STAFF REPORT

Council Meeting Date: December 13, 2022

Subject: 2023 General Obligation Refunding Bonds - Public Hearing and Adoption of Bond Order and Bond Resolution.

Staff Resource(s): Tony McDowell, Finance Director

Actions Requested: Hold a public hearing to receive public comment on the issuance of 2023 General Obligation Refunding Bonds; adoption of the Bond Order that authorizes the issuance of 2023 General Obligation (GO) Refunding Bonds in an amount not to exceed $26,000,000 ; and adoption of Bond Resolution providing for the issuance of 2023 General Obligation (GO) Refunding Bonds.

Background:

- On November 8, 2016, Asheville voters approved a $74 million General Obligation (GO) Bond Referendum - $32 million for Transportation improvements, $25 million for Affordable Housing initiatives and $17 million for Parks and Recreation improvements.
- In June 2020, the City issued a three-year short-term general obligation bond in an amount not to exceed $25,000,000.
- Short term bonds provide cash to reimburse the City for capital expenses prior to the issuance of long term fixed rate financing.
- Since the short term bond was issued in June 2020, the City has drawn down approximately $14.9 million and will draw the remaining available amount over the next two months.
- In order to refund the $25,000,000 principal on the short term bond, the City intends to issue long-term, fixed-rate GO Bonds in early 2023.
- Staff is seeking Council approval of the Bond Order that authorizes the issuance of 2023 General Obligation (GO) Refunding Bonds in an amount not to exceed $26,000,000, this amount includes an estimate of potential Original Issue Discount and issuance cost, and the approval of the Bond Resolution providing for the issuance of the 2023 General Obligation (GO) Refunding Bonds.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Converts GO funding from short-term variable-rate debt to long-term, fixed-rate bonds.
- Spreads capital costs over a longer term to better match assets' lives.

Con(s):

- None

Fiscal Impact:

- In June 2017, City Council approved a 3.5 cent increase to the property tax rate to fund future debt service associated with voter passage of the GO Bond referendum.
- The debt service payments for this bond refunding are already included in the multi-year Capital Improvement Program (CIP)/Debt Financial Model.

Suggested Motions:

- Motion to adopt the Bond Order authorizing the issuance of not to exceed $26,000,000 General Obligation Refunding Bonds of the City of Asheville, North Carolina.
- Motion to adopt the Resolution of the City Council of the City of Asheville, North Carolina providing for the issuance of the City of Asheville, North Carolina General Obligation Refunding Bonds, Series 2023.

Attachment(s)

- Bond Order
- Bond Resolution

Bond Order Authorizing the Issuance of Not to Exceed $26,000,000
General Obligation Refunding Bonds of the City of Asheville, North Carolina

WHEREAS, the City of Asheville, North Carolina (the "*City*") has previously issued its General Obligation Bond, Series 2020 (the "*2020 Bond*");

WHEREAS, the City Council of the City (the "*City Council*") deems it advisable to refund all of the outstanding principal amount of the 2020 Bond;

WHEREAS, an application has been filed with the Secretary of the Local Government Commission of North Carolina requesting Commission approval of the bonds hereinafter described as required by the Local Government Bond Act.

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

Section 1. The City Council deems it advisable to refund the 2020 Bond.

Section 2. To raise the money required to pay the costs of refunding the 2020 Bond as set forth above, General Obligation Refunding Bonds of the City (the "*Refunding Bonds*") are hereby authorized and shall be issued pursuant to the Local Government Bond Act of North Carolina. The maximum aggregate principal amount of such Refunding Bonds authorized by this bond order shall be and not exceed $26,000,000.

Section 3. Taxes will be levied in an amount sufficient to pay the principal and interest of the Refunding Bonds.

Section 4. A sworn statement of the City's debt has been filed with the City Clerk and is open to public inspection.

Section 5. This bond order shall take effect on its adoption.

Introduced on November 15, 2022, and read, approved and adopted on December 13, 2022.

_____ _____
City Clerk Mayor

Approved as to Form:

_____
City Attorney

RESOLUTION 22-___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHEVILLE, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF CITY OF ASHEVILLE, NORTH CAROLINA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2023

WHEREAS, the Bond Order (as defined below) has been adopted, and it is desirable to make provision for the issuance of the 2023 Bonds (as defined below) authorized by the Bond Order;

WHEREAS, the City of Asheville, North Carolina (the "*City*") desires to issue its General Obligation Refunding Bonds, Series 2023 (the "*2023 Bonds*") in an aggregate principal amount not to exceed $26,000,000;

WHEREAS, the City requests that the Local Government Commission (the "*Commission*") sell the 2023 Bonds through a negotiated sale to BofA Securities, Inc. (the "*Underwriter*") in accordance with the terms and conditions set forth in a Bond Purchase Agreement (the "*Bond Purchase Agreement*") among the City, the Commission and the Underwriter relating to the 2023 Bonds;

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. a Preliminary Official Statement with respect to the 2023 Bonds

(the *"Preliminary Official Statement*");

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

Section 1. For purposes of this Resolution, the following words have the meanings ascribed to them below:

"*Bond Order*" means the bond order authorizing $26,000,000 General Obligation Refunding Bonds adopted by the City Council on December 13, 2022 and effective on its adoption.

"*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.

"Federal Securities" means, to the extent permitted by Section 159-72 of the General Statutes of North Carolina, as amended, and any successor statute, (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, the timely payment of the principal 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 a 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 2023 Bonds are rated by Moody's, S&P, if the 2023 Bonds are rated by S&P and Fitch Ratings, if the 2023 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; (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; or (e) any other obligations permitted under laws of the State of North Carolina for the defeasance of local government bonds.

"*Finance Officer*" means the Finance Director of the City or such other person servicing as the City's Finance Officer, as defined in Section 159-24 of the General Statutes of North Carolina, as amended, or his or her designee.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year and ending on the 30th day of June of the succeeding year, or such other twelve-month period which may subsequently be adopted as the Fiscal Year of the City.

"*Fitch Ratings*" means Fitch Ratings 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 City Manager or the Finance Officer, or such officer of the City authorized to act on their respective behalf, delivered in connection with the issuance of the 2023 Bonds which establishes the final principal and maturity amounts, the payment dates, the provisions for redemption for the 2023 Bonds, the principal amount of the 2020 Bond to be refunded, and other terms of the 2023 Bonds, in each case to make the terms of the 2023 Bonds otherwise set forth in this Resolution consistent with the actual pricing of the 2023 Bonds.

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC, 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.

"*Tax Certificate*" means the Tax Certificate executed by the City related to the 2023 Bonds.

"*2020 Bond*" means the City's General Obligation Bond, Series 2020 authorized pursuant to bond orders adopted by the City Council on August 9, 2016 and approved by a majority of voters at a referendum held on November 8, 2016 and issued under a bond resolution adopted by the City Council on

June 10, 2020 as amended and restated by a bond resolution adopted by the City Council on December 8, 2020.

"*2023 Bonds*" means the City's General Obligation Refunding Bonds, Series 2023 authorized under the Bond Order.

Section 2. The City shall issue not to exceed $26,000,000 in total aggregate principal amount of its 2023 Bonds. The final principal amount of the 2023 Bonds will be as set forth in the Pricing Certificate.

Section 3. The 2023 Bonds shall be dated as of their date of issuance. The 2023 Bonds shall pay interest semiannually on June 1 and December 1, beginning June 1, 2023, unless different dates are set forth in the Pricing Certificate. The 2023 Bonds are being issued to refund the 2020 Bond pursuant to and in accordance with the Bond Order.

Section 4. The 2023 Bonds are payable in installments maturing on June 1 of each year, unless different dates are set forth in the Pricing Certificate. The maturities of the 2023 Bonds will be as set forth in the Pricing Certificate. The 2023 Bonds may be sold as term bonds and, if so, will be subject to mandatory sinking fund redemption as set forth in the Pricing Certificate. The final maturity of the 2023 Bonds will not exceed June 1, 2043.

Section 5. The 2023 Bonds are to be numbered from "R-1" consecutively and upward. All 2023 Bonds 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.

Section 6. The 2023 Bonds are to be registered as to principal and interest, and the Finance Officer, or his designee, is directed to maintain the registration records with respect thereto. The 2023 Bonds shall bear the original or facsimile signatures of the Mayor or the City Manager and the City Clerk, or their respective designees.

Section 7. The 2023 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 the 2023 Bonds 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 2023 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 2023 Bonds will be payable to DTC or its nominee as registered owner of the 2023 Bonds in immediately available funds. The principal of and interest on the 2023 Bonds will be payable to owners of 2023 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 (1) DTC determines not to continue to act as securities depository for the 2023 Bonds or (2) the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the 2023 Bonds would adversely affect the interests of the beneficial owners of the 2023 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 2023 Bonds in accordance with DTC's rules and procedures.

Section 8. The 2023 Bonds maturing on or after June 1, 2034 may be redeemed before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after June 1, 2033 at the redemption price of 100% of the principal amount of such 2023 Bond to be redeemed, together with accrued interest to the date fixed for redemption, unless different redemption provisions are set forth in the Pricing Certificate. If less than all 2023 Bonds are called for redemption, the City shall select the maturity or maturities of the 2023 Bonds to be redeemed in such manner as the City in its discretion may determine, and DTC and its participants shall determine which of the 2023 Bonds within a maturity are to be redeemed in accordance with its rules and procedures.

If, at the time of such redemption, the book-entry system with respect to the 2023 Bonds is discontinued, the City shall select the portion of the 2023 Bonds to be redeemed by lot or in such manner as the City in its discretion may determine; provided, however, the portion of any 2023 Bond to be redeemed must be in principal amount of $5,000 or integral multiples thereof and that, in selecting 2023 Bonds for redemption, each 2023 Bond is to be considered as representing that number of 2023 Bonds which is obtained by dividing the principal amount of such 2023 Bond by $5,000.

When the City elects to redeem any 2023 Bonds, notice of such redemption of such 2023 Bonds, stating the redemption date, redemption price and identifying the 2023 Bonds or portions thereof to be redeemed and further stating that on such redemption date there are due and payable on each 2023 Bond or portion thereof so to be redeemed, the principal thereof and interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue, is to be given not less than 30 days nor more than 60 days before the redemption date in writing to DTC or its nominee as the registered owner of such 2023 Bonds, by prepaid certified or registered United States mail (or by such other method permitted by DTC's rules and procedures), at the address provided to the City by DTC, but any failure or defect in respect of such mailing will not affect the validity of the redemption. If DTC, or its nominee, is not the registered owner of such 2023 Bonds, the City will give notice at the time set forth above by prepaid first class United States mail, to the then-registered owners of such 2023 Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the City. The City will also mail or transmit electronically a copy of the notice of redemption within the time set forth above (1) to the Commission and (2) to the Municipal Securities Rule Making Board (the "*MSRB*") through the Electronic Municipal Market Access ("*EMMA*") system or other format as prescribed by the MSRB, but any failure or defect in respect thereto will not affect the validity of the redemption.

If at the time of mailing of the notice of redemption there is not on deposit money sufficient to redeem the 2023 Bonds called for redemption, such notice may state that it is conditional on the deposit of money for the redemption on the date of redemption as set forth in the notice. Any notice, once given, may be withdrawn by notice delivered in the same manner as the notice of redemption was given.

Section 9. The 2023 Bonds, subject to any modifications made in the Pricing Certificate, and the provisions for the registration of the 2023 Bonds and for the approval of the 2023 Bonds by the Secretary of the Commission are to be in substantially the form set forth in the Appendix A hereto.

Section 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 2023 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 2023 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 2023 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 2023 Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Authorized Officers (as defined below) are hereby authorized to execute a Tax Certificate with respect to the 2023 Bonds.

Section 11. The Authorized Officers (as defined below) are hereby directed to create and establish a special fund to be designated "*City of Asheville, North Carolina General Obligation Refunding Bonds, Series 2023 Cost of Issuance Fund*" or such other name as the Authorized Officers may determine (the "*Costs of Issuance Fund*"). From the proceeds of the 2023 Bonds, the State Treasurer will cause the amount set forth in the Pricing Certificate needed to redeem the 2020 Bond to be transferred to Bank of America, National Association, as registered owner of the 2020 Bond, on February 9, 2023 or such other date as the Authorized Officers may determine, and transfer the balance of the proceeds from the sale of the 2023 Bonds to the Costs of Issuance Fund.

Proceeds on deposit in the Costs of Issuance Fund shall be used to pay the costs of issuance of the 2023 Bonds, if any, and shall be accounted for in a separate account or accounts held by the City. Funds on deposit in the Costs of Issuance Fund shall be invested and reinvested as permitted by the laws of the State of North Carolina. The City finance office shall keep and maintain adequate records pertaining to each account and all disbursements from each account so as to satisfy the requirements of the laws of the State of North Carolina and assure that the City maintains its covenants with respect to the exclusion of the interest on the 2023 Bonds from gross income for purposes of federal income taxation. To the extent any funds remain in the Costs of Issuance Fund on June 1, 2023, the remaining proceeds of the 2023 Bonds will be applied to pay interest on the 2023 Bonds.

Section 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.

Section 13. The Commission is hereby requested to sell the 2023 Bonds through a negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Agreement at such prices as the Commission determines to be in the best interest of the City, subject to the approval of the Authorized Officers, as defined below, each such approval to be evidenced by the execution and delivery of the Bond Purchase Agreement. The 2023 Bonds will be sold at interest rates that result in a true interest cost not to exceed 6.06% and at a minimum purchase price of ninety-eight percent (98%) of the face value of the 2023 Bonds. The form and content of the Bond Purchase Agreement are in all respects approved and confirmed, and the Mayor, the City Manager, the Finance Officer, or their respective designees (collectively, the "*Authorized Officers*"), are hereby authorized, empowered and directed, individually and collectively, 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 Council, but with such changes, modifications, additions or deletions therein as they 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. From and after the execution and delivery of the Bond Purchase 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 Bond Purchase Agreement as executed.

Section 14. The Authorized Officers and the City Clerk are hereby authorized and directed, individually and collectively, (1) to cause the 2023 Bonds to be prepared and (2) when they have been

duly sold by the Commission, (a) to execute the 2023 Bonds and (b) to turn the 2023 Bonds over to the registrar and transfer agent of the City for delivery through the facilities of DTC to the Underwriter.

Section 15. The form and content of the Preliminary Official Statement, and the final Official Statement related to the 2023 Bonds which will be substantially in the form of the Preliminary Official Statement (the "*Final Official Statement*"), are in all respects authorized, approved and confirmed, and the Authorized Officers are authorized, empowered and directed to execute and deliver the Preliminary Official Statement and the Final Official Statement in substantially the form and content of the Preliminary Official Statement made available to the City Council, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate. The City Council hereby approves the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter in connection with the offer and sale of the 2023 Bonds.

Section 16. The Authorized Officers and the City Clerk, and their respective designees, are authorized and directed, individually and collectively, 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 in this Resolution or as may be deemed necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution, including the on-going administration of the 2023 Bonds. All actions previously taken by any of the Authorized Officers and the City Clerk, or their designee or those officers of the City authorized to act on their behalf, related to the 2023 Bonds and the proceedings therefor are hereby ratified and approved. Any provision in this Resolution that authorizes more than one officer of the City to take certain actions shall be read to permit such officers to take the authorized actions either individually or collectively and any action authorized may be taken by anyone designated to act on their behalf.

Section 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 2023 Bonds, to provide to the MSRB:

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2023, 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, beginning with the Fiscal Year ending June 30, 2023, 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 and underlying units) in Appendix A of the Final Official Statement referred to in Section 15;

(3) in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the 2023 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 2023 Bonds, or other material events affecting the tax status of the 2023 Bonds;

(g) modification of the rights of the beneficial owners of the 2023 Bonds, if material;

(h) call of any of the 2023 Bonds other than pursuant to a sinking fund redemption, if material, and tender offers;

(i) defeasance of any of the 2023 Bonds;

(j) release, substitution or sale of any property securing repayment of the 2023 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 City, 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;

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

(o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties; and

(4) in a timely manner, 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.

For purposes of this Section, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The City agrees that its undertaking under this Section is intended to be for the benefit of the registered owners and the beneficial owners of the 2023 Bonds and is enforceable by any of the registered owners and the beneficial owners of the 2023 Bonds then outstanding, including an action for specific performance of the City's obligations under this Section, but a failure to comply will not be an event of default and will not result in acceleration of the payment of the 2023 Bonds. An action must be instituted, had and maintained in the manner provided in this Section for the benefit of all of the registered owners and beneficial owners of the 2023 Bonds.

All documents provided to the MSRB as described in this Section 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; and

(3) any such modification does not materially impair the interest of the registered owners or the beneficial owners of the 2023 Bonds, as determined by nationally recognized bond counsel or by the approving vote of the registered owners of a majority in principal amount of the 2023 Bonds then outstanding.

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 Section 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 2023 Bonds.

Section 18. Those portions of this Resolution other than Section 17 may be amended or supplemented, from time to time, without the consent of the owners of the 2023 Bonds if in the opinion of nationally recognized bond counsel, such amendment or supplement would not adversely affect the interests of the owners of such 2023 Bonds and would not cause the interest on the 2023 Bonds to be included in the gross income of a recipient thereof for federal income tax purposes, including, without limitation, amendments which may be necessary to maintain the book-entry system. This Resolution may be amended or supplemented with the consent of the owners of a majority in aggregate principal amount

of the 2023 Bonds then outstanding, exclusive of such 2023 Bonds, if any, owned by the City, but a modification or amendment (1) may not, without the express consent of any owner of 2023 Bonds, reduce the principal amount of any such 2023 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 Section 17, must be limited as described therein.

Any act done pursuant to a modification or amendment consented to by the owners of the 2023 Bonds is binding on all owners of such 2023 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 such 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 2023 Bonds, the City shall cause notice of the proposed amendment to be sent to each owner of such 2023 Bonds then outstanding by first-class mail, postage prepaid, to the address of such owner as it appears on the registration books, or by such other method as may be acceptable to the owners of the 2023 Bonds; 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 City for inspection by all owners of such 2023 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 such 2023 Bonds then outstanding have consented to the proposed amendment, the amendment will be effective as of the date stated in the notice.

Section 19. Nothing in this Resolution precludes (a) the payment of the 2023 Bonds from the proceeds of refunding bonds or (b) the payment of the 2023 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 2023 Bonds the principal of such 2023 Bonds (including interest to become due thereon) and, premium, if any, on such 2023 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, and then, to the extent permitted by law, such 2023 Bonds shall be considered to have been discharged and satisfied, and the principal of such 2023 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 verification agent that the segregated moneys or Federal Securities together with interest earnings thereon are sufficient to effect a defeasance with respect to such 2023 Bonds, 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 such 2023 Bonds that such moneys are so available for such payment.

Section 20. Any portion of the Bond Order remaining after the issuance of the 2023 Bonds will be deemed to be repealed and will no longer be considered authorized but unissued under the Bond Order.

Section 21. All acts and doings of any officer of the City that are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance of the 2023 Bonds and the execution, delivery and performance of the Bond Purchase Agreement are in all respects approved and confirmed.

Section 22. 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 2023 Bonds authorized hereunder.

Section 23. 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 24. That this Bond Resolution is effective on the date of its adoption.

Read, approved and adopted this 13th day of December, 2022

_____ _____

City Clerk Mayor

APPROVED AS TO FORM:

_____

City Attorney

APPENDIX A

FORM OF 2023 BOND

No. R- **$**

UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA
CITY OF ASHEVILLE

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL SUM: **DOLLARS**

GENERAL OBLIGATION REFUNDING BOND, SERIES 2023

THE CITY OF ASHEVILLE, 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, on surrender hereof, the Principal Sum shown above and to pay to the Registered Owner hereof interest thereon from the date of this 2023 Bond until it shall mature at the Interest Rate per annum specified above, computed on the basis of a 360-day year of twelve 30-day months, payable on June 1, 2023 and semiannually thereafter on June 1 and December 1 of each year. Principal of and interest on this 2023 Bond are payable in immediately available funds to The Depository Trust Company ("*DTC*") or its nominee as registered owner of the 2023 Bonds and is payable to the owner of the 2023 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 is not responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

This 2023 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 Bond Act, a bond resolution adopted by the City Council of the City on December 13, 2022 (the *"Bond Resolution"*) and a bond order adopted by the City Council of the City on December 13, 2022 and effective on the date of its adoption. The 2023 Bonds are issued to provide proceeds to (1) refund the outstanding principal amount of the City's General Obligation Bond, Series 2020 and (2) pay the costs of issuing the 2023 Bonds. Under the Bond Resolution, the 2023 Bonds will initially be issued by means of a book-entry system with no physical distribution of bond certificates made to the public.

The 2023 Bonds maturing on or after June 1, 2034 may be redeemed before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after June 1, 2033 at the redemption price of 100% of the principal amount of such 2023 Bond to be redeemed, together with accrued interest to the date fixed for redemption. If less than all 2023 Bonds are called for redemption, the City shall select the maturity or maturities of the 2023 Bonds to be redeemed in such manner as the City in its discretion may determine, and DTC and its participants shall determine which of the 2023 Bonds within a maturity are to be redeemed in accordance with its rules and procedures.

If, at the time of such redemption, the book-entry system with respect to the 2023 Bonds is discontinued, the City shall select the portion of the 2023 Bonds to be redeemed by lot or in such manner as the City in its discretion may determine; provided, however, that the portion of any 2023 Bond to be redeemed must be in principal amount of $5,000 or integral multiples thereof and that, in selecting 2023 Bonds for redemption, each 2023 Bond is to be considered as representing that number of 2023 Bonds which is obtained by dividing the principal amount of such 2023 Bond by $5,000.

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 2023 Bond, exist, have been performed and have happened, and that the amount of this 2023 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 2023 Bond in accordance with its terms.

This 2023 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 2023 Bond to bear the original or facsimile of the signatures of the Mayor and the City Clerk and an original or facsimile of the seal of the City to be imprinted hereon and this 2023 Bond to be dated as of the Dated Date above.

CITY OF ASHEVILLE, NORTH CAROLINA

By: _____
Mayor

(SEAL)

By: _____
City Clerk

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

_____
SHARON G. EDMUNDSON
Secretary of the Local Government Commission

FORM OF ASSIGNMENT

ASSIGNMENT

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

_____

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

_____

the within 2023 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

Attorney to register the transfer of the within 2023 Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program ("*Stamp*") or similar program.

_____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within 2023 Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED