

**RESOLUTION OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA,
APPROVING AN AMENDMENT TO AN INSTALLMENT PURCHASE
CONTRACT WITH THE NORTH CAROLINA MUNICIPAL LEASING
CORPORATION TO FINANCE CERTAIN FACILITIES
AND CAPITAL ASSETS AND RELATED MATTERS**

WHEREAS, the City of Winston-Salem, North Carolina (the “*City*”), is a duly and regularly created, organized and existing municipal corporation validly existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the “*State*”); and

WHEREAS, the City has the power, pursuant to North Carolina General Statutes, to (1) purchase real and personal property, (2) enter into installment purchase contracts in order to finance or refinance the purchase of real and personal property used, or to be used, for public purposes, and (3) grant a security interest in some or all of the property purchased to secure repayment of the purchase price; and

WHEREAS, the City has previously entered into an Installment Purchase Contract dated as of August 15, 2001 (the “*2001 Contract*”) with the North Carolina Municipal Leasing Corporation (the “*Corporation*”), as amended by Amendment Number One to the 2001 Contract dated as of April 15, 2006 (the “*First Contract Amendment*”); Amendment Number Two to the 2001 Contract dated as of August 15, 2006 (the “*Second Contract Amendment*”); Amendment Number Three to the 2001 Contract dated as of February 1, 2010 (the “*Third Contract Amendment*,”); Amendment Number Four to the 2001 Contract dated as of July 1, 2013 (the “*Fourth Contract Amendment*”); and Amendment Number Five to the 2001 Contract dated as of September 15, 2014 (the “*Fifth Contract Amendment*”), each between the City and the Corporation; and has provided a security interest in City Hall, the City’s Public Safety Center and the Lowery Street Facility and the sites on which they are located through a Deed of Trust and Security Agreement dated as of August 15, 2001 (the “*2001 Deed of Trust*”), as extended by the Notice of Extension of Deed of Trust to Additional Property dated as of April 15, 2006 (the “*First Notice of Extension*”), as further extended by the Notice of Extension of Deed of Trust to Additional Property dated as of July 1, 2013 (the “*Second Notice of Extension*”) and Notice of Extension of Deed of Trust to Additional Property dated as of September 15, 2014 (the “*Third Notice of Extension*,” and together with the 2001 Deed of Trust, the First Notice of Extension and the Second Notice of Extension, the “*Deed of Trust*”), each from the City to the deed of trust trustee named therein; and

WHEREAS, the City Council of the City (the “*City Council*”) has determined that it is in the best interest of the City to enter into Amendment Number Six to the 2001 Contract dated as of June 28, 2018, with the Corporation (the “*Sixth Contract Amendment*,” and together with the 2001 Contract and all amendments thereto, the “*Contract*”) in order to finance improvements to the City’s fairgrounds (the “*2018 Project*”) and to refinance certain of the Facilities financed by the First Contract Amendment and the Second Contract Amendment (the “*Refinanced Projects*”); and

WHEREAS, the Corporation will execute and deliver a Limited Obligation Bond, Series 2018 evidencing a proportionate undivided interest in rights to receive Revenues pursuant to the Contract in an aggregate principal amount not to exceed \$15,060,000 (the “2018 Bond”) in order to refinance the Refinanced Projects and to finance the 2018 Project; and

WHEREAS, Bank of America, N.A. (the “Purchaser”) has agreed to purchase the 2018 Bond, in accordance with a response to request for proposal dated April 27, 2018 (the “Term Sheet”), and, in connection therewith, will enter into a Bond Purchase Agreement among the Purchaser, the City and the Corporation (the “Bond Purchase Agreement”); and

WHEREAS, the City hereby determines that the cost of financing the 2018 Projects and refinancing the Refinanced Projects exceeds the total amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the City in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State; and

WHEREAS, the City hereby determines that the cost of financing the 2018 Project and refinancing the Refinanced Projects pursuant to the Sixth Contract Amendment and the obligations of the City thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation bond election would cause an unnecessary delay which would decrease the financial benefits of acquiring the 2018 Project and the Refinanced Projects; and (3) insufficient revenues are produced by the 2018 Project or the Refinanced Projects so as to permit a revenue bond financing; and

WHEREAS, the City hereby determines that the estimated cost of financing the 2018 Project and refinancing the Refinanced Projects pursuant to the Sixth Contract Amendment reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

WHEREAS, the City does not anticipate future property tax increases to pay installment payments falling due under the Contract in any fiscal year during the term of the Contract, and such payments are adequate and not excessive for their purpose; and

WHEREAS, the City is not in default under any of its debt service obligations; and

WHEREAS, the City’s budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the City has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget Ordinance; and

WHEREAS, past audit reports of the City indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the City

has not been censured by the North Carolina Local Government Commission (the “LGC”), external auditors or any other regulatory agencies in connection with such management and contract obligation payment policies;

WHEREAS, the City has filed an application to the LGC for approval of the Sixth Contract Amendment; and

WHEREAS, the City Council hereby reaffirms each of the findings it made with respect to the Contract and the projects financed and refinanced thereby in resolutions previously adopted by the City Council; and

WHEREAS, the City Council has previously conducted public hearings to receive public comment on the 2001 Contract, certain of the amendments thereto and the projects financed and refinanced thereby; and

WHEREAS, there has been described to the City Council a copy of the Sixth Contract Amendment, which has been made available to the City Council, which the City Council proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment purchase financing:

WHEREAS, it appears that the Sixth Contract Amendment and the Bond Purchase Agreement are in appropriate forms and are appropriate instruments for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the City Council of Winston-Salem, North Carolina, as follows:

Section 1. *Ratification of Actions.* That all actions of the City, the City Manager, the Chief Financial Officer, the City Secretary, the City Attorney and their respective designees, whether previously or hereinafter taken, in effectuating the proposed financing are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Sixth Contract Amendment and the Bond Purchase Agreement.

Section 2. *Authorization to Execute the Sixth Contract Amendment and the Bond Purchase Agreement.* That the City approves the financing of the 2018 Project and refinancing the Refinanced Projects in accordance with the terms of the Sixth Contract Amendment and the Bond Purchase Agreement, which will be a valid, legal and binding obligation of the City in accordance with its terms. The form and content of the Sixth Contract Amendment and the Bond Purchase Agreement are hereby authorized, approved and confirmed, and the City Manager, the Chief Financial Officer and the City Secretary and their respective designees are hereby authorized, empowered and directed to execute and deliver the Sixth Contract Amendment and the Bond Purchase Agreement, 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, their execution thereof to constitute conclusive evidence of the City's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Sixth Contract Amendment presented to the City Council, and that from and after the execution and delivery of the Sixth Contract Amendment and the Bond Purchase Agreement, the City Manager, the Chief Financial Officer and the City Secretary 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 Sixth Contract Amendment and the Bond Purchase Agreement as executed.

Section 3. *City Representative.* That the City Manager, the Chief Financial Officer and the Mayor are hereby designated as the City's Representatives to act on behalf of the City in connection with the transaction contemplated by the Sixth Contract Amendment, and each is authorized to proceed with the financing of the 2018 Project and refinancing the Refinanced Projects in accordance with the Sixth Contract Amendment and the Bond Purchase Agreement and to seek opinions as a matter of law from the City Attorney, which the City Attorney is authorized to furnish on behalf of the City, and opinions of law from such other attorneys for all documents contemplated hereby. The City's Representative and/or designee or designees are in all respects authorized on behalf of the City to supply all information pertaining to the City to the Purchaser of the Bond for use in the transactions contemplated by the Sixth Contract Amendment, and the Mayor, the City Manager, the City Secretary and the Chief Financial Officer or their respective designees 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 the Sixth Contract Amendment and the Bond Purchase Agreement or as they deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 4. *Severability.* That if any section, phrase or provision of this Resolution is for any reason declared invalid, such declaration will not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

Section 5. *Repealer.* That all motions, orders, resolutions and parts thereof, in conflict herewith are hereby repealed.

Section 6. *Effective Date.* This Resolution is effective immediately on its adoption.