the month before the maturity of the Note, into the Series 2021 Note Subaccount of the Revenue Bond Principal Account an amount, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand to pay in full the principal amount of the Note then Outstanding at maturity; and

(c) if the Note is eligible to be paid during the Amortization Period, then during the Amortization Period, into the Series 2021 Note Subaccount of the Revenue Bond Sinking Fund Account, an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to prepay the portion of the Note required to be called by mandatory prepayment on the next payment date therefor as required pursuant to Section 3.03 of this Appendix A.

In each month following a month in which the Trustee has failed to make any deposit required by this Section, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits in the prior months unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of this Appendix A.

Section 4.03. ***Application of Money in the Series 2021 Note Subaccount of the Revenue Bond Sinking Fund Account.*** On each mandatory prepayment date during the Amortization Period as required under Section 3.03, the Trustee shall withdraw from the Series 2021 Note Subaccount of the Revenue Bond Sinking Fund Account the amount required to pay the principal portion of the prepayment price of the portion of the Note so called for prepayment. The amount of interest on the Note so called for prepayment shall be paid from the Series 2021 Note Subaccount of the Revenue Bond Interest Account.

If at any date there is money in the Series 2021 Note Subaccount of the Revenue Bond Sinking Fund Account and no portion of the Note is then Outstanding, the Trustee shall withdraw such money and deliver all remaining amounts to the City.

If, in any Fiscal Year, the City shall prepay a portion of the Note in excess of the aggregate principal amount of the Note required to be prepaid under Section 3.03 during such Fiscal Year, then the Trustee shall file with the City not later than the 20th day before the next August 1 a statement identifying the amount of such excess. The City shall thereafter cause a certificate of the Finance Officer to be filed with the Trustee and the Purchaser not later than the 10th day before such August 1, setting forth with respect to the amount of such excess the Fiscal Years in which the sinking fund payments due under Section 3.03 with respect to Note are to be reduced and the amount by which such payments are to be reduced.

The expenses incurred in connection with any prepayment of the Note shall be paid by the City from the Operating Fund or from any other available money.

Section 4.04. ***Application of Money in the Series 2021 Note Revenue Bond Redemption Account.*** From the money in the Series 2021 Note Revenue Bond Redemption Subaccount, the Trustee shall, on a date permitted by this Appendix A, prepay the Note or such portion thereof as will exhaust the money then held in the Series 2021 Note Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the Note or such portion thereof to be prepaid to the date of prepayment from the Series 2021 Note Subaccount of the Revenue Bond Interest Account and the principal portion of the prepayment price of the Note or such portion thereof from the Series 2021 Note Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2021 Note Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the principal portion of the prepayment price of the Note or such portion thereof so called for prepayment.

On the prepayment of the Note or a portion thereof pursuant to the provisions of this Section, the Trustee shall file with the City a statement setting forth the date of prepayment, the amount of the prepayment price of the Note or such portion called for prepayment, and the amount paid as interest

thereon. The expense incurred by the Trustee in connection with the purchase or prepayment of any such Note shall be paid by the City from the Operating Fund or from any other available money.

Section 4.05. ***Advance of Note Proceeds.*** The City and the Trustee acknowledge and agree that prior to the earliest to occur of (a) the date when the sum of the aggregate Advances made hereunder equals the Stated Principal Amount, (b) the date on which the Purchaser's obligation to make Advances under the Note Purchase Agreement terminates (as reflected in a written notice delivered by the Purchaser to the City and the Trustee) or (c) the Full Funding Date (the "*Advance Termination Date*"), the proceeds of the Note will be disbursed in installments through the making of Advances by the Purchaser in accordance with the Note Purchase Agreement. The date and amount of each Advance shall be noted on the Table of Advances attached to the Note (or otherwise kept on the Trustee's official books and records, which may be electronic records); *provided* that the failure to record any such Advance on the Table of Advances shall not affect the Principal Amount due. In no event may the total amount of all Advances exceed the Stated Principal Amount. Following the Advance Termination Date, no additional Advances may be made. On the Advance Termination Date, the positive difference, if any, between the Stated Principal Amount and the aggregate principal amount of all Advances made under the Note Purchase Agreement shall be deemed to have been prepaid automatically and without any further notice or act by the Trustee, the City or any other Person. Any such automatic prepayment of principal shall not be taken into consideration in determining the Principal Amount of the Note and shall not be recorded on the Table of Partial Prepayment attached to the Note.

Section 4.06. ***Application of Note Proceeds.***

(a) On the date the Note is issued, the Purchaser will provide an Advance in an amount determined by the City in accordance with the Note Purchase Agreement and Trustee shall deposit such amounts in the Series 2021 Note Additional Facilities Account.

(b) The Proceeds from each subsequent Advance will be deposited by the Purchaser with the Trustee, and the Trustee shall deposit such amounts in the Series 2021 Note Additional Facilities Account.

On the filing from time to time with the Trustee of a requisition signed by an authorized representative of the City in the form attached hereto as Exhibit B, accompanied by a voucher or other appropriate documentation as may be required by the Trustee, the Trustee will make or cause to be made disbursements from the Series 2021 Note Additional Facilities Account for the payment of the Costs of the Projects related to the Note.

On the completion of the Projects to be financed with the proceeds of the Note, the City will deliver a certificate to the Trustee stating the fact and date of such completion and stating that all of the Costs of the Projects anticipated to be paid by the City from the proceeds of the Note have been paid. On the receipt by the Trustee of such certificate, unless the Trustee receives written direction from the City otherwise, the Trustee will deposit the remaining balance in the Series 2021 Note Additional Facilities Account to the Series 2021 Note Subaccount of the Revenue Bond Interest Account to be applied to the next payment due with respect to the Note.

Section 4.07. ***Investment of Money.*** Money held for the credit of all subaccounts or accounts established under this Appendix A on deposit with the Trustee are to be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended.

The interest accruing on Investment Obligations in the subaccounts established hereunder and any profit or loss realized on the disposition or maturity of such Investment Obligations are to be credited to or charged against the following Funds, accounts and subaccounts: interest and profit or loss resulting from each of the subaccounts established under Section 4.01 other than the Series 2021 Note Additional Facilities Account shall be credited to or charged against the Revenue Fund, and interest and profit or loss resulting from the Series 2021 Note Additional Facilities Account shall be credited to or charged against that subaccount.

Section 4.08. ***Payment of Principal and Interest and Pledge of Net Revenues.*** The City covenants that it will promptly pay the principal of and the interest on the Note at the places, on the dates and in the manner provided herein, in the Note and in the Note Purchase Agreement, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the constitution and laws of the State, particularly the Act, to issue the Note authorized hereby and to pledge the Net Revenues in the manner and to the extent herein and in the Order set forth; that all action on its part for the issuance of the Note initially issued hereunder has been duly and effectively taken; and that such Note in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the Note is not payable from the general funds of the City and does not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in this Appendix A and the Order, and neither the credit nor the taxing power of the City is pledged for the payment of the Note, or the City's obligations to comply with any covenant or agreement under this Appendix A or any other agreement entered into by the City pursuant to its authority.

[End of Article IV]

ARTICLE V.

SUPPLEMENTAL SERIES RESOLUTIONS

Section 5.01. ***Supplemental Series Resolutions.*** The Series Resolution and the rights and obligations of the City and the Owner may be modified or amended at the same times, in the same manner and for the same purposes as the Order, but if the modification or amendment affects only the Note, the percentage to be applied under Section 1102 of the Order will be applied only to the Outstanding Note.

Notwithstanding anything in the Order or the Series Resolution to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding the Note or a series of the Bonds issued after the issuance of the Note may, regardless of its intent to sell or distribute the Note or such Bonds in the future, consent as the Owner of the Note or such Bonds to any amendment or supplemental series resolution as required or permitted by this Article, including any amendment or supplemental series resolution that adversely affects the interests of other Owners, and (2) any Owner is not entitled to receive, nor is the City required to provide, any prior notice or other documentation regarding such amendment or supplemental series resolution.

Section 5.02. ***Responsibilities of Trustee and City Under this Article.*** The Trustee and the City are entitled to exercise their discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the City, the rights and interests of the Owner, and the rights, obligations and interests of the Trustee. The Trustee is entitled to receive, and is fully protected in relying on, the opinion of counsel approved by it, who may be Bond Counsel, as conclusive evidence that any such

proposed supplemental series resolution does or does not comply with the provisions of this Appendix A, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental series resolution.

[End of Article V]

ARTICLE VI.

MISCELLANEOUS PROVISIONS

Section 6.01. **Headings.** Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, are solely for convenience of reference and does not constitute a part of this Appendix A or affect its meaning, construction or effect.

Section 6.02. **Application to Local Government Commission.** The City Council hereby ratifies and confirms its request to the Local Government Commission to sell the Note at private sale and without advertisement in accordance with the provisions of Section 159-123 of the General Statutes of North Carolina, as amended.

Section 6.03. **Authorization for Other Acts.**

(a) The Finance Director and other officers, agents and employees of the City and the officers and agents of the Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the Note, the Order, the Series Resolution, this Appendix A and the Note Purchase Agreement for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same and also to do all acts and things required of them by the provisions of this Appendix A, including the advancement of any fees and expenses in connection with the transactions described therein with the expectation that such fees and expenses will be reimbursed to the City from Note proceeds.

(b) The Mayor, the City Manager, the Finance Director, the Aviation Director, the City Attorney, or any of them or their deputies and designees, are further authorized and directed (without limitation except as may be expressly set forth herein) to employ and compensate advisers, bond counsel, counsel, and consultants, to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the Order, the Series Resolution, this Appendix A and the Note Purchase Agreement.

Section 6.04. **Acceptance of Duties by Paying Agent.** Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed on it by the Order and the Series Resolution by executing and delivering to the City and the Trustee a written acceptance thereof.

Section 6.05. **Holidays.** Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder is stated to be due on a day which is not a Business Day, such payment or action will be made or taken on the next following Business Day, and such extension of time will be included in computing interest, if any, in connection with such payment or action.

Section 6.06. **Replacement of Registrar or Paying Agent.** If the Bond Registrar or Paying Agent initially appointed under this Appendix A resigns at any time or if the Finance Director reasonably determines that the Bond Registrar or Paying Agent has become incapable of performing its duties

hereunder, the City may, on notice mailed to each Owner of the Note, if any, at such Owner's address last shown on the registration records, appoint a successor Bond Registrar or Paying Agent which meets any requirement set forth in the Order, including the prior approval by the Local Government Commission of a successor Bond Registrar. No resignation or dismissal of the Bond Registrar or Paying Agent may take effect until a successor is appointed. The same institution is not required to serve as both Bond Registrar and Paying Agent hereunder, but the City has the right to have the same institution serve as both Bond Registrar and Paying Agent hereunder. Whenever in this Appendix A the Bond Registrar or Paying Agent is named or referred to, such provision is deemed to include any successor of the Bond Registrar or Paying Agent, respectively.

Section 6.07. ***E-Verify***. By accepting its responsibilities under the Series Resolution, the Trustee, Bond Registrar and Paying Agent certify to the following:

The Trustee, Bond Registrar and Paying Agent understand that "E-Verify" is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Trustee, Bond Registrar and Paying Agent use E-Verify to verify the work authorization of their employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Trustee, Bond Registrar and Paying Agent will require that any subcontractor used in connection with the transactions contemplated by the Series Resolution certify to such subcontractor's compliance with E-Verify.

EXHIBIT A

NO OFFERING CIRCULAR OR MEMORANDUM, OFFICIAL STATEMENT OR OTHER DISCLOSURE DOCUMENT HAS BEEN PREPARED OR PROVIDED BY THE ISSUER IN CONNECTION WITH THE OFFERING AND SALE OF THIS NOTE. THIS NOTE MAY ONLY BE IN AN AUTHORIZED DENOMINATION AND MAY NOT BE TRANSFERRED OTHER THAN TO (A) AN AFFILIATE OF THE PURCHASER WHO IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (B) A TRUST OR CUSTODIAL ARRANGEMENT ESTABLISHED BY THE PURCHASER OR ONE OF ITS AFFILIATES, THE OWNERS OF THE BENEFICIAL INTERESTS IN WHICH ARE LIMITED TO QUALIFIED INSTITUTIONAL BUYERS, OR (C) TO A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER THAT IS A COMMERCIAL BANK HAVING A COMBINED CAPITAL AND SURPLUS, DETERMINED AS OF THE DATE OF ANY TRANSFER PURSUANT TO THIS PARAGRAPH, OF \$5,000,000,000 OR MORE THAT HAS EXECUTED AND DELIVERED TO THE CITY AN INVESTOR LETTER IN THE FORM OF EXHIBIT A TO THE NOTE PURCHASE AND ADVANCE AGREEMENT REFERENCED IN THE SERIES RESOLUTION AS DEFINED IN THIS NOTE. IN NO EVENT SHALL THIS NOTE BE TRANSFERRED TO ANY PERSON OR ENTITY WHO HOLDS THIS NOTE FOR THE BENEFIT OF A PERSON OR ENTITY THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER OR AS PART OF A POOL OF ASSETS IN WHICH PERSONS THAT ARE NOT QUALIFIED INSTITUTIONAL BUYERS MAY INVEST, SUCH AS A MUTUAL FUND OR RETIREMENT PLAN.

**CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT REVENUE BOND ANTICIPATION NOTE, SERIES 2021**

No. R-1

\$300,000,000

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>
Variable, as set forth herein	May 6, 2021	May 6, 2027

REGISTERED OWNER: BANK OF AMERICA, N.A.

STATED PRINCIPAL AMOUNT: THREE HUNDRED MILLION DOLLARS

The City of Charlotte, North Carolina (the “City”), a municipal corporation of the State of North Carolina (the “State”), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Stated Principal Amount set forth above or the Principal Amount (as hereinafter defined), whichever is less, on the Maturity Date set forth above (or earlier as hereinafter described). This Note is being issued under the bond order adopted by the City Council on April 24, 2017 authorizing and securing airport revenue bonds of the City, which restated, supplemented and amended the bond order originally adopted by the City Council on November 18, 1985, and which the City Council may further restate, supplement and amend from time to time (the “Order”) and a series resolution related to the Note adopted by the City Council on March 22, 2021 (the “Series Resolution”). The City further promises to pay such Owner at the address as it appears on the registration books kept by U.S. Bank National Association, the Bond Registrar, the Trustee and the Paying Agent for this Note (the “Bond Registrar,” the “Paying Agent” and the “Trustee”), at the close of business on the day preceding each hereinafter-described Interest Payment Date (each, a “Record Date”), interest at the Interest Rate described in the Series Resolution, which is initially a per annum rate of interest equal to the SIFMA Index plus 0.49% per annum (49 bpa), subject to adjustment and a maximum rate, as set forth in the Series Resolution and, on the lesser of (1) the Stated Principal Amount or (2) the sum of the Advances made by the Owner pursuant to the Series Resolution and as reflected in the “Table of Advances” attached hereto or kept in the Trustee’s records (which may be electronic

records) (the “*Principal Amount*”). Interest on this Note will be payable on each Interest Payment Date (as defined in the Series Resolution) from the Interest Payment Date next preceding the date of authentication (unless (1) the date of such authentication precedes the first Interest Payment Date, in which case interest with respect thereto shall be payable from the date of issuance of this Note or (2) the date of such authentication is an Interest Payment Date to which interest on this Note has been paid in full or duly provided for in accordance with the terms of the Order, in which case interest with respect thereto shall be payable from such Interest Payment Date) until the Principal Amount shall have been paid or provided for in accordance with the Order. Interest payable on this Note shall be calculated on the basis of the actual number of days elapsed in a 365/366 day year as the case may be.

THIS NOTE IS A SPECIAL OBLIGATION OF THE CITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS NOTE ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DOES IT CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE ON ANY OF ITS PROPERTY OR ON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE ORDER AND THE SERIES RESOLUTION (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS NOTE, AND NO OWNER OF THIS NOTE HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

Both principal and interest on this Note are payable in lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. This Note is payable at the designated corporate trust office of the Bond Registrar without the need for presentation and surrender of this Note, except on maturity or prepayment in whole of this Note. Interest on this Note will be paid by the Bond Registrar by check or draft mailed on the Interest Payment Date to the Owner as its name and address appear on the registration books kept by the Bond Registrar at the close of business on the Record Date. At the written request of the Owner, principal and interest may be payable by wire transfer at the address specified in writing by the Owner to the Bond Registrar by the Record Date. CUSIP number identification, if such is assigned to this Note, with appropriate dollar amounts for the CUSIP number shall accompany all payments of principal of, premium, if any, and interest on this Note, whether by check or by wire transfer.

This Note is designated “*Airport Revenue Bond Anticipation Note, Series 2021*” (the “*Note*”) issued under the Order and the Series Resolution. Unless the context indicates otherwise, all capitalized, undefined terms used herein have the meanings ascribed to them in the Order, the Series Resolution or the Appendix A attached to, and incorporated in, the Series Resolution. Under the Order, the City has previously issued several series of Bonds (the “*Existing Bonds*”). This Note, the Existing Bonds and any additional Bonds which may be issued under the Order are parity obligations under the Order.

This Note is being issued to (1) refinance the 2020A BAN, (2) further finance a portion of the Projects, (3) pay capitalized interest on this Note and (4) pay the costs of issuing this Note.

This Note, together with interest thereon, is a special obligation of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitutes a valid claim of the Owner thereof only against the funds and other money held by the Trustee for the benefit of the Owner of this Note, which amounts are pledged and assigned pursuant to the Order for the equal and ratable payment of this Note and the other Bonds issued under the Order.

“*Revenues*,” “*Net Revenues*” and “*Current Expenses*” are defined in the Order. Pursuant to the Order the City has, for the benefit of the Owner of the Note, assigned Net Revenues and certain other rights to the Trustee in trust. Reference is made to the Order and Series Resolution for a more complete

statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the Bonds and this Note. Copies of the Order and the Series Resolution are on file and may be inspected at the designated office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this Note, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Note is issued and the Order and Series Resolution were adopted under and pursuant to the constitution and laws of the State, and particularly in conformity with the provisions, restrictions and limitations of General Statutes of North Carolina Section 159-80 *et seq.*, as amended.

This Note is exchangeable upon the presentation and surrender hereof at the designated corporate trust office of the Bond Registrar for a Note of other Authorized Denominations. On surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Bond Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered Note. The Registrar may require the payment by any Owner requesting registration of transfer or exchange of the Note of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Registrar is not required to register the transfer of or exchange any portion of this Note selected, called or being called for prepayment in whole or in part. The person in whose name this Note is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Note will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Note to the extent of the sum or sums paid.

The City may prepay this Note, either in whole or in part, on any Business Day at a prepayment price equal to 100% of the principal amount thereof, without premium, plus the accrued interest thereon to the Prepayment Date.

The City shall prepay the Note in whole on the Full Funding Date at a prepayment price equal to 100% of the principal amount thereof, without premium, plus the accrued interest thereon to the Prepayment Date. If the Note is eligible for the Amortization Period under Section 3(c) of the Note Purchase Agreement, however, the City will not be required to prepay the Note on the Full Funding Date and the Note will continue to be Outstanding and will be prepaid during the Amortization Period as set forth in Section 3(c) of the Note Purchase Agreement.

Notice of optional prepayment will be given by the Trustee not less than 30 days before the Prepayment Date (1) to the Local Government Commission by Mail or electronic transmission, and (2) by Mail or by such other means as may be permitted by the Owner to the then-registered Owner of Note at the last address shown on the registration books kept by the Bond Registrar.

Such notice must (1) specify the Prepayment Date, the prepayment price and the place or places where amounts due on such prepayment must be payable and if less than all of the Note is to be prepaid, the portion of Note, and (2) state that on the Prepayment Date, the Note or portion thereof to be prepaid will cease to bear interest.

Failure to provide such notice to the Local Government Commission will not affect the validity of any proceedings for such prepayment.

If money is on deposit with the Trustee to pay the prepayment price of this Note, or portion thereof, called for prepayment on a Prepayment Date, this Note or portion thereof so called for prepayment will not bear interest after such Prepayment Date and will not be considered to be Outstanding or to have any other rights under the Order other than the right to receive payment.

The Trustee will record any prepayments of the Note on the Table of Partial Prepayment attached to this Note (or otherwise kept on the Trustee's official books and records, which may be electronic).

The Order permits amendment thereto on the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the Bonds then Outstanding under the Order. The Order also contains provisions permitting the City and the Trustee to enter into amendments to the Order without the consent of the Owners of the Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the Bonds.

The Series Resolution permits amendment thereto on the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the Note then Outstanding. The Series Resolution also contains provisions permitting the City and the Trustee to enter into amendments to the Series Resolution without the consent of the Owner of the Note then Outstanding for certain purposes which do not affect adversely the interest of the Owner of the Note.

Any consent or request by the Owner of this Note shall be conclusive and binding upon such Owner and upon all future Owners of this Note and of any Note issued upon the transfer of this Note whether or not notation of such consent or request is made upon this Note.

This Note will be non-transferable, except as set forth on the face of this Note. The Bond Registrar will have no obligation to pay any amounts due on this Note to anyone other than the Owner of the Note as shown on the registration books kept by the Bond Registrar.

This Note is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Note and the adoption of the Order and the Series Resolution have happened, existed and have been performed as so required.

This Note is not valid or does not become obligatory for any purpose or be entitled to any benefit or security under the Order until it has been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this Note to be executed with the manual or facsimile signatures of the City Manager and the City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By: _____
City Manager

[SEAL]

By: _____
City Clerk

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

The issue hereof has been approved under the provisions of The State and Local Government Revenue Bond Act.

SHARON EDMUNDSON
Secretary of the Local Government Commission

SIGNATURE PAGE
RELATING TO

THE CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT REVENUE BOND ANTICIPATION NOTE, SERIES 2021

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

_____, 2021

This is the Airport Revenue Bond Anticipation Note, Series 2021 designated herein issued under the provisions of the within-mentioned Order and Series Resolution.

U.S. BANK NATIONAL ASSOCIATION, as Bond
Registrar

By: _____
Vice President

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Note on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a participant of the Securities Transfer Agent Medallion Program (“*STAMP*”) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MY BE REQUIRED

TABLE OF ADVANCES

Upon receipt of any Advance described in the Series Resolution related to the Note, the Trustee shall make the appropriate notation on the table below (or otherwise keep on the Trustee’s official books and records, which may be electronic):

<u>Date</u>	<u>Installment Amount Paid</u>	<u>Total Principal Payments</u>	<u>Signature of Bond Registrar</u>

TABLE OF PARTIAL PREPAYMENTS

Upon all partial prepayments (whether optional, mandatory or otherwise) the above Note may be surrendered to the Trustee for the appropriate notation by it on the table below (or otherwise keep on the Trustee’s official books and records, which may be electronic). The Trustee’s records relating to the outstanding principal amount of the Note shall in all cases prevail:

<u>Date</u>	<u>Amount Prepaid</u>	<u>Remaining Unpaid Principal Amount</u>	<u>Signature of Trustee</u>

EXHIBIT B
FORM OF REQUISITION

U.S. Bank National Association
214 North Tryon Street, 27th Floor
Charlotte, North Carolina 28202
Attention: Corporate Trust Services

Re: Disbursement from Series 2021 Note Additional Facilities Account relating the City of Charlotte, North Carolina Airport Revenue Bond Anticipation Note, Series 2021 (the "Note")

Dear _____ :

Pursuant to Section 4.06 of Appendix A to the Series Resolution adopted on March 22, 2021 relating to the Note by the City Council of the City of Charlotte, North Carolina (the "City"), the City hereby requests you to disburse from the Series 2021 Note Additional Facilities Account as follows:

1. The amount to be disbursed is \$_____.

2. The name and address of the person, firm or corporation to whom the disbursement should be made is as follows:

3. The purpose of the disbursement is to _____.

4. The disbursement herein requested is for work actually performed, for service actually rendered or for materials, supplies or equipment actually delivered, installed or fabricated.

DATED this ___ day of _____, _____.

CITY OF CHARLOTTE, NORTH CAROLINA

By: _____
City Representative