

**BOND ORDER AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$61,000,000 WATER AND SEWER SYSTEM REVENUE BONDS
OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA; AUTHORIZING THE
APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN
CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING FOR THE
SALE OF THE BONDS; SETTING FORTH THE TERMS AND CONDITIONS ON
WHICH THE BONDS ARE TO BE ISSUED; AND PROVIDING FOR CERTAIN
OTHER MATTERS IN CONNECTION WITH THE ISSUANCE,
SALE AND DELIVERY OF THE BONDS**

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, at one time or from time to time, revenue bonds of the City for the purposes as specified in the Act; and

WHEREAS, the City has determined to issue not to exceed \$61,000,000 Water and Sewer System Revenue Bonds, Series 2017 of the City (the “*2017 Bonds*”) (1) to finance improvements to its water and sewer system (the “*System*”), including the extensions, additions and capital improvements to, or the acquisition, renewal and replacement of capital assets of, or purchasing and installing new equipment for, the System (the “*Project*”), and (2) to pay the costs of issuing the 2017 Bonds; and

WHEREAS, the City will issue the 2017 Bonds under a General Trust Indenture dated as of October 1, 1988 (the “*General Indenture*”) between the City and NNCB National Bank of North Carolina, the successor to which is The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), and Series Indenture, Number 17 dated as of October 1, 2017 (the “*Series Indenture*,” and together with the General Indenture, the “*Indenture*”) between the City and the Trustee; and

WHEREAS, the City and the Local Government Commission of North Carolina (the “*Commission*”) have arranged for the sale of the 2017 Bonds to Robert W. Baird & Co., on its own behalf and on behalf of Stephens Inc. and Rice Financial Products Company (collectively, the “*Underwriters*”), under the terms of a Purchase Contract to be dated on or about October 6, 2017 (the “*Purchase Contract*”) pursuant to which the City and the Commission will sell the 2017 Bonds to the Underwriters in accordance with the terms and conditions set forth therein; and

WHEREAS, an application has been filed with the Secretary of the Commission requesting Commission approval of the 2017 Bonds as required by the Act; and

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

1. the Series Indenture;
2. the Purchase Contract; and

3. a Preliminary Official Statement to be dated on or about September 27, 2017 (the “*Preliminary Official Statement*”) with respect to the 2017 Bonds.

NOW THEREFORE, BE IT ORDERED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA:

Section 1. The 2017 Bonds are hereby authorized and will be issued pursuant to the Act to raise the money required, in addition to any funds which may be made available for such purpose from any other source, to provide funds to pay the costs of the Project.

Section 2. The aggregate principal amount of the 2017 Bonds authorized by this order will not exceed \$61,000,000. The 2017 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 General Indenture).

Section 3. The City’s issuance of the 2017 Bonds, in substantially the form to be set forth in the Series Indenture, is hereby in all respects approved and confirmed, and the provisions of the General Indenture and the Series Indenture with respect to the 2017 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 2017 Bonds will be deposited in accordance with the Series Indenture.

The principal of, premium, if any, and interest on the 2017 Bonds will not be payable from the general funds of the City, nor will the 2017 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 2017 Bonds, and no holder of the 2017 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 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 City Manager and City Secretary of the City are hereby authorized, empowered and directed, individually and collectively, 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 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 Series Indenture, the Mayor, the City Manager, the Chief Financial Officer and City Secretary of the City, or their respective designees, 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 Series Indenture as executed. The Trustee is hereby appointed as Registrar and Paying Agent under the Series Indenture.

Section 5. The 2017 Bonds will be sold to the Underwriters pursuant to the terms of the Purchase Contract. The form and content of the Purchase Contract are in all respects approved and confirmed, and the Mayor, the City Manager, or the Chief Financial Officer of the City is hereby authorized, empowered and directed to execute and deliver the Purchase Contract 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 or she may deem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his or her approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Purchase Contract, the Mayor, the City Manager, and the Chief Financial Officer of the City, or their respective designees, 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 Contract as executed.

Section 6. 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 September 27, 2017 (the “*Official Statement*”) by the Underwriters in connection with the sale of the 2017 Bonds is hereby in all respects authorized, approved and confirmed.

Section 7. The City Manager or Chief Financial Officer of the City is 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 8. 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 2017 Bonds authorized hereunder.

Section 9. No stipulation, obligation or agreement contained in this Bond Order or contained in the 2017 Bonds, the General Indenture, the Series Indenture, the Purchase Contract or any other instrument related to the issuance of the 2017 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 2017 Bonds or subject to personal liability or accountability by reason of the issuance thereof.

Section 10. The Mayor, the City Manager, the Chief Financial Officer and the City Secretary of the City, or their respective designees, 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 General Indenture, the Series Indenture or the Purchase Contract; 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 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 11. The Mayor, the City Manager, the Chief Financial Officer and the City Secretary of the City, or their respective designees, are hereby authorized and directed, individually and collectively, to prepare and furnish, when the 2017 Bonds are issued, certified copies of all the proceedings and records of the City Council relating to the 2017 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2017 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 12. All acts and doings of the Mayor, the City Manager, the Chief Financial Officer and the City Secretary of the City, or their respective designees, that are in conformity with the purposes and intents of this Bond Order and in the furtherance of the issuance of the 2017 Bonds and the execution, delivery and performance of the Series Indenture and the Purchase Contract are hereby in all respects approved and confirmed.

Section 13. 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 14. 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.