

EXTRACTS FROM MINUTES OF CITY COUNCIL

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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 7:00 p.m. on March 26, 2018:

Members Present:

Members Absent:

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Councilmember _____ introduced the following 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 OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA, FOR THE APPROVAL, EXECUTION AND DELIVERY OF CITY OF CHARLOTTE, NORTH CAROLINA WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2018 AND OTHER MATTERS

WHEREAS, the City of Charlotte, North Carolina (the “City”) is authorized by The State and Local Government Revenue Bond Act, General Statutes of North Carolina, Section 159-80 *et seq.* (the “Act”), to issue, subject to the approval of the Local Government Commission of North Carolina (the “LGC”), at one time or from time to time revenue bonds and refunding revenue bonds of the City for the purposes as specified in the Act; and

WHEREAS, the City Council (the “City Council”) of the City has determined to issue Water and Sewer System Refunding Revenue Bonds, Series 2018 of the City (the “2018 Bonds”) in an aggregate principal amount not to exceed \$470,000,000 under a General Trust Indenture dated as of November 1, 1996 (the “General Indenture”) between the City and First Union National Bank of North Carolina, the successor to which is U.S. Bank National Association, as trustee, (the “Trustee”), and Series Indenture, Number 17 (the “Series Indenture”) between the City and the Trustee, for the following purposes:

(1) to prepay in full the City’s Water and Sewer System Revenue Bond Anticipation Note, Series 2015 (the “Bond Anticipation Note”), the proceeds of which were used to finance the costs of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for the City’s water and sewer system;

(2) to refund the City’s outstanding Water and Sewer System Revenue Bonds, Series 2008 (the “2008 Bonds”), the proceeds of which were used to finance and refinance costs of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for the City’s water and sewer system; and

(3) to pay the costs of issuing the 2018 Bonds;

WHEREAS, the City and the LGC have arranged for the private sale without advertisement of the 2018 Bonds to Wells Fargo Bank, National Association, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith, Incorporated and PNC Capital Markets LLC (collectively, the “*Underwriters*”), under the terms of a Bond Purchase Agreement (the “*Purchase Agreement*”) among the City, the LGC and the Underwriters, pursuant to which the City and the LGC will sell the 2018 Bonds to the Underwriters in accordance with the terms and conditions set forth therein;

WHEREAS, in addition to retaining the Underwriters for the sale of the 2018 Bonds, the City Council wants to (1) retain Parker Poe Adams & Bernstein LLP, as bond counsel; (2) approve the selection by the Underwriters of McGuire Woods LLP, as Underwriters’ counsel; (3) retain DEC Associates, Inc., as the financial advisor; (4) retain Waters and Company, LLC, as the financial consultant; (5) retain U.S. Bank National Association, as trustee and paying agent for the 2018 Bonds; and (6) authorize and approve the retention of such other professionals as the Chief Financial Officer of the City determines may be necessary to carry out the financing contemplated in this Resolution (collectively, the “*Financing Team*”);

WHEREAS, the City Council wants the City Manager and the Chief Financial Officer of the City to file with the LGC an application for its approval of the 2018 Bonds, on a form prescribed by the LGC, and (1) request in such application that the LGC approve (a) the negotiation of the sale of the 2018 Bonds to the Underwriters and (b) the City’s use of the Financing Team and (2) state in such application such facts and to attach thereto such exhibits in regard to the 2018 Bonds and to the City and its financial condition, as may be required by the LGC, and to take all other action necessary to the issuance of the 2018 Bonds;

WHEREAS, copies of the forms of the following documents relating to the transactions described above (collectively, the “*Financing Documents*”) have been filed with the City and made available to the City Council:

- (1) the General Indenture;
- (2) the Series Indenture;
- (3) the Purchase Agreement;
- (4) a Preliminary Official Statement (the “*Preliminary Official Statement*”) with respect to the 2018 Bonds, which after the inclusion of certain pricing and other information will become the final Official Statement (the “*Official Statement*”) relating to the 2018 Bonds; and
- (5) a 2018 Bond in the form set forth in the Series Indenture;

WHEREAS, the City has determined it is in its best interest to amend the General Indenture to modernize and clarify its provisions and provide appropriate operating flexibility of the water and sewer system in the future;

WHEREAS, the City intends to obtain over time the written consent of the owners of not less than a majority in aggregate principal amount of the Bonds Outstanding (as defined in the General Indenture) required under the General Indenture in order to execute and deliver amendments to the General Indenture for certain purposes provided therein and in accordance with the terms and conditions thereof (the “*Amended and Restated General Trust Indenture*”); and

WHEREAS, the City Council desires to authorize and approve the City’s execution, delivery and entering into the Amended and Restated General Trust Indenture if and when the City obtains the

requisite written consent of the owners of not less than a majority in aggregate principal amount of the Bonds Outstanding in accordance with terms and conditions of the General Indenture without need for further City Council authorization, approval or action;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA DOES RESOLVE AS FOLLOWS:

Section 1. The issuance of the 2018 Bonds by the City in the principal amount not to exceed \$470,000,000, in substantially the form and content set forth in the Series Indenture, subject to appropriate insertions and revisions in order to comply with the provisions of the General Indenture and the Series Indenture, is hereby in all respects approved and confirmed. The form and content of the 2018 Bond set forth in the Series Indenture is hereby in all respects approved and confirmed. The provisions of the General Indenture, the Series Indenture and the Purchase Agreement with respect to the 2018 Bonds are hereby in all respects approved, confirmed and incorporated herein by reference.

The 2018 Bonds will be issued by the City for the purpose of providing funds to (a) prepay in full the Bond Anticipation Note, (b) refund the 2008 Bonds and (c) pay the costs of issuing the 2018 Bonds, all as set out fully in the documents attached to the City's application to the LGC. The use of the proceeds of the 2018 Bonds, as described, is necessary in order to achieve debt service savings for the City related to the refunding of the 2008 Bonds and to fix the long-term interest cost of the City related to the projects financed from the proceeds of the Bond Anticipation Note. The 2018 Bonds will be special obligations of the City. The principal of, premium, if any, and interest on the 2018 Bonds shall not be payable from the general funds of the City, nor shall they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the funds which are pledged under the General Indenture and the Series Indenture. Neither the credit nor the taxing power of the State of North Carolina or the City are pledged for the payment of the principal of, premium, if any, or interest on the 2018 Bonds, and no holder of 2018 Bonds has the right to compel the exercise of the taxing power by the State of North Carolina or the City or the forfeiture of any of its property in connection with any default thereon.

Section 2. The filing of the application with the LGC for its approval of the issuance of the 2018 Bonds is hereby ratified and approved. The City Manager and the Chief Financial Officer of the City, with advice from the City Attorney and bond counsel, are hereby authorized, directed and designated to provide such information to the LGC as may be required for the LGC's approval of such application. The Financing Team for the 2018 Bonds is hereby approved.

Section 3. The City Council finds and determines and asks the LGC to find and determine from the City's application and supporting documentation:

- (a) that the issuance of the 2018 Bonds is necessary or expedient;
- (b) that the not to exceed stated principal amount of the 2018 Bonds will be sufficient but is not excessive, when added to other money available for such purpose, to pay the costs of prepaying in full the Bond Anticipation Note and refunding the 2008 Bonds;
- (c) that the City's water and sewer system as now constituted and as it will be constituted after the completion of the prepayment in full of the Bond Anticipation Note and refunding of the 2008 Bonds is feasible;
- (d) that the City's debt management procedure and policies are good; and
- (e) that the 2018 Bonds can be marketed at a reasonable interest cost to the City.

Section 4. The form and content of the Series Indenture and the exhibits thereto are hereby in all respects approved and confirmed, and the Mayor. The Mayor, the City Manager, the Deputy City Manager, the Chief Financial Officer, the City Treasurer, the City Debt Manager and the City Clerk of the

City, or their respective designees (the “*Authorized Officers*”), are authorized, empowered and directed to execute and deliver the Series Indenture for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Series Indenture, 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 Series Indenture as executed.

Section 5. The City Council requests that the LGC sell the 2018 Bonds at private sale without advertisement to the Underwriters at such prices as the LGC determines to be in the best interest of the City, at a true interest cost of not to exceed 5.00% and pursuant to the terms of the Purchase Agreement. The form and content of the Purchase Agreement are hereby in all respects approved and confirmed. The Authorized Officers are hereby authorized, empowered and directed to execute and deliver the Purchase Agreement for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Purchase Agreement, 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 Purchase Agreement as executed.

Section 6. The form, terms and content of the Preliminary Official Statement be and the same hereby are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement in connection with the sale of the 2018 Bonds with investors is hereby in all respects authorized, approved, ratified and confirmed. The City Manager and Chief Financial Officer of the City are hereby each authorized, empowered and directed to deliver the Official Statement for and on behalf of the City in substantially the form and content of the Preliminary Official Statement presented to the City Council but with such changes, modifications, additions or deletions therein as to them seem necessary, desirable or appropriate. The use of the Official Statement in connection with the sale of the 2018 Bonds with investors is hereby authorized, approved and confirmed.

Section 7. The City Manager or Chief Financial Officer of the City is hereby authorized to execute a no-arbitrage certificate in order to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Section 8. No stipulation, obligation or agreement herein contained or contained in the 2018 Bonds, the General Indenture, the Series Indenture, the Purchase Agreement or any other instrument related to the issuance of the 2018 Bonds shall be 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 shall be personally liable on the 2018 Bonds or be 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 (a) this Resolution, (b) the General Indenture, (c) the Series Indenture and (d) the Purchase Agreement; except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way, of (1) the specific provisions of this Resolution, (2) the specific provisions of the General Indenture, the Series Indenture or the Purchase Agreement, (3) any agreement to which the City is bound, (4) any rule or regulation of the City or (5) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina.

Section 10. The Authorized Officers are authorized, empowered and directed to execute, deliver and enter into the Amended and Restated General Trust Indenture for and on behalf of the City if and when the City obtains the requisite written consent of the owners of not less than a majority in aggregate principal amount of the Bonds Outstanding in accordance with the terms and conditions of the General Indenture without need for further City Council authorization, approval or action. The Authorized Officers are further 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 obtain the aforementioned requisite consent and execute, deliver and enter into the Amended and Restated General Trust Indenture.

Section 11. All acts and doings of the Authorized Officers previously taken and required to be taken in the future that are in conformity with the purposes and intents of this Resolution, the furtherance of the issuance of the 2018 Bonds, the execution, delivery and performance of the Series Indenture, the Purchase Agreement and the Amended and Restated General Trust Indenture are hereby in all respects ratified, approved and confirmed. 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 12. If any one or more of the agreements or provisions herein contained shall be 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 shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the 2018 Bonds authorized hereunder.

Section 13. 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 14. This Resolution is effective on its adoption.

STATE OF NORTH CAROLINA)
) ss:
CITY OF CHARLOTTE)

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 OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA, FOR THE APPROVAL, EXECUTION AND DELIVERY OF CITY OF CHARLOTTE, NORTH CAROLINA WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2018 AND OTHER MATTERS**” adopted by the City Council of the City of Charlotte, North Carolina, at a meeting held on the 26th day of March, 2018, 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 _____, 2018.

City Clerk
City of Charlotte, North Carolina