

**EXTRACTS FROM MINUTES OF THE CITY COUNCIL**

A regular meeting of the City Council of the City of Durham, North Carolina, was duly held on April 4, 2011 at 7:00 p.m. in the City Council Chamber at City Hall, 101 City Hall Plaza, Durham, North Carolina. Mayor William V. Bell presiding.

The following members were present:

The following members were absent:

\* \* \* \* \*

Introduced and adopted by unanimous consent:

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY OF DURHAM, NORTH CAROLINA, DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF WATER AND SEWER UTILITY SYSTEM REVENUE BONDS; REQUESTING LOCAL GOVERNMENT COMMISSION APPROVAL OF THE CITY'S WATER AND SEWER UTILITY SYSTEM REVENUE BONDS, SERIES 2011; AND CERTAIN RELATED MATTERS.**

**WHEREAS**, the City Council (the "*City Council*") of the City of Durham, North Carolina (the "*City*") hereby determines that it is necessary to improve its water and sanitary sewer systems (collectively, the "*Utility System*"); and

**WHEREAS**, the City Council is considering the issuance of not to exceed \$70,000,000 Water and Sewer Revenue Bonds, Series 2011 of the City (the "*Bonds*"), in one or more series, to (1) finance the costs of various improvements to the City's Utility System, including water supply and storage upgrades; water and wastewater treatment improvements; water line and sewer main extension, repair and replacement; and water meter upgrades (the "*Project*"), (2) refund all or a portion of the City's Water and Sewer Utility System Revenues Bonds, Series 2001 (the "*Refunding*"), (3) fund a reserve fund for the 2011 Bonds, if required and (4) pay the costs of issuing the 2011 Bonds; and

**WHEREAS**, the City Council hereby (A) retains Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, and The Banks Law Firm, P.A., Research Triangle Park, North Carolina, as co-bond counsel, (B) retains Stephens Inc., Charlotte, North Carolina, as financial advisor, (C) retains Citigroup Global Markets Inc., Charlotte, North Carolina and Merrill Lynch, Pierce, Fenner and Smith Incorporated, Charlotte, North Carolina, to serve as underwriters (the "*Underwriters*"); (D) approves the selection by the Underwriters of Robinson Bradshaw & Hinson, P.A., Charlotte, North Carolina, as their counsel; (E) retains U.S. Bank National Association, Charlotte, North Carolina, as trustee for the Bonds; and (F) retains Raftelis Financial Consultants, Inc., Charlotte, North Carolina, as feasibility consultant (collectively, the "*Financing Team*"); and

**WHEREAS**, the City Council hereby directs the Finance Director of the City to file with the North Carolina Local Government Commission (the "*Commission*") an application for its approval of the Bonds, on a form prescribed by the Commission, and will (1) request in such application 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 (2) state in such application such facts and to attach thereto such exhibits in regard to the Bonds and to the City and its financial condition, as may be required by the Commission, and to take all other action necessary for the issuance of the Bonds.

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY**, as follows:

**Section 1.** That the Bonds are to be issued by the City for the purpose of providing funds (1) finance the costs of various improvements to the City's Utility System, including water supply and storage upgrades; water and wastewater treatment improvements; water line and sewer main extension, repair and replacement; and water meter upgrades (the "*Project*"), (2) refund all or a portion of the City's Water and Sewer Utility System Revenue Bonds, Series 2001 (the "*Refunding*"), (3) fund a reserve fund for the 2011 Bonds, if required and (4) pay the costs of issuing the 2011 Bonds.

**Section 2.** That the Financing Team is hereby retained and approved.

**Section 3.** That the Finance Director of the City, with advice from the financial advisor and co-bond counsel, is hereby authorized, directed and designated to file an application with the North Carolina Local Government Commission for its approval of the issuance of the Bonds.

**Section 4.** That the City Council finds and determines, and asks the Commission to find and determine, from the City's application and supporting documentation the following:

- (a) that the issuance of the Bonds is necessary or expedient;
- (b) that the not to exceed stated principal amount of the Bonds will be sufficient but is not excessive, when added to other moneys available to the Utility System, for the proposed Project and the proposed Refunding;
- (c) that the Utility System as now constituted, and as it will be constituted after the completion of the Project, is feasible;
- (d) that the City's debt management procedure and policies are good; and
- (e) that the Bonds can be marketed at a reasonable interest cost to the City.

**Section 5.** The form, terms and content of the Preliminary Official Statement to be dated on or about May 4, 2011 (the "*Preliminary Official Statement*"), a copy of which has been provided to the City Council, is hereby approved but with such changes, modifications, additions or deletions therein as the Mayor, the City Manager and the Finance Director of the City deem necessary, desirable or appropriate, and the use by the Underwriter in connection with the sale of the Bonds, is hereby in all respects authorized, approved and confirmed.

**Section 6.** That the Mayor, the City Manager and the Finance Director are hereby authorized to do any and all other things necessary to complete the steps necessary for the issuance of the Bonds.

**Section 7.** That the City Council requests that the Commission sell the Bonds through negotiation to the Underwriters on such terms as may be agreed on but at a true interest cost not exceeding 6.00%.

**Section 8.** That this Resolution is effective on the date of its adoption.

STATE OF NORTH CAROLINA            )  
  )  
CITY OF DURHAM                            )        SS:

I, D. Ann Gray, duly appointed City Clerk of the City of Durham, North Carolina, *DO HEREBY CERTIFY*, that the foregoing is a true and accurate copy of Resolution No. \_\_\_\_\_ which was adopted by the City Council of the City of Durham, North Carolina, at its regular meeting held on April 4, 2011, to become effective on April 4, 2011, and that such Resolution No. \_\_\_\_\_ has been duly recorded in the minutes of the City.

*WITNESS* my hand and the corporate seal of the City of Durham, North Carolina, this \_\_\_ day of April, 2011.

(SEAL)

\_\_\_\_\_  
D. Ann Gray  
City Clerk of the  
City of Durham, North Carolina