

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-
SALEM, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF
AN AMENDMENT TO AN INSTALLMENT PURCHASE CONTRACT
AND PROVIDING FOR CERTAIN OTHER
RELATED MATTERS THERETO**

WHEREAS, the City of Winston-Salem, North Carolina (the “*City*”) is a validly existing municipal corporation of the State of North Carolina, 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 the General Statutes of North Carolina to (1) purchase real and personal property, (2) enter into installment purchase contracts in order to finance and 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*”); 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 and the City’s Public Safety Center 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*”), 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*”), each from the City to the deed of trust trustee named therein; and

WHEREAS, the City Council of the City (the “*City Council*”) hereby determines that it is in the best interest of the City to enter into (a) Amendment Number Six to the 2001 Contract dated as of June 15, 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 Projects*”) and to refinance certain of the Facilities financed by the First Contract Amendment and the Second Contract Amendment (the “*Refinanced Projects*”); and

WHEREAS, the City hereby determines that the acquisition of the 2018 Projects and the refinancing of Refinanced Projects will permit the City to carry out public functions that it is authorized by law to perform; and that entering into the Sixth Contract Amendment is necessary

and expedient for the City by virtue of the findings presented herein; and

WHEREAS, the City hereby determines that the Sixth Contract Amendment allows the City to purchase the 2018 Projects and refinance the Refinanced Projects and take title thereto at a favorable interest rate and on terms advantageous to the City;

WHEREAS, the City hereby determines that the estimated cost of the acquisition of the 2018 Projects and the refinancing of the Refinanced Projects under the Sixth Contract Amendment is approximately \$15.5 million, and that such cost of the acquisition of the 2018 Projects and refinancing of the Refinanced Projects exceeds the 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, although the cost of financing the acquisition of the 2018 Projects and refinancing the Refinanced Projects pursuant to the Sixth Contract Amendment is expected to exceed the cost of financing doing so pursuant to a bond financing for the same undertaking, the City hereby determines that the cost of financing the acquisition of the 2018 Projects 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 thereby decrease the financial benefits of acquiring, constructing, improving and equipping the 2018 Projects and refinancing the Refinanced Projects; and (3) no revenues are produced by the 2018 Projects or the Refinanced Projects so as to permit a revenue bond financing; and

WHEREAS, the City has determined and hereby determines that the estimated cost of financing the acquisition of the 2018 Projects 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; and

WHEREAS, Parker Poe Adams & Bernstein LLP, as bond counsel ("*Bond Counsel*"), will render an opinion to the effect that entering into the Sixth Contract Amendment and the transactions contemplated thereby are authorized by law; and

WHEREAS, the City does not anticipate a future property tax increase to pay installment payments falling due under the Sixth Contract Amendment; and

WHEREAS, no deficiency judgment may be rendered against the City in any action for its breach of the Sixth Contract Amendment, and the taxing power of the City is not and may not be pledged in any way directly or indirectly or contingently to secure any moneys due under the Sixth Contract Amendment; 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 debt management and contract obligation payment policies.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, AS FOLLOWS:

Section 1. That the City Manager and the Chief Financial Officer, with advice from the City Attorney and Bond Counsel, are hereby authorized and directed to proceed and negotiate on behalf of the City for the financing of the acquisition of the 2018 Projects and the refinancing of the Refinanced Projects for a principal amount not to exceed \$15.5 million under the Sixth Contract Amendment to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina.

Section 2. That the Chief Financial Officer or her designee is hereby directed to file with the LGC an application for its approval of the Sixth Contract Amendment and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the City and its financial condition as may be required by the LGC.

Section 3. That the City Manager and the Chief Financial Officer, with advice from the City Attorney, are hereby authorized and directed to retain the assistance of Parker Poe Adams & Bernstein LLP, as bond counsel, and the City Manager and the Chief Financial Officer are authorized to retain Wye River Group, Incorporated, as financial advisor.

Section 4. That all motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 5. That this Resolution is effective on the date of its adoption.