

**DOCKET #20-0074**

**BOND ORDER AUTHORIZING THE ISSUANCE, DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION, AND REQUESTING LOCAL GOVERNMENT COMMISSION APPROVAL OF WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2020A AND TAXABLE WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDS, SERIES 2020B OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA**

**WHEREAS**, the City of Winston-Salem, 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 “Commission”), at one time or from time to time, revenue bonds and revenue refunding bonds of the City for the purposes as specified in the Act; and

**WHEREAS**, the City Council has determined to issue (1) not to exceed \$191,000,000 City of Winston-Salem, North Carolina Water and Sewer System Revenue Refunding Bonds, Series 2020A (the “2020A Bonds”) to (a) refund the City’s outstanding Taxable Water and Sewer System Revenue Bonds (Build America Bonds), Series 2010B (the “Refunded 2010B Bonds”), (b) refund the City’s outstanding Taxable Water and Sewer System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010C (the “Refunded 2010C Bonds”), (c) refund the City’s outstanding Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A, 2015B and 2015C (collectively, the “Refunded 2015 Bonds”), and (d) pay the costs of issuing the 2020A Bonds and (2) not to exceed \$49,000,000 City of Winston-Salem, North Carolina Taxable Water and Sewer System Revenue and Revenue Refunding Bonds, Series 2020B (the “2020B Bonds,” and together with the 2020A Bonds, the “Bonds”) to (a) refund certain of the City’s outstanding Water and Sewer System Revenue Refunding Bonds, Series 2014A (the “Refunded 2014A Bonds,” and together with the Refunded 2010B Bonds, the Refunded 2010C Bonds, and the Refunded 2015 Bonds, the “Refunded Bonds”) and (b) finance termination payments for hedging obligations related to the Refunded 2015 Bonds (the “Swap Termination Payments”) and (c) pay the costs of issuing the 2020B Bonds; and

**WHEREAS**, the City Council wishes to (a) retain Parker Poe Adams & Bernstein LLP, as bond counsel; (b) retain Robert W. Baird & Co. Incorporated, Wells Fargo Securities, LLC, and Rice Financial Products Company (collectively, the “Underwriters”), as underwriters; (c) approve the selection by the Underwriters of Moore & Van Allen PLLC, as counsel to the Underwriters; (d) retain The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and escrow agent (the “Escrow Agent”); and (e) retain Wye River Group, Incorporated, as financial advisor (collectively, the “Financing Team”); and

**WHEREAS**, the City has previously issued revenue bonds under a General Trust Indenture dated as of October 1, 1988 (the “Original General Indenture”) between the City and NCNB National Bank of North Carolina, the successor to which is the Trustee, which has been supplemented and amended periodically since its execution and delivery; and

**WHEREAS**, in connection with the issuance of the Bonds, the City proposes to consolidate all supplements to and amendments of the Original General Indenture in one document

to be known as the Amended and Restated General Trust Indenture dated as of March 1, 2020 (the “*Amended and Restated General Indenture*”); and

**WHEREAS**, the City will issue the Bonds under (a) the Amended and Restated General Trust Indenture, and (b) Series Indenture, Number 18 dated as of March 1, 2020 (the “*Series Indenture*” and together with the Amended and Restated General Indenture, the “*Indenture*”) between the City and the Trustee; and

**WHEREAS**, the City and the Commission have arranged for the sale of the Bonds to the Underwriters under the terms of a Bond Purchase Agreement to be dated on or about March 5, 2020 (the “*Purchase Agreement*”); and

**WHEREAS**, an application has been filed with the Secretary of the Commission requesting Commission approval of the Bonds as required by the Act and, included in such application, the Chief Financial Officer of the City has requested that the Commission approve (a) the negotiation of the sale of the Bonds to the Underwriters and (b) the City’s use of the Financing Team; and

**WHEREAS**, copies of the forms of the following documents relating to the transactions described above have been filed with the City:

1. the Amended and Restated General Indenture;
2. the Series Indenture;
3. the Purchase Agreement;
4. an Escrow Agreement dated as of March 1, 2020 between the City and the Escrow Agent (the “*Escrow Agreement*”); and
5. a Preliminary Official Statement to be dated on or about February 26, 2020 (the “*Preliminary Official Statement*”) with respect to the Bonds.

**NOW THEREFORE, BE IT ORDERED** by the Mayor and the City Council of the City of Winston-Salem, North Carolina:

**Section 1.** The Bonds are hereby authorized and will be issued pursuant to the Act to raise the money required to (a) refund the Refunded Bonds, (b) finance the Swap Termination Payments and (c) pay the costs of issuing the Bonds.

**Section 2.** The use of the Financing Team is hereby approved in connection with the City’s issuance of the Bonds.

**Section 3.** The filing of the application with the Commission is hereby ratified and approved. The Chief Financial Officer of the City, with advice from the City Manager, the City Attorney and bond counsel, is hereby authorized, directed and designated to provide such information to the Commission as may be required for approval of such application.

**Section 4.** The City Council finds and determines and asks the Commission to find and determine from the City's application and supporting documentation as follows:

- (a) the issuance of the Bonds is necessary or expedient;
- (b) the maximum stated principal amount of the Bonds will be sufficient but is not excessive, when added to other moneys available for such purpose, to refund the Refunded Bonds and finance the Swap Termination Payment;
- (c) the City's refunding of the Refunded Bonds and financing of the Swap Termination Payment is feasible;
- (d) the City's debt management procedure and policies are excellent; and
- (e) the Bonds can be marketed at a reasonable interest cost to the City.

**Section 5.** The aggregate principal amount of the Bonds authorized by this Bond Order will not exceed \$240,000,000. The Bonds hereby authorized will be special obligations of the City, secured by and paid solely from the proceeds thereof or from Net Revenues (as defined in the Amended and Restated General Indenture).

**Section 6.** The City's issuance of the Bonds, in substantially the forms to be set forth in the Series Indenture, is hereby in all respects approved and confirmed, and the provisions of the Amended and Restated General Indenture and the Series Indenture with respect to the Bonds (including without limitation the maturity dates and rates of interest) are hereby approved and confirmed and are incorporated herein by reference. The proceeds from the sale of the Bonds will be deposited in accordance with the Series Indenture.

The principal of, premium, if any, and interest on the Bonds will not be payable from the general funds of the City, nor will the Bonds constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or on any of its income, receipts or revenues except the funds which are pledged under the Indenture. Neither the credit nor the taxing power of the State of North Carolina or the City is pledged for the payment of the principal of, premium, if any, or interest on the Bonds, and no holder of the 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 7.** The forms and contents of the Amended and Restated General Indenture and the Series Indenture and the exhibits thereto are hereby in all respects approved and confirmed, and the City Manager, the Chief Financial Officer,

the City Secretary, the City Attorney and their respective designees (the “*Authorized Officers*”) are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Amended and Restated General Indenture and the Series Indenture for and on behalf of the City, including necessary counterparts, in substantially the forms and contents presented to the City Council, but with such changes, modifications, additions or deletions therein as they may deem 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 Amended and Restated General Indenture and the Series Indenture, the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, 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 Amended and Restated General Indenture and the Series Indenture as executed. The Trustee is hereby appointed as Registrar and Paying Agent under the Series Indenture.

**Section 8.**

The form and content of the Escrow Agreement is hereby in all respects approved and confirmed, and the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Escrow Agreement for and on behalf of the City, 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 may deem 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 Escrow Agreement, the Authorized Officers are hereby authorized, empowered and directed, individually and collectively, 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 Escrow Agreement as executed.

**Section 9.**

The City Council requests that the Commission sell the Bonds to the Underwriters pursuant to the terms of the Purchase Agreement. The form and content of the Purchase Agreement are in all respects approved and confirmed, and 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 he may deem 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, Authorized Officers are hereby authorized, empowered and directed, individually and collectively, 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 10.** The form and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and the Official Statement to be dated on or about March 5, 2020 (the “*Official Statement*”) by the Underwriters in connection with the sale of the Bonds is hereby in all respects authorized, approved and confirmed.

**Section 11.** The Authorized Officers of the City are hereby authorized to execute a no-arbitrage certificate to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

**Section 12.** If any one or more of the covenants, agreements or provisions contained in this Bond Order is 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 is for any reason whatsoever held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions of this Bond Order or of the Bonds authorized hereunder.

**Section 13.** No stipulation, obligation or agreement contained in this Bond Order or contained in the Bonds, the Amended and Restated General Indenture, the Series Indenture, the Escrow Agreement, the Purchase Agreement or any other instrument related to the issuance of the Bonds is 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 is personally liable on the Bonds or subject to personal liability or accountability by reason of the issuance thereof.

**Section 14.** The Authorized Officers are hereby authorized, empowered and directed, individually and collectively, to do any and all other acts and to execute any and all other documents which they, in their discretion, deem necessary and appropriate to consummate the transactions contemplated by this Bond Order, the Amended and Restated General Indenture, the Series Indenture or the Purchase Agreement; except that none of the above is hereby authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Bond Order, (b) the specific provisions of the Amended and Restated General Indenture or the Series Indenture, (c) any agreement to which the City is bound, (d) any rule or regulation of the City or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina.

**Section 15.** The Authorized Officers are hereby authorized and directed, individually and collectively, to prepare and furnish, when the Bonds are issued, certified copies of all the proceedings and records of the City Council relating to the Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the Bonds as such facts appear on the books and records in such party's custody and control or as otherwise known to them; and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, constitute representations of the City as to the truth of all statements contained therein.

**Section 16.** All acts and doings of the Authorized Officers that are in conformity with the purposes and intents of this Bond Order and in the furtherance of the issuance of the Bonds and the execution, delivery and performance of the Amended and Restated General Indenture, the Series Indenture and the Purchase Agreement are hereby in all respects approved and confirmed.

**Section 17.** 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 18.** This Bond Order will take effect immediately on its adoption and, pursuant to Section 159-88 of the General Statutes of North Carolina, as amended, need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the City Council other than the procedures set out in the Act.