

_____ introduced the following resolution the title of which was read and a copy of which had been previously distributed to each Council Member:

**RESOLUTION PROVIDING FOR THE SALE AND ISSUANCE OF A
NOT TO EXCEED \$85,000,000 COMBINED ENTERPRISE SYSTEM
REVENUE BOND ANTICIPATION NOTE, SERIES 2020**

BE IT RESOLVED by the City Council of the City of Greensboro (the “City”):

Section 1. The City Council has determined and does hereby find and declare as follows:

(a) The City Council has heretofore authorized the filing of an application with the North Carolina Local Government Commission (the “Commission”) requesting approval of the issuance of revenue bonds in an aggregate principal amount not to exceed \$85,000,000 and, in anticipation of the issuance of such revenue bonds, the issuance of revenue bond anticipation notes in an aggregate principal amount of not to exceed \$85,000,000 for the purpose of providing funds, together with any other available funds, to (i) pay the costs of various improvements to the City’s water system and sanitary sewer system (the “2020 Project”) and (ii) pay the fees and expenses incurred in connection with the sale and issuance of such revenue bond anticipation notes and revenue bonds.

(b) The City Council, by resolution, also requested the Commission to sell the bond anticipation notes at private sale without advertisement.

(c) The City Council has also heretofore adopted an order authorizing the issuance of its combined enterprise system revenue bonds (the “Bonds”) for the purpose of providing funds, together with other available funds, to (i) pay the costs of the 2020 Project and (ii) pay the fees and expenses incurred in connection with the sale and issuance of the Bonds. The proceeds of the Bonds may also be applied to the payment or redemption of any bond anticipation notes issued by the City to pay the costs of the 2020 Project and related financing costs in anticipation of the issuance of the Bonds.

(d) The Bonds are expected to be issued pursuant to a Trust Agreement, dated as of June 1, 1995 (as supplemented and amended, the “Trust Agreement”), between the City and Branch Banking and Trust Company (succeeded by U.S. Bank National Association), as trustee (the “Trustee”), and a supplemental trust agreement, the form of which shall be approved by the City Council prior to the sale and issuance of the Bonds, between the City and the Trustee. Capitalized terms used herein that are not otherwise defined herein shall have the meanings given such terms in the Trust Agreement.

(e) The City has determined that it is necessary to provide for the issuance of a revenue bond anticipation note in a principal amount not to exceed \$85,000,000 (the “Note”) at this time in anticipation of the receipt of the proceeds of the sale of the Bonds for the purpose of providing funds, together with any other available funds, to (i) pay costs of the 2020 Project and (ii) pay the fees and expenses incurred in connection with the sale and issuance of the Note.

(f) PNC Bank, National Association (the “Purchaser”) has offered to purchase the Note pursuant to a Note Purchase and Advance Agreement, to be dated as of the date of delivery

thereof (the “Note Purchase Agreement”), among the Commission, the City and the Purchaser, a form of which has been presented at this meeting, pursuant to which the Purchaser will agree to purchase the Note by advancing the proceeds thereof as described in Section 2 hereof.

Section 2. Pursuant to the provisions of The State and Local Government Revenue Bond Act, as amended (the “Act”), and Section 159-161 of the General Statutes of North Carolina, as amended, in anticipation of the receipt of the proceeds of the sale of the Bonds, the City hereby authorizes and approves the issuance of the Note in a principal amount not to exceed \$85,000,000. The Note shall be in the form of a single note designated “City of Greensboro, North Carolina Combined Enterprise System Revenue Bond Anticipation Note, Series 2020.” The Note shall be initially registered as to principal and interest in the name of the Purchaser, shall evidence the advance of funds by the Purchaser in amounts to be determined by the Finance Director of the City from time to time, shall be dated as of the date of delivery thereof, shall mature, subject to the right of prior redemption, on June 30, 2027 (the “Maturity Date”), and shall bear interest at a variable rate as hereinafter provided. Both principal of and the interest on the Note, when due, shall be payable in lawful money of the United States of America.

The City may request the Purchaser to make advances of the proceeds of the Note to the City from time to time in accordance with the terms set forth in the Note Purchase Agreement up to the aggregate principal amount of \$85,000,000 (such amounts advanced from time to time being hereinafter sometimes referred to as the “Amount Advanced”). The proceeds of each advance of Note proceeds shall be applied to pay or reimburse the City for costs of the 2020 Project or the fees and expenses incurred in connection with the sale or issuance of the Note. The City shall not submit requests for advances of Note proceeds to the Purchaser more frequently than once during any calendar month, and no requests for advances of Note proceeds shall be submitted later than thirty (30) days prior to the last day of the Initial Term Period (hereinafter defined). The Note shall constitute a non-revolving line of credit. Any proceeds advanced by the Purchaser under the Note that are subsequently repaid shall permanently reduce the amount remaining available to be advanced under the Note.

The City hereby authorizes the Purchaser to endorse on the schedule attached to the Note the amount of each advance made by the Purchaser to the City thereunder and the date that such advance is made (which notation may either be made on the physical note certificate held by the Purchaser or electronically in the Purchaser’s system); provided, however, that any failure by the Purchaser to make any such endorsement shall not affect the obligations of the City under the Note with respect to repayment of the Amount Advanced. Unless otherwise redeemed in whole or in part prior to the Maturity Date as hereinafter provided, the City shall pay to the Purchaser on the Maturity Date the Amount Advanced to the City pursuant to the Note Purchase Agreement.

The Note shall bear, and the City shall pay interest from the date of the Note on the outstanding principal amount thereof (equal to the Amount Advanced less any portion of the Amount Advanced that had previously been paid or redeemed) at the Interest Rate (hereinafter defined), calculated on the basis of a year of 360 days and the actual days elapsed.

Notwithstanding the foregoing, during such times that the Note bears interest at the Index Rate, if the Holder determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable

amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining the LIBOR Index, then the Holder shall give written notice thereof to the Borrower. Thereafter, until the Bank notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the Note shall bear interest at the Base Rate.

In addition, during such times that the Note bears interest at the Index Rate, if the Holder shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Holder with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Holder to make or maintain or fund loans based on the LIBOR Index, the Bank shall notify the City. Thereafter, until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer apply, the Note shall bear interest at the Base Rate.

The LIBOR Replacement Rider attached as Exhibit D to the Note Purchase Agreement and incorporated herein by reference provides a mechanism for determining an alternative rate of interest in the event that the LIBOR Index is no longer available or in certain other circumstances. In the event that the Holder determines that a Benchmark Transition Event or an Early Opt-in Event (both as defined in such LIBOR Replacement Rider) has occurred, the Holder may cause the City to amend the Note to replace the LIBOR Index with a Benchmark Replacement in the manner set forth in such LIBOR Replacement Rider.

The Holder does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBOR Index" or with respect to any alternative or successor rate thereto, or replacement rate therefor. To the extent that any term or provision of such LIBOR Replacement Rider is or may be inconsistent with any term or provision in the Note or this resolution, the terms and provisions of the LIBOR Replacement Rider shall control.

Accrued (and theretofore unpaid) interest on the outstanding principal of the Note shall be due and payable (i) in arrears on the first Business Day of each calendar month, commencing August 3, 2020, and (ii) on the date when the principal of the Note shall be due (whether at maturity or by redemption prior to maturity), but only to the extent accrued. Each such date for the payment of interest is hereinafter called an "Interest Payment Date."

In addition to capitalized terms defined elsewhere in this resolution, the following terms shall have the following meanings as used in this resolution:

"Base Rate" means the higher of (a) the Prime Rate or (b) the Overnight Bank Funding Rate plus 50 basis points (0.50%). The Base Rate shall be adjusted as of each Business Day that there is a change in the Prime Rate or the Overnight Bank Funding Rate without notice to the City.

“Business Day” means a day on which the Holder, at its principal corporate office, is required or authorized by law to remain closed.

“Closing Date” means the date of initial execution and delivery of the Note.

“Default Rate” means a per annum rate of interest equal to the Base Rate plus three percent (3.00%).

“Holder” means the Purchaser or any subsequent registered owner of the Note.

“Index Rate” means a per annum rate of interest established on the Closing Date and on each LIBOR Index Reset Date equal to the sum of (a) the product of (i) the LIBOR Index multiplied by (ii) 0.811 plus (b) one hundred and forty-eight basis points (1.48%).

“Initial Term Interest Rate” means with respect to each Interest Rate Period during the Initial Term Period, a per annum rate of interest equal to the Index Rate; provided, however, that upon the occurrence and during the continuation of an Event of Default (as defined in the Note Purchase Agreement), the Initial Term Interest Rate shall be a per annum rate of interest equal to the Default Rate; and provided further that in no event shall the Initial Term Interest Rate exceed the Maximum Rate during any Interest Rate Period.

“Initial Term Period” means the period commencing on the Closing Date and ending on June 30, 2022.

“Interest Rate” means with respect to each Interest Rate Period, (i) during the Initial Term Period, a per annum rate of interest equal to the Initial Term Interest Rate, and (ii) during the Term Loan Interest Period, the Term Loan Interest Rate; provided, however, that upon a Determination of Taxability (as defined in the Note Purchase Agreement), the Note shall bear interest during the Taxable Period (as defined in the Note Purchase Agreement) at a rate equal to the Taxable Rate.

“Interest Rate Period” means the period commencing on the Closing Date and ending on the day preceding the first LIBOR Index Reset Date, and thereafter commencing on each LIBOR Index Reset Date and ending on the day preceding the next succeeding LIBOR Index Reset Date.

“LIBOR Index” means, for each LIBOR Index Reset Date, the interest rate per annum determined by the Holder by dividing (i) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Holder which has been approved by the British Bankers’ Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (a “LIBOR Alternate Source”), at approximately 11:00 a.m., London time, two (2) London Business Days prior to such LIBOR Index Reset Date, as the one month London interbank offered rate for US Dollars commencing on such LIBOR Index Reset Date (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate determined by the Holder at such time (which determination shall be conclusive absent manifest error)), by (ii) a number equal to 1.00 minus

the LIBOR Reserve Percentage. In the event that the LIBOR Index is a negative number, the LIBOR Index shall be deemed to be zero. For purposes of this definition, “London Business Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

“LIBOR Reserve Percentage” means the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities”).

“LIBOR Index Reset Date” means the first Business Day of each calendar month commencing August 3, 2020.

“Maturity Date” means June 30, 2027.

“Maximum Rate” means twenty-five percent (25%) per annum.

“Overnight Bank Funding Rate” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“NYFRB”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Holder for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Holder at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero.

“Prime Rate” means the rate publicly announced by the Purchaser from time to time as its prime rate. The Prime Rate is determined from time to time by the Purchaser as a means of pricing loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Purchaser to any particular class or category of customers.

“Taxable Rate” means a per annum rate of interest equal to the product of the Interest Rate multiplied by the Taxable Rate Factor.

“Taxable Rate Factor” means the amount by which the Interest Rate must be multiplied to achieve the equivalent taxable rate, assuming that the interest on the Note is subject to federal income tax at the highest marginal corporate tax rate then in effect. The determination of the Taxable Rate Factor by the Holder shall be deemed conclusive and binding on the City absent manifest error.

“Term Loan Interest Rate” means for (a) for the first ninety (90) days of the Term Loan Period, the Base Rate and (b) thereafter during the Term Loan Period until the Maturity Date, the

Base Rate plus 2.00%; provided, however, that the Term Loan Interest Rate shall not exceed the Maximum Rate.

“Term Loan Period” means the period, if any, commencing on June 30, 2022 and ending on the earlier of the Maturity Date or the date the Note has been redeemed in whole prior to maturity.

The principal of the Note shall be payable to the Holder as shown on the registration books of the City as hereinafter provided as the same shall become due and payable on the Maturity Date or any prior redemption date. The interest on the Note shall be payable to the Holder as the same shall become due and payable on the respective Interest Payment Dates, as herein provided. Upon the final payment of principal of the Note, the Note shall be presented and surrendered to the Note Registrar (hereinafter defined) for cancellation.

Unless otherwise instructed by the Holder, the City shall pay the principal of and the interest on the Note as the same becomes due and payable by 5:00 P.M. Eastern Time on the respective payment dates by wire transfer of immediately available funds in accordance with wire transfer instructions to be provided to the City by the Holder, or as otherwise may be agreed between the City and the Holder.

Section 3. The City shall provide to the Holder and the Trustee on a date that is not less than five (5) Business Days and not more than ten (10) Business Days prior to the expiration of the Initial Term Period a certificate stating that (a) no Event of Default has occurred and is continuing under the Note Purchase Agreement, and (b) all representations and warranties of the City set forth in the Note Purchase Agreement are true and correct as of the date of such certificate. In the event that the City does not deliver to the Holder and the Trustee such certificate as provided in the immediately preceding sentence, the Note shall be subject to special mandatory redemption in whole on the last day of the Initial Term Period at a redemption price equal to 100% of the outstanding principal amount of the Note, plus accrued interest thereon to the redemption date. In the event that the City delivers such certificate and the principal of the Note is not redeemed in whole on or prior to the last calendar day of the Initial Term Period, such unpaid principal balance shall be redeemed in part in sixty (60) equal principal installments payable on the first Business Day of each month, beginning with the first Business Day of the month immediately following the last day of the Initial Term Period, with a final payment of the remaining outstanding principal amount of the Note being due and payable on the Maturity Date, all at a redemption price equal to 100% of the principal amount of the Note to be redeemed on each such date.

Section 4. The Note shall be subject to redemption at the option of the City, from any moneys that may be made available for such purpose, either in whole or in part on any Business Day at a redemption price equal to 100% of the outstanding principal of the Note to be redeemed, plus accrued interest thereon to the redemption date, upon the Note Registrar giving not less than thirty (30) days' prior written notice of such redemption to the Holder by electronic mail, confirmed by first-class mail, postage prepaid (unless otherwise waived by the Holder).

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Note Registrar on or prior to the redemption date of moneys sufficient to pay the redemption price of and interest on the principal amount of the Note to be redeemed, and

that if such moneys are not so received, such notice shall be of no force or effect and the principal amount of the Note to be redeemed shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the redemption price of and interest on the principal amount of the Note to be redeemed are not received by the Note Registrar on or prior to the redemption date, the redemption shall not be made, and the Note Registrar shall within a reasonable time thereafter give notice to the Holder, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 5. The Note shall constitute Parity Debt within the meaning of the Trust Agreement, and this resolution and the Note Purchase Agreement shall constitute a Parity Debt Resolution within the meaning of the Trust Agreement. A certified copy of this resolution, a specimen copy of the Note and an executed copy of the Note Purchase Agreement shall be provided to the Trustee on or prior to the Closing Date in accordance with Section 501 of the Trust Agreement.

Section 6. The City covenants that it will promptly pay the principal of and interest on the Note issued under the provisions of this resolution at the places, on the dates and in the manner provided herein and in the Note, 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, including the Act, to issue the Note authorized hereby and to pledge the Net Receipts in the manner and to the extent provided in the Trust Agreement; that all action on its part of the issuance of the Note has been duly and effectively taken; and that the Note will be a valid and binding special obligation of the City payable in accordance with its terms.

Section 7. The Note shall bear the manual or facsimile signatures of the Mayor or City Manager and the City Clerk or any Deputy or Assistant City Clerk of the City, and the corporate seal or a facsimile of the corporate seal of the City shall be impressed or printed, as the case may be, on the Note.

The certificate of the Commission to be endorsed on the Note shall bear the manual or facsimile signature of the Secretary of the Commission and the certificate of authentication of the Note Registrar to be endorsed on the Note shall be executed as provided hereinafter.

In case any officer of the City or the Commission whose manual or facsimile signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Note may bear the manual or facsimile signatures of such persons as at the actual time of the execution of the Note shall be the proper officers to sign the Note although at the date of the Note such persons may not have been such officers.

The Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Note Registrar of the certificate of authentication endorsed thereon.

The Note and the endorsements thereon shall be in substantially the following form:

NO OFFERING CIRCULAR OR MEMORANDUM, OFFICIAL STATEMENT OR OTHER DISCLOSURE DOCUMENT HAS BEEN PREPARED OR PROVIDED BY THE CITY IN CONNECTION WITH THE OFFERING AND SALE OF THIS NOTE. THIS NOTE MAY BE TRANSFERRED ONLY TO (I) A BANK, INSURANCE COMPANY OR SIMILAR FINANCIAL INSTITUTION OR ANY OTHER ENTITY APPROVED BY THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA OR (II) A TRUSTEE FOR THE PURPOSE OF ISSUING CERTIFICATES OF PARTICIPATION OR OTHER FORMS OF CERTIFICATES EVIDENCING AN UNDIVIDED INTEREST IN THIS NOTE, PROVIDED SUCH CERTIFICATES ARE SOLD ONLY TO A BANK, INSURANCE COMPANY OR SIMILAR FINANCIAL INSTITUTION OR OTHER ENTITY APPROVED BY THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA. ANY TRANSFEREE TO WHOM A TRANSFER HAS BEEN MADE PRIOR TO THE PREPARATION AND PROVISION OF AN OFFERING CIRCULAR OR MEMORANDUM, OFFICIAL STATEMENT OR OTHER DISCLOSURE DOCUMENT SHALL BE DEEMED TO HAVE REPRESENTED TO THE CITY THAT (A) IT IS A BUYER DESCRIBED ABOVE, (B) IT HAS PURCHASED THIS NOTE FOR INVESTMENT PURPOSES AND NOT AS AN UNDERWRITER AND DOES NOT PRESENTLY INTEND TO TRANSFER, OTHERWISE DISTRIBUTE OR SELL THIS NOTE, AND (C) IT IS FAMILIAR WITH THE CONDITION, FINANCIAL AND OTHERWISE, OF THE CITY OF GREENSBORO, NORTH CAROLINA, HAS OBTAINED ALL INFORMATION THAT IT REGARDS AS NECESSARY FOR ITS DECISION TO PURCHASE THIS NOTE, AND HAS MADE ITS OWN CREDIT EVALUATION OF THE CITY AND THE COMBINED ENTERPRISE SYSTEM OF THE CITY AND HAS NOT RELIED ON THE CITY OR THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA IN THIS REGARD.

No. R-__

United States of America
State of North Carolina

CITY OF GREENSBORO, NORTH CAROLINA
COMBINED ENTERPRISE SYSTEM REVENUE BOND ANTICIPATION NOTE
SERIES 2020

The City of Greensboro (the “City”), a municipal corporation existing under the laws of the State of North Carolina, is justly indebted and for value received hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to PNC Bank, National Association, or registered assigns or legal representative (the “Holder”), the principal sum of \$85,000,000 or so much thereof as may be advanced and remains outstanding from time to time hereafter as the Amount Advanced (hereinafter defined) on June 30, 2027 (the “Maturity Date”) or the date of any redemption of any portion of this Note prior to the Maturity Date, together with interest thereon from the date hereof until paid in full at the Interest Rate (as defined in the Note Resolution hereinafter mentioned) or otherwise as provided in the Note Resolution. The Amount Advanced shall be endorsed on the schedule attached hereto and incorporated by reference herein on each date that an advance is made by PNC Bank, National Association, as the initial purchaser of the Note (the “Purchaser”); provided, however, that any failure by the Purchaser to make any such endorsement shall not affect the obligation of the City to repay the amount so advanced with interest thereon as provided herein. Interest on the outstanding

principal of this Note from time to time outstanding shall accrue as set forth in the Note Resolution and shall be due and payable (i) in arrears on the first Business Day of each calendar month, commencing August 3, 2020, and (ii) on the date when the principal of this Note shall be due (whether at maturity or upon prior redemption hereof), but only to the extent accrued. Both the principal and interest on this Note shall be payable, when due, in any lawful money of the United States of America. Upon the final payment of principal of this Note, this Note shall be presented and surrendered to the office of the Finance Director of the City in Greensboro, North Carolina (the "Note Registrar") for cancellation.

This Note is given for money borrowed in the amount of the Amount Advanced in anticipation of the receipt of the proceeds of the sale by the City of its combined enterprise system revenue bonds in an amount sufficient to pay the principal amount hereof, which have been duly authorized by an order adopted by the City Council of the City on May 19, 2020. This Note is issued pursuant to and in full compliance with Constitution and laws of the State of North Carolina, including the Act, and a resolution duly adopted by said City Council on May 19, 2020 (the "Note Resolution"). This Note is being issued pursuant to a Trust Agreement, dated as of June 1, 1995 (as supplemented and amended, the "Trust Agreement"), between the City and Branch Banking and Trust Company (succeeded by U.S. Bank National Association), as trustee the "Trustee"), for the purpose of providing funds, together with any other available funds, to (i) pay the costs of certain improvements to the City's water and sanitary sewer system and (ii) pay the fees and expenses incurred in connection with the sale and issuance of this Note. This Note constitutes "Parity Debt" within the meaning of the Trust Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Note Resolution and the Trust Agreement.

This Note is a special obligation of the City secured by a pledge, charge and lien upon the Net Receipts on a parity with all other Bonds and Parity Debt that is Outstanding under the Trust Agreement. The City is not obligated to pay the principal of or interest on this Note except as provided in the Trust Agreement from Net Receipts or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the City is pledged to the payment of the principal of and the interest on this Note.

The Trust Agreement provides for the issuance or incurrence from time to time under the conditions, limitations and restrictions set forth therein of additional Bonds and Parity Debt secured pari passu as to the pledge of Net Receipts with the outstanding Bonds and Parity Debt and any additional Bonds or Parity Debt hereafter issued or incurred pursuant to the Trust Agreement.

Reference is made to the Trust Agreement and the Note Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the registered owner of this Note. Copies of the Trust Agreement and the Note Resolution shall be available for inspection by the registered owner hereof at all reasonable times at the principal corporate trust office of the Trustee or at the office of the Note Registrar. By the purchase and acceptance of this note, the registered owner hereof signifies assent to all of the provisions of the Trust Agreement and the Note Resolution.

The City shall provide to the Holder and the Trustee on a date that is not less than five (5) Business Days and not more than ten (10) Business Days prior to the expiration of the Initial Term Period a certificate stating that (a) no Event of Default has occurred and is continuing under the Note Purchase Agreement, and (b) all representations and warranties of the City set forth in the Note Purchase Agreement are true and correct as of the date of such certificate. In the event that the City does not deliver to the Holder and the Trustee such certificate as provided in the immediately preceding sentence, this Note shall be subject to special mandatory redemption in whole on the last day of the Initial Term Period at a redemption price equal to 100% of the outstanding principal amount of this Note, plus accrued interest thereon to the redemption date. In the event that the City delivers such certificate and the principal of this Note is not redeemed in whole on or prior to the last calendar day of the Initial Term Period, such unpaid principal balance shall be redeemed in part in sixty (60) equal principal installments payable on the first Business Day of each month, beginning with the first Business Day of the month immediately following the last day of the Initial Term Period, with a final payment of the remaining outstanding principal amount of this Note being due and payable on the Maturity Date, all at a redemption price equal to 100% of the principal amount of this Note to be redeemed on each such date.

This Note shall be subject to redemption at the option of the City, from any moneys that may be made available for such purpose, either in whole or in part on any Business Day at a redemption price equal to 100% of the outstanding principal of this Note to be redeemed, plus accrued interest thereon to the redemption date, upon the Note Registrar giving not less than thirty (30) days' prior written notice of such redemption to the Holder by electronic mail, confirmed by first-class mail, postage prepaid (unless otherwise waived by the Holder).

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Note Registrar on or prior to the redemption date of moneys sufficient to pay the redemption price of and interest on the principal amount of this Note to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and the principal amount of this Note to be redeemed shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the redemption price of and interest on the principal amount of this Note to be redeemed are not received by the Note Registrar on or prior to the redemption date, the redemption shall not be made, and the Note Registrar shall within a reasonable time thereafter give notice to the Holder, in the manner in which the notice of redemption was given, that such moneys were not so received.

The Note Registrar shall keep at his office the books of the City for the registration of transfer of this Note. The transfer of this Note may be registered only upon such books and as otherwise provided in the Note Resolution upon the surrender hereof to the Note Registrar, together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Note Registrar. Upon any such registration of transfer, the Note Registrar shall deliver in exchange for this Note a new Note, registered in the name of the transferee in an aggregate principal amount equal to the unpaid principal amount of this Note. Notwithstanding the foregoing, this Note may only be transferred to (i) a bank, insurance company or similar financial institution or any other entity approved by the Local Government Commission of North Carolina, or (ii) a trustee for the purpose of issuing certificates of participation or other forms of certificates evidencing an undivided interest in this

Note, provided such certificates are sold only to a bank, insurance company or similar financial institution or other entity approved by the Local Government Commission of North Carolina, which executes and delivers to the City an Investor Letter in substantially the form of Exhibit A to the Note Purchase Agreement.

The registered owner of this Note shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of all bonds and debt secured on a parity therewith by the pledge of Net Receipts then outstanding under the Trust Agreement may become or may be declared due and payable before the respective stated maturities thereof.

This Note, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This Note is issued with the intent that the laws of the State of North Carolina shall govern its construction.

This Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Note Resolution until this Note shall have been authenticated by the execution by the Note Registrar of the certificate of authentication endorsed hereon.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this note have happened, exist and have been performed as required.

IN WITNESS WHEREOF, the City, pursuant to the Note Resolution, has caused this Note to be manually signed by its [Mayor] [City Manager] and its [Deputy] City Clerk and the corporate seal of the City to be impressed or imprinted hereon, all as of the ____ day of June, 2020.

[Do not sign] _____
[Mayor] [City Manager]

[SEAL]

[Do not sign] _____
[Deputy] City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within note has been approved under the provisions of The State and Local Government Revenue Bond Act.

[Do not sign] _____
Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

This note is the note of the series designated therein and issued under the provisions of the within mentioned Resolution.

[Do not sign] _____
Finance Director, as Note Registrar

Date of authentication: _____

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within note and all right thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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

SCHEDULE

DATE	AMOUNT ADVANCED	AMOUNT REDEEMED PRIOR TO MATURITY	OUTSTANDING AMOUNT ADVANCED
June 30, 2020			

Section 8. The transfer of the Note may be registered only upon the registration books of the City upon the surrender thereof to the Note Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Note Registrar. Upon any such registration of transfer, the Note Registrar shall deliver in exchange for the Note a new Note, registered in the name of the transferee, in an aggregate principal amount equal to the unpaid principal amount of the Note. Notwithstanding the foregoing, the Note may only be transferred in an Authorized Denomination to (a) a bank, insurance company or similar financial institution or any other entity approved by the Commission, or (b) a trustee for the purpose of issuing certificates of participation or other forms of certificates evidencing an undivided interest in the Note, provided such certificates are sold only to a bank, insurance company or similar financial institution or other entity approved by the Commission, which executes and delivers to the City an Investor Letter in substantially the form of Exhibit A to the Note Purchase Agreement.

In all cases in which the transfer of the Note shall be registered hereunder, the Note Registrar shall authenticate and deliver at the earliest practicable time a new Note in accordance with the provisions of this resolution. The Note surrendered in any such registration of transfer shall forthwith be canceled by the Note Registrar. The City or the Note Registrar may make a charge for shipping and out-of-pocket costs for every such registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such registration of transfer, but no other charge shall be made by the City or the Note Registrar for registering the transfer of the Note under this resolution.

The person or entity in whose name the Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of the Note and the interest thereon shall be made only to or upon the order of the registered owner thereof or his or its legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note and interest thereon to the extent of the sum or sums so paid.

The City shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary for the registration and registration of transfer of the Note within a reasonable time according to then current commercial standards and for the timely payment of principal and interest with respect to the Note. The Finance Director of the City, or any person at any time

acting in such capacity, is hereby appointed the registrar, transfer agent and paying agent for the Note (collectively the "Note Registrar"), subject to the right of the City Council of the City to appoint another Note Registrar, and as such shall keep at his office in the City, the books of the City for the registration, registration of transfer and payment of the Note as provided in this resolution.

Section 9. The City covenants that, to the extent permitted by the Constitution and laws of the State of North Carolina, it will comply with the requirements of the Internal Revenue Code of 1986 (the "Code"), as amended or as may be amended from time to time, and any Treasury regulations now or hereafter promulgated thereunder, to the extent necessary so that interest on the Note will not be included in gross income of the Holder for federal income tax purposes.

Section 10. The Commission is hereby requested to sell the Note at private sale without advertisement to the Purchaser, subject to the approval of the Finance Director of the City in accordance with the Note Purchase Agreement. The Note Purchase Agreement is hereby approved in substantially the form set forth in this resolution, and the Mayor, the City Manager and the Finance Director of the City are each hereby authorized to execute and deliver the Note Purchase Agreement in substantially the form so presented at this meeting, together with such modifications as the person executing the Note Purchase Agreement, with the advice of counsel, may approve, such approval to be conclusively evidenced by such execution and delivery.

Section 11. In the event that it is necessary to modify the terms and provisions of this resolution as it relates to the particular terms and provisions of the Note, the Mayor, the City Manager and the Finance Director of the City shall each be authorized, individually or collectively, to approve any such modifications, which modifications shall be evidenced by a certificate executed and delivered by the Mayor, the City Manager or the Finance Director on the Closing Date; provided, however, that any such modifications shall be consistent with the general tenor of this resolution; and provided further that such modifications shall not increase the authorized principal amount of the Note, extend the final Maturity Date of the Note or materially increase the interest rate to be borne by the Note.

Section 12. The Mayor, the City Manager, the Finance Director, the City Clerk and the City Attorney, and their respective deputies or assistants, are each hereby authorized and directed, individually or collectively, to take such other actions and to execute and deliver such other documents, certificates, undertakings, agreements or other instruments as may be necessary or appropriate to effectuate the sale and issuance of the Note in a manner consistent with the terms of this resolution. The officers of the City and the agents and employees of the City are hereby authorized and directed to do all acts and things required of them by the provisions of this resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same and the Note.

Section 13. This resolution shall take effect upon its adoption.

The City Attorney then announced that he had approved the foregoing resolution as to form.

Upon motion of Council Member _____, seconded by Council Member _____, the foregoing resolution entitled “RESOLUTION PROVIDING FOR THE SALE AND ISSUANCE OF A NOT TO EXCEED \$85,000,000 COMBINED ENTERPRISE SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2020” was adopted by the following vote:

Ayes: _____

Noes: _____
