

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 February 12, 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 STORM WATER FEE REVENUE BOND ANTICIPATION NOTE, SERIES 2018

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 bond anticipation notes of the City for the purposes as specified in the Act; and

WHEREAS, the City Council (the “City Council”) of the City hereby determines that it is desirable to finance the costs of additions and capital improvements to, or the acquisition, renewal or replacement of capital assets of, or purchasing and installing new equipment relating to the operation and maintenance of the storm water facilities located within the jurisdiction of the City (collectively, the “Projects”);

WHEREAS, the City Council hereby determines to issue the City's Storm Water Fee Revenue Bond Anticipation Note, Series 2018 (the “Bond Anticipation Note”) in an aggregate principal amount not to exceed \$115,000,000 under a General Trust Indenture dated as of May 15, 2000 (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 8 (the “Series Indenture”) between the City and the Trustee, to pay the costs of the Projects;

WHEREAS, JPMorgan Chase Bank, N.A. (the “Lender”) will purchase the Bond Anticipation Note and provide the City with the funding for the Projects on a draw-down basis under the terms of the Series Indenture and a Note Purchase and Advance Agreement (the “Purchase Agreement”) among the City, the Lender and the LGC;

WHEREAS, the City Council has considered and recognizes that variable interest rate debt instruments may subject the City to the risk of higher interest rates in the future;

WHEREAS, the City Council believes that a draw-down program as contemplated in the Series Indenture and the Purchase Agreement is superior to a fixed rate financing because it will lower the City's overall cost of capital;

WHEREAS, the City Council wants to (A) retain Parker Poe Adams & Bernstein LLP, as bond counsel; (B) approve the Lender as the purchaser of the Bond Anticipation Note; (C) retain DEC Associates, Inc., as the financial advisor, and Waters and Company, LLC, as the financial consultant; (D) retain U.S. Bank National Association, as trustee and paying agent for the Bond Anticipation Note; and (E) 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 Bond Anticipation Note, 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 Bond Anticipation Note to the Lender 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 Bond Anticipation Note 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 Bond Anticipation Note;

WHEREAS, copies of the Series Indenture and the Purchase Agreement have been filed with the City and made available to the City Council;

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

Section 1. The issuance of the Bond Anticipation Note by the City in the principal amount not to exceed \$115,000,000, 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 Bond Anticipation Note set forth in the Series Indenture are hereby in all respects approved and confirmed. The provisions of the General Indenture, the Series Indenture and the Purchase Agreement with respect to the Bond Anticipation Note (including without limitation the maturities and rate setting mechanisms) are hereby in all respects approved, confirmed and incorporated herein by reference.

The Bond Anticipation Note will be issued by the City for the purpose of providing funds (1) to finance the costs of the Projects and (2) to pay the costs of issuing the Bond Anticipation Note all as set out fully in the documents attached to the City's application to the LGC. The use of the proceeds of the Bond Anticipation Note, as described, is necessary in order to meet the needs of the users of the storm water system and to assure that the storm water system remains in full compliance with all state and federal requirements for the provision of storm water services. The Bond Anticipation Note will be a special obligation of the City. The principal of, premium, if any, and interest on the Bond Anticipation Note 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 Bond Anticipation Note, and no holder of Bond Anticipation Note 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 City Manager and the Chief Financial Officer of the City, with advice from the City Attorney and bond counsel, are authorized, directed and designated to file an application with the

LGC for its approval of the issuance of the Bond Anticipation Note. The Financing Team for the Bond Anticipation Note 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 Bond Anticipation Note is necessary or expedient;
- (b) that the not to exceed stated principal amount of the Bond Anticipation Note will be sufficient but is not excessive, when added to other money available for such purpose, to pay the costs of the Projects;
- (c) that the City's storm water system as now constituted and as it will be constituted after the completion of the Projects is feasible;
- (d) that the City's debt management procedure and policies are good; and
- (e) that the Bond Anticipation Note 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 Bond Anticipation Note at private sale without advertisement to the Lender at such prices as the LGC determines to be in the best interest of the City, as more particularly set forth in 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 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 7. No stipulation, obligation or agreement herein contained or contained in the Bond Anticipation Note, the General Indenture, the Series Indenture, the Purchase Agreement or any other instrument related to the issuance of the Bond Anticipation Note 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 Bond Anticipation Note or be subject to personal liability or accountability by reason of the issuance thereof.

Section 8. 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 and the Bond Order, (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 or the Bond Order, (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 9. 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 and in the furtherance of the issuance of the Bond Anticipation Note and the execution, delivery and performance of the Series Indenture and the Purchase Agreement 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 10. 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 Bond Anticipation Note authorized hereunder.

Section 11. 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 12. This Resolution is effective on its adoption.

