

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

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DURHAM, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$60,500,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015 OF THE CITY OF DURHAM, NORTH CAROLINA**

*WHEREAS*, the Bond Order hereinafter-described have been adopted, and it is desirable to make provision for the issuance of the Bonds authorized by said Bond Order;

*WHEREAS*, the City of Durham, North Carolina (the “City”) desires to issue its General Obligation Refunding Bonds, Series 2015 (the “Bonds”) and desires to request that the Local Government Commission (the “Commission”) sell the Bonds through a negotiated sale to Stephens Inc., PNC Capital Markets LLC and Blaylock Beal Van, LLC (collectively, the “Underwriters”) in accordance with the terms and conditions set forth in a Bond Purchase Agreement to be dated on or about January 30, 2015 (the “Bond Purchase Agreement”) among the City, the Commission and the Underwriters;

*WHEREAS*, copies of the forms of the following documents relating to the transactions described above have been filed with the City and have been made available to the City Council of the City (the “City Council”):

1. the Bond Purchase Agreement; and
2. the Preliminary Official Statement with respect to the Bonds to be dated on or about January 14, 2015, together with the Official Statement with respect to the Bonds to be dated on or about January 30, 2015 (collectively, the “Official Statement”);

*NOW, THEREFORE, BE IT RESOLVED* by the City Council of the City of Durham, North Carolina (the “City”), as follows:

For purposes of this Resolution, the following words will have the meanings ascribed to them below:

“*Arbitrage and Tax Regulatory Agreement*” means the Arbitrage and Tax Regulatory Agreement executed by the City related to the Bonds.

“*Bond Order*” means the Bond Order authorizing the Bonds adopted by the City Council on December 18, 2014 and effective thereon.

“*Bonds*” means the City of Durham, North Carolina General Obligation Refunding Bonds, Series 2015.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto.

“*Escrow Agent*” means U.S. Bank National Association and any successor thereto.

“*Escrow Agreement*” means the Escrow Agreement dated as of March 1, 2015 between the City and the Escrow Agent, and any amendments thereto.

“*Federal Securities*” means (a) direct obligations of the United States of America for the timely payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of a trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the holder; (c) any bonds or other obligations of the State of North Carolina or of any agency, instrumentality or local governmental unit of the State of North Carolina which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent with respect to such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody’s, if the Bonds are rated by Moody’s, S&P, if the Bonds are rated by S&P and Fitch Ratings, if the Bonds are rated by Fitch Ratings, within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; or (d) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

“*Fitch Ratings*” means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, “*Fitch Ratings*” will refer to any other nationally recognized securities rating agency other than Moody’s and S&P designated by the City.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns and, if such corporation for any reason no longer performs the functions of a securities rating agency, “*Moody’s*” will be deemed to refer to any other nationally recognized rating agency other than S&P and Fitch Ratings designated by the City.

“*Pricing Certificate*” means the certificate of the Finance Director of the City delivered in connection with the issuance of the Bonds which establishes, with respect to the Bonds, the final maturity amounts, deposits of the Bond proceeds, redemption provisions and any other provision hereof if different from those provided herein and approved by the Finance Director, all as agreed on in the Bond Purchase Agreement.

“*Refunded Bonds*” means, collectively, the Refunded 2005D Bonds, the Refunded 2006B Bonds, the Refunded 2008A Bonds and the Refunded 2008B Bonds.

“*Refunded 2005D Bonds*” means the 2005D Bonds maturing on and after April 1, 2016.

“*Refunded 2006B Bonds*” means the 2006B Bonds maturing on and after November 1, 2017.

“*Refunded 2008A Bonds*” means the 2008A Bonds maturing on and after February 1, 2019.

“*Refunded 2006B Bonds*” means the 2006B Bonds maturing on and after February 1, 2019.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and their assigns and, if such corporation for any reason no longer performs the functions of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized rating agency other than Moody’s and Fitch Ratings designated by the City.

“*2005D Bonds*” means the \$23,545,000 aggregate principal amount of the City’s General Obligation Refunding Bonds, Series 2005D.

“*2006B Bonds*” means the \$16,990,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2006B.

“*2008A Bonds*” means the \$12,350,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2008A.

“*2008B Bonds*” means the \$46,570,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2008B.

2. The City shall issue not to exceed \$60,500,000 in total aggregate principal amount of its Bonds.

3. The Bonds shall be dated as of their date of issuance and pay principal and interest as provided for in the Pricing Certificate. The Bonds are being issued to refund the Refunded Bonds, pursuant to and in accordance with the Bond Order.

4. The maturities of the Bonds will be as set forth in the Pricing Certificate.

5. The Bonds are to be numbered from “R-1” consecutively and upward and shall bear interest from their date at a rate or rates which will be hereafter determined on the sale thereof computed on the basis of a 360-day year of twelve 30-day months.

6. The Bonds are to be registered as to principal and interest, and the Finance Director of the City is directed to maintain the registration records with respect thereto. The Bonds shall bear the original or facsimile signatures of the Mayor or City Manager of the City and the City Clerk of the City. An original or facsimile of the seal of the City is to be imprinted on each of the Bonds.

7. The Bonds will initially be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity of will be issued to The Depository Trust Company, New York, New York (“*DTC*”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds in immediately available funds. The principal of and interest on the Bonds will be payable to owners of Bonds shown on the records of DTC at the close of business on the 15th day of the month preceding an interest payment date or a bond payment date. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Finance Director for the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will authenticate and deliver replacement bonds in accordance with DTC's rules and procedures.

8. The redemption provisions of the Bonds will be as set forth in the Pricing Certificate.

9. The Bonds and the provisions for the registration of the Bonds and for the approval of the Bonds by the Secretary of the Commission are to be in substantially the form set forth in Appendix A.

10. The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of the interest on the Bonds, and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The City acknowledges that the continued exclusion of interest on the Bonds from the owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the Bonds or other funds under its control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Finance Director is hereby authorized to execute an Arbitrage and Tax Regulatory Agreement with respect to the Bonds.

11. The Finance Director is hereby directed to create and establish a special fund to be designated "*City of Durham, North Carolina General Obligation Refunding Bonds, Series 2015 Cost of Issuance Fund*" (the "*Cost of Issuance Fund*"). From the proceeds of the Bonds, the State Treasurer shall transfer an amount as provided in the Pricing Certificate to the Escrow Agent for deposit in the Escrow Fund (as defined in the Escrow Agreement) created under the Escrow Agreement in accordance with the terms of the Escrow Agreement and transfer the balance of the proceeds from the sale of the Bonds to the Cost of Issuance Fund. The City Manager and the Finance Director of the City are hereby authorized and directed to enter into the Escrow Agreement with such changes, modifications, additions or deletions therein as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the City Council's approval of any and all changes, modifications, additions or deletions, and that from and after the execution and delivery of the Escrow Agreement, the City Manager and the Finance Director 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 Escrow Agreement as executed. Any moneys held in the Cost of Issuance Fund shall be invested and reinvested by the Finance Director as permitted by the laws of the State of North Carolina and the income, to the extent permitted by the Code, is to be retained in the Cost of Issuance Fund and used to pay any costs of issuance of the Bonds. The Finance Director shall keep and maintain adequate records pertaining to the Cost of Issuance Fund and all disbursements therefrom so as to satisfy the requirements of the laws of the State of North Carolina and to assure that the City maintains its covenants with respect to the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation. To the extent any funds remain in the Cost of Issuance Fund on August 15, 2015, the City shall apply such funds to the payment of interest on the Bonds on September 1, 2015.

12. Actions taken by officials of the City to select paying and transfer agents, and a bond registrar, or alternate or successor agents and registrars pursuant to Section 159E-8 of the Registered

Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, are hereby authorized and approved.

13. The Commission is hereby requested to sell the Bonds through a negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Agreement at a true interest cost not to exceed 2.50%. The form and content of the Bond Purchase Agreement is in all respects approved and confirmed, and the Mayor, the City Manager or the Finance Director of the City is hereby authorized, empowered and directed to execute and deliver the Bond 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, the execution thereof to constitute conclusive evidence of the City Council's approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Bond Purchase Agreement, the Mayor, the City Manager and the Finance Director of the City 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 Bond Purchase Agreement as executed.

14. The Mayor, the City Manager, the Finance Director and the City Clerk of the City are hereby authorized and directed to cause the Bonds to be prepared and, when they shall have been duly sold by the Commission, to execute the Bonds and to turn the Bonds over to the registrar and transfer agent of the City for delivery through the facilities of DTC to the purchaser or purchasers to whom they may be sold by the Commission.

15. The form and content of the Official Statement is in all respects authorized, approved and confirmed, and the Mayor, the City Manager, the Finance Director and the City Clerk of the City are authorized, empowered and directed to execute and deliver the Official Statement in substantially the form and content presented to the City Council, but with such changes, modifications, additions or deletions therein as shall to the Mayor, City Manager or the Finance Director of the City deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the approval of the City Council of any and all changes, modifications, additions or deletions therein from the form and content of the Official Statement presented to the City Council.

16. The Mayor, the City Manager, the Finance Director and the City Clerk of the City are authorized and directed to execute and deliver for and on behalf of the City any and all additional certificates, documents, opinions or other papers and perform all other acts as may be required by the documents contemplated hereinabove or as may be deemed necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution. All actions of the Mayor, the City Manager, the Finance Director, the City Clerk, the City Attorney and their respective designees, whether previously or hereinafter taken, in effectuating the proposed refunding are hereby ratified, approved and authorized.

17. The City agrees, in accordance with Rule 15c2-12 (the "*Rule*") promulgated by the Securities and Exchange Commission (the "*SEC*") and for the benefit of the Registered Owners and beneficial owners of the Bonds, as follows:

- (1) by not later than seven months after the end of each Fiscal Year to the Municipal Securities Rulemaking Board (the "*MSRB*") in an electronic format as prescribed by the MSRB, the audited financial statements of the City for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited

financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year to the MSRB, (a) the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions “**THE CITY--Debt Information**” and “**--Tax Information**” (excluding information on overlapping units) in the Official Statement referred to in Section 15 and (b) the combined budget of the City for the current Fiscal Year to the extent such items are not included in the audited financial statements referred to in clause (1) above;

(3) in a timely manner not in excess of 10 business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (g) modification of the rights of the beneficial owners of the Bonds, if material;
- (h) call of any of the Bonds, if material, and tender offers;
- (i) defeasance of any of the Bonds;
- (j) release, substitution or sale of any property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(4) in a timely manner to the MSRB, notice of the failure by the City to provide the required annual financial information described in (1) and (2) above on or before the date specified.

The City agrees that its undertaking under this Paragraph is intended to be for the benefit of the registered owners and the beneficial owners of the Bonds and is enforceable by any of the registered owners and the beneficial owners of the Bonds, including an action for specific performance of the City's obligations under this Paragraph, but a failure to comply will not be an event of default and will not result in acceleration of the payment of the Bonds. An action must be instituted, had and maintained in the manner provided in this Paragraph for the benefit of all of the registered owners and beneficial owners of the Bonds.

All documents provided to the MSRB as described in this Paragraph shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The City may discharge its undertaking described above by providing such information in a manner the SEC subsequently authorizes in lieu of the manner described above.

The City may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, but:

(1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City;

(2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances;

(3) any such modification does not materially impair the interest of the registered owners or the beneficial owners, as determined by nationally recognized bond counsel or by the approving vote of the registered owners of a majority in principal amount of the Bonds.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Paragraph terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the Bonds.

18. Those portions of this Resolution other than Paragraph 17 may be amended or supplemented, from time to time, without the consent of the owners of the Bonds if in the opinion of nationally recognized bond counsel, such amendment or supplement would not adversely affect the interests of the owners of the Bonds and would not cause the interest on the Bonds to be included in the gross income of a recipient thereof for federal income tax purposes. This Resolution may be amended or supplemented with the consent of the owners of a majority in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the City, but a modification or amendment (1) may not, without the express consent of any owner of Bonds, reduce the principal amount of any Bond,

reduce the interest rate payable on it, extend its maturity or the times for paying interest, change the monetary medium in which principal and interest is payable, or reduce the percentage of consent required for amendment or modification and (2) as to an amendment to Paragraph 20, must be limited as described therein.

Any act done pursuant to a modification or amendment consented to by the owners of the Bonds is binding on all owners of the Bonds and will not be deemed an infringement of any of the provisions of this Resolution, whatever the character of the act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent has been given, no owner of a Bond has any right or interest to object to the action, to question its propriety or to enjoin or restrain the City from taking any action pursuant to a modification or amendment.

If the City proposes an amendment or supplemental resolution to this Resolution requiring the consent of the owners of the Bonds, the Registrar shall, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed amendment to be sent to each owner of the Bonds then outstanding by first-class mail, postage prepaid, to the address of such owner as it appears on the registration books; but the failure to receive such notice by mailing by any owner, or any defect in the mailing thereof, will not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal office of the Registrar for inspection by all owners of the Bonds. If, within 60 days or such longer period as shall be prescribed by the City following the giving of such notice, the owners of a majority in aggregate principal amount of Bonds then outstanding have consented to the proposed amendment, the amendment will be effective as of the date stated in the notice.

19. Nothing in this Resolution shall preclude (a) the payment of the Bonds from the proceeds of refunding bonds or (b) the payment of the Bonds from any legally available funds.

If the City causes to be paid, or has made provisions to pay, on maturity or on redemption before maturity, to the owners of the Bonds the principal of the Bonds (including interest to become due thereon) and, premium, if any, on the Bonds, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Resolution or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with an escrow agent or otherwise, moneys sufficient therefor, including, but not limited to, interest earned or to be earned on Federal Securities, the City shall so notify Moody's and S&P, and then the such Bonds shall be considered to have been discharged and satisfied, and the principal of the Bonds (including premium, if any, and interest thereon) shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Resolution requires the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any such defeasance.

If such a defeasance occurs and after the City receives an opinion of a nationally recognized accounting firm that the segregated moneys or Federal Securities together with interest earnings thereon are sufficient to effect a defeasance, the City shall execute and deliver all such instruments as may be necessary to effect such a defeasance and desirable to evidence such release, discharge and satisfaction. Provisions shall be made by the City, for the mailing of a notice to the owners of the Bonds that such moneys are so available for such payment.

20. If any one or more of the agreements or provisions herein contained 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 for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no

way affect the validity of any of the other agreements and provisions hereof or of the Bonds authorized hereunder.

21. 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.

22. This Resolution is effective on the date of its adoption.

*Yeas*

*Nays*

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APPENDIX A

Form of Bond

No. R-

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UNITED STATES OF AMERICA  
STATE OF NORTH CAROLINA  
CITY OF DURHAM

INTEREST

RATE

MATURITY DATE  
SEPTEMBER 1, \_\_\_\_\_

DATED DATE  
MARCH 3, 2015

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

GENERAL OBLIGATION REFUNDING BOND, SERIES 2015

*THE CITY OF DURHAM, NORTH CAROLINA* (the “City”) acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner named above, on the Maturity Date specified above, upon surrender hereof, the Principal Sum shown above and to pay to the Registered Owner hereof interest thereon from the date of this Bond until it shall mature at the Interest Rate per annum specified above, payable on [September 1, 2015 and semiannually thereafter on March 1 and September 1] of each year. Principal of and interest on this Bond are payable in immediately available funds to The Depository Trust Company (“DTC”) or its nominee as registered owner of the Bonds and is payable to the owner of the Bonds shown on the records of DTC at the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date or a bond payment date. The City is not responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

This Bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to The Local Government Finance Act, a bond order adopted by the City Council of the City on December 18, 2014 and effective thereon. The Bonds are issued to provide funds to pay the capital costs of refunding the Refunded Bonds (as defined in the Bond Resolution adopted by the City Council of the City on December 18, 2014).

[redemption provisions, if any]

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, and that the amount of this Bond, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution or statutes. The faith and credit of the City are hereby pledged to the punctual payment of the principal of and interest on this Bond in accordance with its terms.

This Bond is not valid or obligatory for any purpose until the certification hereon has been signed by an authorized representative of the Local Government Commission.

*IN WITNESS WHEREOF*, the City has caused this Bond to bear the original or facsimile of the signatures of the Mayor of the City and the City Clerk of the City and an original or facsimile of the seal of the City to be imprinted hereon and this Bond to be dated as of March 3, 2015.

(SEAL)

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

Date of Execution: March 3, 2015

The issue hereof has been approved under the provisions of The Local Government Bond Act.

\_\_\_\_\_  
T. VANCE HOLLOMAN  
Secretary of the Local Government Commission

**FORM OF ASSIGNMENT**

**ASSIGNMENT**

*FOR VALUE RECEIVED* the undersigned hereby sells, assigns and transfers unto

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(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification or  
Social Security Number of Assignee)

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the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

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Attorney to register the transfer of the within Bond on the books kept for registration thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by:

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**NOTICE:** Signature must be guaranteed by a participant of the Securities Transfer Agent Medallion Program (“*STAMP*”) or similar program.

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**NOTICE:** The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

**TRANSFER FEE MAY BE REQUIRED**

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 work session held on December 18, 2014, to become effective on December 18, 2014, 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 December, 2014.

(SEAL)

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