

EXTRACTS FROM MINUTES OF CITY COUNCIL

A Regular Meeting of the City Council of the City of Charlotte, North Carolina was duly held in the Meeting Chamber at the Charlotte-Mecklenburg Government Center in Charlotte, North Carolina, the regular place of meeting, at 7:00 P.M. on July 17, 2006.

Members Present: Councilmember: Barnes, Burgess, Carter, Dulin, Foxx, Kinsey, Lassiter, Lochman, Mitchell and Mumford.

Members Absent: Councilmember Turner

Also Present: Assistant City Manager Julie Burch, Assistant City Attorney Terri Hagler-Gray and City Clerk Brenda Freeze

* * * * *

Councilmember Carter introduced the following order, a summary of which had been provided to each Councilmember, which was read by title:

**RESOLUTION ADOPTING THE BOND ORDER AUTHORIZING THE
ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE
CITY OF CHARLOTTE, NORTH CAROLINA IN THE AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$403,000,000**

WHEREAS, the City of Charlotte, 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 "LGC"), 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;

WHEREAS, the City has determined to issue its Water and Sewer System Revenue Bonds, Series 2006A and its Variable Rate Water and Sewer System Revenue Bonds, Series 2006B (collectively, the "2006 Bonds") in an aggregate principal amount not to exceed \$403,000,000 to provide funds to refinance \$400,000,000 aggregate principal amount of the City's Water and Sewer System Commercial Paper Revenue Bond Anticipation Notes, Series 2004 (the "Commercial Paper"), the proceeds of which were used to improve the City's water and sanitary sewer systems, including, but not limited to, the extension of existing water and sewer lines and rehabilitation or replacement of others; construction of new water and sewer mains and outfalls; rehabilitation and upgrades of water and wastewater treatment plants; and acquisition of land (collectively, the "Project");

WHEREAS, the City will issue the 2006 Bonds under the General Indenture and Series Indenture, Number 9 dated as of July 15, 2006 (the "Series Indenture") between the City and the Trustee;

WHEREAS, the City and the LGC have arranged for the sale of the 2006A Bonds to Banc of America Securities LLC and Wachovia Bank, National Association (the "2006A Underwriters") under the terms of a Bond Purchase Agreement to be dated on or about July 18, 2006 (the "2006A Purchase Agreement");

WHEREAS, the City and the LGC have arranged for the sale of the 2006B Bonds to Wachovia Bank, National Association (the "2006B Underwriter") under the terms of a Bond Purchase Agreement to be dated on or about July 25, 2006 (the "2006B Purchase Agreement"); and

WHEREAS, an application has been filed with the LGC requesting approval of the 2006 Bonds as required by the Act, and the Secretary of the LGC has notified the City Council (the "City Council") of the City that the application has been approved by the LGC.

NOW, THEREFORE, BE IT ORDERED by the City Council of the City of Charlotte, North Carolina, as follows:

Section 1. In order to raise the money required to refinance the costs of the Project, in addition to any funds which may be made available for such purpose from any other source, the 2006 Bonds are hereby authorized and shall be issued pursuant to the Act.

Section 2. The aggregate principal amount of the 2006 Bonds authorized by this order shall not exceed \$403,000,000. The 2006 Bonds hereby authorized shall be special obligations of the City, secured by and paid solely from the proceeds thereof or from revenues, income, receipts and other money received or accrued by or on behalf of the City from or in connection with the operation of the City's Water and Sewer System (as defined in the General Indenture).

Section 3. The issuance of the 2006 Bonds by the City, in substantially the form to be set forth in the Series Indenture, be and the same hereby is in all respects approved and confirmed. The form and content of the 2006 Bonds and the provisions of the Series Indenture with respect to the 2006 Bonds (including without limitation the maturity dates and rates of interest) shall be approved and confirmed in a subsequent resolution of the City Council.

The principal of, premium, if any, purchase price and interest on the 2006 Bonds shall not be payable from the general funds of the City, nor shall they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the funds which are pledged under the General Indenture. Neither the credit nor the taxing power of the State of North Carolina or the City are pledged for the payment of the principal of, premium, if any, purchase price or interest on the 2006 Bonds, and no holder of the 2006 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 2006A Bonds shall be sold to the 2006A Underwriters under the terms of the 2006A Purchase Agreement, and the 2006B Bonds shall be sold to the 2006B Underwriter under the terms of the 2006B Purchase Agreement, as shall be approved in a subsequent resolution of the City Council.

Section 5. The proceeds from the sale of the 2006 Bonds shall be deposited in accordance with the Series Indenture.

Section 6. If any one or more of the agreements or provisions herein contained shall be 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 shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the 2006 Bonds authorized hereunder.

July 20, 2006

Resolution Book 40, Page 179

Section 7. 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 8. This Bond Order shall take effect immediately on its adoption and pursuant to §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.

On motion of Councilmember Carter, seconded by Councilmember Kinsey, the foregoing resolution titled **“RESOLUTION ADOPTING THE BOND ORDER AUTHORIZING THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$403,000,000”** was duly adopted by the following vote:

AYES:

NAYS:

PASSED, ADOPTED AND APPROVED this 17th day of July, 2006.

I, *Brenda R. Freeze*, City Clerk of the City of Charlotte, North Carolina, **DO HEREBY CERTIFY** that the foregoing is a true and exact copy of a resolution titled **“RESOLUTION ADOPTING THE BOND ORDER AUTHORIZING THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$403,000,000”** adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 17th day of July, 2006, the reference having been made in Minute Book 124, and recorded in full in Resolution Book 40, Page(s) 177-179.

WITNESS my hand and the seal of the City of Charlotte, North Carolina, this the 20th day of July, 2006.



Brenda R. Freeze, CMC, City Clerk

Extract of Minutes of a regular meeting of the City Council of the City of Charlotte, North Carolina held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on July 17, 2006.

* * *

A regular meeting of the City Council of the City of Charlotte, North Carolina (the "*City Council*") was held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on July 17, 2006 (the "*Meeting*"), after proper notice, and was called to order by the Mayor, and upon the roll being called, the following members of the City Council answered present: Councilmember: Barnes, Burgess, Carter, Dulin, Foxx, Kinsey, Lassiter, Lochman, Mitchell and Mumford

The following members of the City Council were absent: Councilmember Turner

Also present: Assistant City Manager Julie Burch, Assistant City Attorney Terri Hagler-Gray and City Clerk Brenda Freeze.

Councilmember Carter introduced the following resolution (the "*Resolution*"), a summary of which had been provided to each Council member, a copy of which was available with the City Clerk and which was read by title:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA, AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF CITY OF CHARLOTTE, NORTH CAROLINA WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006A AND CITY OF CHARLOTTE, NORTH CAROLINA VARIABLE RATE WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006B; PROVIDING FOR THE SALE OF THE BONDS; SETTING FORTH THE TERMS AND CONDITIONS UPON 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 Charlotte, 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 and revenue refunding bonds of the City for the purposes as specified in the Act;

WHEREAS, the City has determined to issue its Water and Sewer System Revenue Bonds, Series 2006A (the "*2006A Bonds*") in an aggregate principal amount not to exceed \$103,000,000 and its Variable Rate Water and Sewer System Revenue Bonds, Series 2006B (the "*2006B Bonds*", and together with the 2006A Bonds the "*2006 Bonds*") in an aggregate principal amount not to exceed \$300,000,000 to provide funds to refinance \$400,000,000 aggregate principal amount of the City's Water and Sewer System Commercial Paper Revenue Bond Anticipation Notes, Series 2004 (the "*Commercial Paper*"), the proceeds of which were used to improve the City's water and sanitary sewer systems, including, but not limited to, the extension of existing water and sewer lines and rehabilitation or replacement of others;

July 20, 2006

Resolution Book 40, Page 181

construction of new water and sewer mains and outfalls; rehabilitation and upgrades of water and wastewater treatment plants; and acquisition of land (collectively, the "Project"), as described in the Bond Order of the City adopted on July 17, 2006;

WHEREAS, the City will issue the 2006 Bonds under the General Indenture and Series Indenture, Number 9 dated as of July 15, 2006 (the "Series Indenture") between the City and the Trustee;

WHEREAS, the City desires to execute and deliver a Bond Purchase Agreement to be dated on or about July 18, 2006 (the "2006A Purchase Contract") among the City, the Local Government Commission of North Carolina (the "Commission") and Banc of America Securities LLC and Wachovia Bank, National Association (the "2006A Underwriters"), pursuant to which the City and the Commission will sell the 2006A Bonds to the 2006A Underwriters in accordance with the terms and conditions set forth therein;

WHEREAS, the City desires to execute and deliver a Bond Purchase Agreement to be dated on or about July 25, 2006 (the "2006B Purchase Contract", and together with the 2006A Purchase Contract, the "Purchase Contracts") among the City, the Local Government Commission of North Carolina (the "Commission") and Wachovia Bank, National Association (the "2006B Underwriter"), pursuant to which the City and the Commission will sell the 2006B Bonds to the 2006B Underwriter in accordance with the terms and conditions set forth therein;

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 Contracts;
3. the Standby Bond Purchase Agreement dated as of July 15, 2006 (the "Standby Agreement") among the City, DEPFA BANK plc, acting through its New York Branch, as liquidity provider, and the Trustee;
4. the Remarketing and Interest Services Agreement dated as of July 15, 2006 (the "Remarketing Agreement") between the City and Wachovia Bank, National Association, in its capacity as remarketing agent for the 2006B Bonds;
5. the Official Statement to be dated on or about July 18, 2006 (the "2006A Official Statement") with respect to the 2006A Bonds; and
6. the Official Statement to be dated on or about July 18, 2006 (the "2006B Official Statement") with respect to the 2006B Bonds.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA DOES RESOLVE AS FOLLOWS:

Section 1. That the issuance of the 2006 Bonds by the City in the aggregate principal amount not to exceed \$403,000,000, in substantially the form and content set forth in the Series Indenture, subject to appropriate insertions and revisions in order to comply with the provisions of the General Indenture and the Series Indenture, be and the same hereby are in all respects approved and confirmed, and the form and content of the 2006 Bonds set forth in the Series Indenture be and the same hereby are in all respects approved and confirmed, and the provisions of the General Indenture and the

July 20, 2006

Resolution Book 40, Page 182

Series Indenture with respect to the 2006 Bonds (including without limitation the maturity dates and rates of interest) be and the same hereby are approved and confirmed and are incorporated herein by reference.

The 2006 Bonds shall be special obligations of the City. The principal of, premium, if any, and interest on the 2006 Bonds shall not be payable from the general funds of the City, nor shall they constitute a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the funds which are pledged under the General Indenture and the Series Indenture. Neither the credit nor the taxing power of the State of North Carolina or the City are pledged for the payment of the principal of, premium, if any, or interest on the 2006 Bonds, and no holder of 2006 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 2. That the form and content of the Series Indenture and the exhibits thereto be and the same hereby are in all respects approved and confirmed, and the Mayor, the City Manager and City Clerk of the City, or their respective designees, be and they hereby are authorized, empowered and directed 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, and that from and after the execution and delivery of the Series Indenture, the Mayor, the City Manager, the Director of Finance and City Clerk of the City, or their respective designees, 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 Series Indenture as executed. The Trustee is hereby appointed as Registrar and Paying Agent thereunder.

Section 3. That the 2006A Bonds shall be sold to the 2006A Underwriters pursuant to the terms of the 2006A Purchase Contract, and the 2006B Bonds shall be sold to the 2006B Underwriter pursuant to the terms of the 2006B Purchase Contract. The form and content of each of the Purchase Contracts are in all respects approved and confirmed, and the Mayor, the City Manager or the Director of Finance of the City, or their respective designees, are hereby authorized, empowered and directed to execute and deliver each of the Purchase Contracts 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, and that from and after the execution and delivery of the Purchase Contracts, the Mayor, the City Manager and the Director of Finance of the City, or their respective designees, 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 Purchase Contracts as executed.

Section 4. That the form and content of the Standby Purchase Agreement and the Remarketing Agreement be and the same hereby are in all respects approved and confirmed, and the Mayor, the City Manager, the Director of Finance and City Clerk of the City, or their respective designees, be and they hereby are authorized, empowered and directed to execute and deliver the Standby Purchase Agreement and the Remarketing 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 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, and that from and after the execution and delivery of the Standby Purchase Agreement and the Remarketing Agreement, the Mayor, the City Manager, the Director of Finance and City Clerk of the City, or their respective designees, 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 Standby Purchase Agreement and the Remarketing Agreement as executed.

Section 5. That the form and content of the 2006A Official Statement and the 2006B Official Statement are in all respects authorized, approved and confirmed, and the use of the 2006A Official Statement by the 2006A Underwriters in connection with the sale of the 2006A Bonds and the use of the 2006B Official Statement by the 2006B Underwriter in connection with the sale of the 2006B Bonds is hereby in all respects authorized, approved and confirmed. The Mayor, the City Manager or Director of Finance of the City is authorized to execute the 2006A Official Statement and the 2006B Official Statement on behalf of the City.

Section 6. The City Manager or Director of Finance of the City is hereby authorized to execute a no-arbitrage certificate in order to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Section 7. No stipulation, obligation or agreement herein contained or contained in the 2006 Bonds, the General Indenture, the Series Indenture, the Purchase Contracts, the Standby Purchase Agreement and the Remarketing Agreement or any other instrument related to the issuance of the 2006 Bonds shall be deemed to be 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 shall be personally liable on the 2006 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 8. The Mayor, the City Manager, the Director of Finance and the City Clerk of the City, 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 (a) this Resolution and the Bond Order, (b) the General Indenture, (c) the Series Indenture, (d) the Purchase Contracts, (e) the Standby Purchase Agreement and (f) the Remarketing Agreement, except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way, of (1) the specific provisions of this Resolution or the Bond Order, (2) the specific provisions of the General Indenture or the Series Indenture, (3) the specific provisions of the Purchase Contracts, (4) any agreement to which the City is bound, (5) any rule or regulation of the City or (6) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of North Carolina.

Section 9. The Mayor, the City Manager, the Director of Finance and the City Clerk of the City, or their respective designees, are hereby authorized and directed to prepare and furnish, when the 2006 Bonds are issued, certified copies of all the proceedings and records of the Board relating to the 2006 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2006 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, shall constitute representations of the City as to the truth of all statements contained therein.

Section 10. All acts and doings of the Mayor, the City Manager, the Director of Finance and the City Clerk of the City, and their respective designees, that are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance of the 2006 Bonds and the execution, delivery and performance of the Series Indenture and the Purchase Contracts shall be, and the same hereby are, in all respects approved and confirmed.

Section 11. If any one or more of the agreements or provisions herein contained shall be 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 shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the 2006 Bonds authorized hereunder.

Section 12. 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 13. This Resolution is effective on the date of its adoption.

On motion of Councilmember Carter, seconded by Councilmember Kinsey, the foregoing resolution titled **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA, AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF CITY OF CHARLOTTE, NORTH CAROLINA WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006A AND CITY OF CHARLOTTE, NORTH CAROLINA VARIABLE RATE WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006B; PROVIDING FOR THE SALE OF THE BONDS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE BONDS"** was duly adopted by the following vote: Unanimous

AYES:

NAYS:

PASSED, ADOPTED AND APPROVED this 17th day of July, 2006.

July 20, 2006

Resolution Book 40, Page 185

I, *Brenda R. Freeze*, City Clerk of the City of Charlotte, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution titled “**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA, AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF CITY OF CHARLOTTE, NORTH CAROLINA WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006A AND CITY OF CHARLOTTE, NORTH CAROLINA VARIABLE RATE WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006B; PROVIDING FOR THE SALE OF THE BONDS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE BONDS**” adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 17th day of July, 2006, the reference having been made in Minute Book 40, and recorded in full in Resolution Book 124, Page(s) 180-185.

WITNESS my hand and the seal of the City of Charlotte, North Carolina, this the 20th day of July, 2006.



Brenda R. Freeze, CMC, City Clerk