THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: March 23, 2021

Subject: 2021 Limited Obligation and Special Obligation Refunding Bonds - Approval of Bond Resolutions and Bond Order

Staff Resource: Tony McDowell, Interim Director of Finance and Management Services

Action Requested:
- Adoption of the Approving Resolution for the Limited Obligation (LOBS) Refunding Bonds
- Adoption of the Approving Resolution for the Special Obligation (SOBS) Refunding Bonds
- Adoption of the Bond Order for the Special Obligation (SOBS) Refunding Bonds

Background:
- In May, 2018, Council authorized the issuance of a Limited Obligation Bond Anticipation Note (BAN) in an amount not to exceed $48 million.
- Since that time, the City has drawn down $34.9 million on the BAN loan.
- In order to pay off (refund) the amount drawn down on that loan, the City intends to issue long-term, fixed-rate LOBS & SOBS Refunding Bonds in late April 2021.
- The funds generated from the issuance of the Refunding Bonds are used to pay off the existing bond anticipation note and so do not represent additional money available for City use.
- Projects funded with this debt issuance include TIGER VI construction in the River Arts District, Charlotte Street improvements, and the replacement of lighting at various parks facilities.
- The issuance of the LOBS Refunding Bonds required a public hearing which was held at the March 9, 2021 City Council meeting.

Council Goal:
- Financially Resilient City

Committee(s):
- None

Pro(s):
- Converts Limited Obligation short-term variable-rate debt to Limited Obligation and Special Obligation long-term, fixed-rate refunding bonds.
- Spreads capital costs over a longer term to better match assets' lives.

Con(s):
- None

Fiscal Impact:
- Annual debt service payments will increase because long-term fixed rates are higher than short-term variable rate debt.
- This increase is included in the City's long-range financial model for issuing and paying-off debt.
- The final amounts of the new debt service payments will be determined on the bond sale date.

Suggested Motion:
- Motion to adopt the LOBS Refunding Bond Approving Resolution
- Motion to adopt the SOBS Refunding Bond Approving Resolution
- Motion to adopt the SOBS Bond Order

Attachment(s):

- 2021 Limited Obligation and Special Obligation Refunding Bonds - Activity Calendar
- Approving Resolution for LOBs
- Bond Resolution for SOBS
- Bond Order for SOBs

2021 Limited Obligation (LOBS) & Special Obligation (SOBS) Refunding Bonds - Activity Calendar

February 23, 2021:	Council adopts Initial Resolution for LOBS Refunding Bonds Council adopts call for public hearing on LOBS Refunding Bonds Council adopts Initial Resolution for SOBS Refunding Bonds
March 09, 2021:	Council holds public hearing on LOBS Refunding Bonds
March 23, 2021:	**Council adopts Approving Resolution for LOBS Refunding Bonds** **Council adopts Bond Order for SOBS Refunding Bonds** **Council adopts Bond Resolution for SOBS Refunding Bonds**
April 13, 2021:	Local Government Commission approval
April 15, 2021:	LOBS & SOBS Refunding Bonds - sale
April 29, 2021:	LOBS & SOBS Refunding Bonds - closing

RESOLUTION 21-___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHEVILLE, NORTH CAROLINA, APPROVING AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO

WHEREAS, the City of Asheville, North Carolina (the *"City"*) is a validly existing municipal corporation, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the *"State"*);

WHEREAS, the City has the power, pursuant to the General Statutes of North Carolina to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

WHEREAS, the City has previously executed and delivered an Installment Financing Contract dated as of June 1, 2012 (the *"2012 Contract"*), between the Asheville Public Financing Corporation (the *"Corporation"*) and the City, as amended by an Amendment Number One to the Installment Financing Contract dated as of June 1, 2016 (*"Amendment Number One"*) between the Corporation and the City, an Amendment Number Two to the Installment Financing Contract dated as of November 1, 2017 (*"Amendment Number Two"*) between the Corporation and the City and an Amendment Number Three to the Installment Financing Contract dated as of June 1, 2018 (*"Amendment Number Three"*) between the Corporation and the City;

WHEREAS, the proceeds related to entering into the 2012 Contract were used by the City to finance the costs of (1) acquiring, constructing and improving certain streets, sidewalks, greenways, sewer facilities and other improvements related thereto in the City; (2) renovating and improving City Hall and the Civic Center; (3) acquiring and installing vehicles and equipment; and (4) refinancing prior installment payment obligations of the City, the proceeds of which were used to finance and refinance improvements to various City facilities;

WHEREAS, the proceeds related to entering into the 2012 Contract, as amended by Amendment Number One, were used by the City to finance the costs of various projects in the City for affordable housing, public safety, transportation, economic development, parks and recreation and repair and renovation to City facilities (the *"2016 Projects"*) and a portion of such 2016 Projects were refinanced from the proceeds related to entering into the 2012 Contract, as amended by Amendment Number Two (the remaining amount was refunded with the proceeds of special obligation bonds);

WHEREAS, the proceeds related to entering into the 2012 Contract, as amended by Amendment Number Three, were used by the City to finance the costs of various projects in the City for affordable housing, public safety, transportation, economic development, parks and recreation and repair and renovation to City facilities, a complete list of which is available in the City Clerk's office (the *"2018 Projects"*);

WHEREAS, the City Council of the City (the *"City Council"*) has determined that it is in the best interest of the City to enter into Amendment Number Four to the Installment Financing Contract between the City and the Corporation (*"Amendment Number Four"* and together with the 2012 Contract, Amendment Number One, Amendment Number Two and Amendment Number Three, the *"Contract"*) in

order to refinance the costs of a portion of the 2018 Projects (the remaining portion of the 2018 Projects are expected to be refinanced by the City through the issuance of special obligation bonds) and to pay the costs related to entering into Amendment Number Four;

WHEREAS, in order to secure its obligations under the Contract, the City has granted a Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2012, as amended by a Notice of Extension and Amendment to Deed of Trust dated as on June 1, 2016 (collectively, the *"Deed of Trust*"), on the real property on which City Hall, the City's Public Works Facility and the City's Municipal Building is located;

WHEREAS, in connection with entering into the Contract, the Corporation has executed and delivered Limited Obligation Bonds (City of Asheville, North Carolina), Series 2012 (the *"2012 Bonds"*), Limited Obligation Bond, Series 2016 (the *"2016 Bond"*), Limited Obligation Bonds (City of Asheville, North Carolina), Series 2017 (the *"2017 Bonds"*), and Limited Obligation Bond (City of Asheville, North Carolina), Series 2018 (the *"2018 Bond"*), each evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract, to assist the City in financing and refinancing the projects described above;

WHEREAS, the 2012 Bonds, the 2016 Bond, the 2017 Bonds and the 2018 Bond were executed and delivered under an Indenture of Trust dated as of June 1, 2012 (the *"2012 Indenture"*), as supplemented by Supplemental Indenture, Number 1 dated as of June 1, 2016, Supplemental Indenture, Number 2 dated as of November 1, 2017 and Supplemental Indenture, Number 3 dated as of June 1, 2018, each between the Corporation and Branch Banking and Trust Company, the successor to which is Truist Bank, as trustee (the *"Trustee"*);

WHEREAS, to facilitate the refinancing on the terms most desirable to the City, the Corporation will execute and deliver its Limited Obligation Bonds (City of Asheville, North Carolina), Series 2021 (the *"2021 Bonds"*) to provide the funds to the City to refinance the applicable portion of the 2018 Projects and refund a portion of the 2018 Bond;

WHEREAS, the 2021 Bonds will be executed and delivered under the 2012 Indenture, as further supplemented by Supplemental Indenture, Number 4 (the *"Fourth Supplement"*), between the Corporation and the Trustee, and will evidence proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract on a parity basis with all other bonds issued and outstanding under the 2012 Indenture;

WHEREAS, in connection with the sale of the 2021 Bonds by the Corporation to BofA Securities, Inc. (the "*Underwriter*"), the Corporation and the City will enter into a Bond Purchase Agreement to be dated on or about April 15, 2021 with the Underwriter (the "*Purchase Agreement*");

WHEREAS, copies of the forms of Amendment Number Four, the Fourth Supplement and the Purchase Agreement relating to the transactions described above are on file with the City staff for review by the City Council;

WHEREAS, to make an offering and sale of the 2021 Bonds, there will be prepared a Preliminary Official Statement (the "*Preliminary Official Statement*"), a draft of which is on file with the City staff for review by the City Council, and a final Official Statement (the *"Final Official Statement"* and, collectively with the Preliminary Official Statement, the "*Official Statement*") with respect to the 2021 Bonds, which Official Statement will contain certain information regarding the City;

WHEREAS, the City Council held a public hearing on entering into Amendment Number Four, after publication of a notice with respect to such public hearing, on March 9, 2021 and the City has submitted its application for approval of the LGC with respect to entering into Amendment Number Four and the related transactions described above;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE, NORTH CAROLINA, AS FOLLOWS:

Section 1. Authorization to Execute Amendment Number Four. That refinancing of a portion of the 2018 Projects under the Contract, including Amendment Number Four, in an aggregate principal amount not to exceed $16,000,000 is hereby approved. That the form and content of Amendment Number Four are hereby in all respects approved and confirmed, and the Mayor, the City Manager, the Chief Financial Officer, the Treasurer and the City Clerk, or their respective designees (in each case, individually or collectively, the "*Authorized Officers*"), are hereby authorized, empowered and directed, individually and collectively, to execute and deliver Amendment Number Four for and on behalf of the City, including necessary counterparts, in substantially the form and content made available to the City Council, 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 the City's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of Amendment Number Four, the Authorized Officers, 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 Amendment Number Four as executed.

Section 2. Authorization of Sale of 2021 Bonds. That the City Council approves the execution and delivery of the 2021 Bonds under the terms of the 2012 Indenture, as supplemented by the Fourth Supplement. The City Council approves the sale of the 2021 Bonds to the Underwriter on such terms as may be agreed on but at a true interest cost not exceeding 5.00%. The form and content of the Purchase Agreement are in all respects approved and confirmed, and the Authorized Officers are hereby authorized, empowered and directed to execute and deliver the 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, their execution thereof to constitute conclusive evidence of the City's approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Purchase Agreement, the Authorized Officers 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 Agreement as executed.

Section 3. Authorization of Official Statement. That the form and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and the final Official Statement by the Underwriter in connection with the sale of the 2021 Bonds is hereby in all respects authorized, approved and confirmed.

Section 4. City Representatives. That no stipulation, obligation or agreement herein contained or contained in the instrument related to the execution and delivery of Amendment Number Four is a stipulation, obligation or agreement of any officer, agent or employee of the City in his or her individual capacity, and no such officer, agent or employee will be personally liable on the Contract or the 2021 Bonds or subject to personal liability or accountability by reason of the execution or issuance thereof.

Each of the Authorized Officers is hereby designated as a City Representatives under the Contract and each is authorized to proceed with the transactions set forth in this Resolution and to seek opinions as a matter of law from the City Attorney, which City Attorney is authorized to furnish on behalf of the City, and opinions of law from such other attorneys for all documents contemplated hereby as required by law. The Authorized Officers are in all respects authorized to supply on behalf of the City all information pertaining to the City for use in the Official Statement and the transactions contemplated by Amendment Number Four and the Official Statement. The Authorized Officers 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 to consummate the transactions contemplated by and described in Amendment Number Four and the Official Statement or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution and the on-going administration of the instruments authorized hereunder.

Section 5. ***Severability.*** That if any one or more of the covenants, agreements or provisions contained in this Resolution is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or is for any reason whatsoever held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions of this Resolution or Amendment Number Four and the other instruments authorized hereunder.

Section 6. ***Repealer.*** That 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 7. ***Effective Date***. That this Resolution is effective on the date of its adoption.

Read, approved and adopted this 23rd day of March, 2021.

_____ _____

City Clerk Mayor

APPROVED AS TO FORM:

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City Attorney

RESOLUTION 21-___

RESOLUTION AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS AND OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE CITY OF ASHEVILLE, NORTH CAROLINA

WHEREAS, the City of Asheville, North Carolina (the *"City"*) is a validly existing municipal corporation, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the *"State"*);

WHEREAS, the City is authorized by General Statutes of North Carolina, Chapter 159, Article 7A (the "*Act*"), to issue, subject to the approval of the Local Government Commission of North Carolina (the "*Commission*"), at one time or from time to time, special obligation bonds of the City for the purposes as specified in the Act;

WHEREAS, the City Council of the City (the *"City Council"*) has adopted a Bond Order authorizing the issuance by the City of its Special Obligation Bonds, Series 2021 (the "*Special Obligation Bonds*") in a principal amount not to exceed $22,000,000 to refinance certain downtown revitalization projects and urban area redevelopment projects that are located in municipal service districts as permitted by the Act (the "*Projects*") and to pay the costs of issuing the Special Obligation Bonds;

WHEREAS, the City will issue the Special Obligation Bonds under a General Trust Indenture dated as of November 1, 2017 (the "*General Indenture*") between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"), and Series Indenture, Number 2 to be dated as of April 1, 2021 (the "*Series Indenture*," and together with the General Indenture, the "*Indenture*") between the City and the Trustee;

WHEREAS, the City and the Local Government Commission of North Carolina have arranged for the sale of the Special Obligation Bonds to BofA Securities, Inc. (the "*Underwriter*"), under the terms of a Bond Purchase Agreement to be dated on or about April 15, 2021 (the "*Purchase Agreement*"), among the City, the Commission and the Underwriter; and

WHEREAS, copies of the forms of the General Indenture, the Series Indenture and the Purchase Agreement relating to the transactions described above are on file with City staff for review by the City Council; and

WHEREAS, to make an offering and sale of the Special Obligation Bonds, there will be prepared a Preliminary Official Statement (the "*Preliminary Official Statement*"), a draft of which is on file with City staff for review by the City Council, and a final Official Statement (the *"Final Official Statement"* and, collectively with the Preliminary Official Statement, the "*Official Statement*") with respect to the Special Obligation Bonds, which Official Statement will contain certain information regarding the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE, NORTH CAROLINA, AS FOLLOWS:

Section 1. Authorization of Special Obligation Bonds. That the Special Obligation Bonds will be issued in an aggregate principal amount not to exceed $22,000,000 pursuant to the Act to raise the

money required, in addition to any funds which may be made available for such purpose from any other source, to (a) refinance the costs of the Projects and (b) pay the costs of issuing the Special Obligation

Bonds. The City's issuance of the Special Obligation Bonds, in substantially the form to be set forth in the Series Indenture, is hereby in all respects approved and confirmed, and the provisions of the General Indenture and the Series Indenture with respect to the Special Obligation Bonds are hereby approved and confirmed. The proceeds from the sale of the Special Obligation Bonds will be deposited in accordance with the Series Indenture.

The Special Obligation Bonds are special obligations of the City. The City is not obligated to pay the principal of, premium, if any, and interest on the Special Obligation Bonds from any funds of the City except from funds pledged under the Indenture. The Special Obligation Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues except the funds pledged under the 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 Special Obligation Bonds, and no holder of the Special Obligation 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. Authorization to Execute Series Indenture. That the form and content of the Series Indenture are hereby in all respects approved and confirmed, and the Mayor, the City Manager, the Chief Financial Officer, the Treasurer and the City Clerk, or their respective designees (in each case, individually or collectively, the "*Authorized Officers*"), are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Series Indenture for and on behalf of the City, including necessary counterparts, in substantially the form and content made available to the City Council, 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 the City's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Series Indenture, the Authorized Officers, 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 General Indenture and the Series Indenture as executed.

Section 3. Authorization of Sale of Special Obligation. That the City Council requests that the Commission sell the Special Obligation Bonds through negotiation with the Underwriter on such terms as may be agreed on but at a true interest cost not exceeding [5.00]%. The form and content of the Purchase Agreement are in all respects approved and confirmed, and the Authorized Officers are hereby authorized, empowered and directed to execute and deliver the 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 or she may deem necessary, desirable or appropriate, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all such changes, modifications, additions or deletions therein, and that from and after the execution and delivery of the Purchase Agreement, the Authorized Officers 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 Agreement as executed.

Section 4. Authorization of Official Statement. That the form and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the

Preliminary Official Statement and the final Official Statement by the Underwriter in connection with the sale of the Special Obligation Bonds is hereby in all respects authorized, approved and confirmed.

Section 5. City Representatives. That no stipulation, obligation or agreement herein contained or contained in the Special Obligation Bonds, the General Indenture, the Series Indenture, the Purchase Agreement or other instrument related to the issuance of the Special Obligation Bonds is a stipulation, obligation or agreement of any officer, agent or employee of the City in his or her individual capacity, and no such officer, agent or employee will be personally liable on the Special Obligation Bonds or subject to personal liability or accountability by reason of the issuance thereof.

Each of the Authorized Officers is hereby authorized to proceed with the transactions set forth in this Resolution and to seek opinions as a matter of law from the City Attorney, which City Attorney is authorized to furnish on behalf of the City, and opinions of law from such other attorneys for all documents contemplated hereby as required by law. The Authorized Officers are in all respects authorized to supply on behalf of the City all information pertaining to the City for use in the Official Statement and the transactions contemplated by the Series Indenture and the Official Statement. The Authorized Officers 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 to consummate the transactions contemplated by and described in Series Indenture and the Official Statement or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution and the on-going administration of the instruments authorized hereunder. All acts and doings of the Authorized Officers that are in conformity with the purposes and intent of this Resolution and in the furtherance of the issuance of the Special Obligation Bonds and the execution, delivery and performance of the Indenture are hereby in all respects approved and confirmed.

Section 6. Severability. That if any one or more of the covenants, agreements or provisions contained in this Resolution is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or is for any reason whatsoever held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions of this Resolution or the Special Obligation Bonds authorized hereunder.

Section 7. Repealer. That 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. Effective Date. That this Resolution is effective on the date of its adoption.

Read, approved and adopted this 23rd day of March, 2021.

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City Clerk Mayor

APPROVED AS TO FORM:

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City Attorney

RESOLUTION 21-___

BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE CITY OF ASHEVILLE, NORTH CAROLINA

WHEREAS, the City of Asheville, North Carolina (the *"City"*) is a validly existing municipal corporation, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the *"State"*);

WHEREAS, the City is authorized by General Statutes of North Carolina, Chapter 159, Article 7A (the "*Act*"), to issue, subject to the approval of the Local Government Commission of North Carolina (the "*Commission*"), at one time or from time to time, special obligation bonds of the City for the purposes as specified in the Act;

WHEREAS, the City Council of the City (the *"City Council"*) has made certain findings related to the issuance of special obligations bonds in a resolution adopted at its February 23, 2021 meeting;

WHEREAS, consistent with such findings, the City has determined to issue its Special Obligation Bonds, Series 2021 (the "*Special Obligation Bonds*") in a principal amount not to exceed $22,000,000 to refinance certain downtown revitalization projects and urban area redevelopment projects that are located in municipal service districts as permitted by the Act and as further described in Exhibit A hereto (the "*Projects*") and to pay the costs of issuing the Special Obligation Bonds;

WHEREAS, an application has been filed with the Secretary of the Commission requesting Commission approval of the Special Obligation Bonds as required by the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE, NORTH CAROLINA, AS FOLLOWS:

Section 1. That the Special Obligation Bonds are hereby authorized and will be issued pursuant to the Act to raise the money required, in addition to any funds which may be made available for such purpose from any other source, to (a) refinance the costs of the Projects and (b) pay the costs of issuing the Special Obligation Bonds. The Projects, and the corresponding use of the proceeds of the Special Obligation Bonds to refinance the Projects, as described, are (1) located in a Municipal Service District created by the City in accordance with Section 159-536 of the General Statutes of North Carolina, (2) the downtown revitalization projects are located in the central city or downtown area of the City and are necessary in order to accomplish the revitalization of the City's downtown and are intended to further the public health, safety, welfare, convenience, and economic well-being of the central city and downtown area of the City and (3) the urban area revitalization projects are located in an urban area that consists primarily of existing or redeveloping concentrations of industrial, retail, wholesale, office, or significant employmentgenerating uses or any combination of these uses and are necessary in order to accomplish the revitalization of such urban area and are intended to further the public health, safety, welfare, convenience, and economic well-being of the urban area of the City.

Section 2. That the aggregate principal amount of the Special Obligation Bonds authorized by this order will not exceed $22,000,000. The Special Obligation Bonds, together with interest thereon, are special obligations of the City payable solely from the Pledged Funds (except to the extent paid out of money attributable to proceeds of the Special Obligation Bonds or the income from the temporary investment thereof), as set forth in a General Trust Indenture dated as of November 1, 2017 between the

City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*General Indenture*"). The

Pledged Funds under the General Indenture consist of: (1) that portion of the proceeds of the 1.0% sales and use tax levied by Buncombe County pursuant to Article 39 of Chapter 105 of the General Statutes of North Carolina which are distributed to the City, (2) that portion of the proceeds of the 0.5% sales and use tax levied by Buncombe County pursuant to Article 40 of Chapter 105 of the General Statutes of North Carolina which are distributed to the City, (3) that portion of the proceeds of the 0.5% sales and use tax levied by Buncombe County pursuant to Article 42 of Chapter 105 of the General Statutes of North Carolina which are distributed to the City, (4) that portion of the proceeds pursuant to the Local Government Hold Harmless Provisions in Article 44 of Chapter 105 of the General Statutes of North Carolina which are distributed to the City; and (5) that portion of the proceeds of the following utilities taxes levied by the State of North Carolina pursuant to Article 5 of Chapter 105 of the General Statutes of North Carolina which are distributed to the City: a franchise tax on electricity, a sales tax on telecommunications and video services, and an excise tax on piped natural gas.

Section 3. That the sources of payment identified in Section 2 so pledged and then held or hereafter received by the City or any fiduciary thereof shall immediately be subject to the lien of the pledge without any physical delivery of the sources or further act.

The Special Obligation Bonds are special obligations of the City. The City is not obligated to pay the principal of, premium, if any, and interest on the Special Obligation Bonds from any funds of the City except from funds pledged under the General Indenture. The Special Obligation Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance on any of its property or on any of its income, receipts or revenues except the funds 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, or interest on the Special Obligation Bonds, and no holder of the Special Obligation 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. That the issuance and details of the Special Obligation Bonds shall be set forth in a separate resolution of the City Council.

Section 5. That this Bond Order will take effect immediately on its adoption and need not be published or subjected to any procedural requirements governing the adoption of orders, ordinances or resolutions by the City Council other than the procedures set out in the Act.

Read, approved and adopted this 23rd day of March, 2021.

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City Clerk Mayor

APPROVED AS TO FORM:

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City Attorney

EXHIBIT A

Central Business District Municipal Service District

Downtown Revitalization Projects: The following projects are located in the downtown/central city area of the City of Asheville and further the public health, safety, welfare, convenience, and economic well-being of the downtown/central city area:

1. City Hall Repairs
2. Asheville Art Museum Upgrades
3. Thomas Wolfe Renovation
4. TPDF Theater Project – USCC HVAC
5. Eagle Market Place (Grant)

River Arts District Municipal Service District

Urban Area Revitalization Projects: The River Arts District, located in the City of Asheville along the French Broad River, is an urban area consisting of primarily existing or redeveloping renovations of industrial, retail, wholesale, office or significant employment generating uses. The following projects further the public health, safety, welfare, convenience, and economic well-being of the urban area:

1. Craven Street Improvements
2. TIGER VI Projects

North Charlotte Street Municipal Service District

Urban Area Revitalization Projects: The North Charlotte Street District, located just north of the downtown/central city area in the City of Asheville, is an urban area consisting of primarily existing or redeveloping renovations of industrial, retail, wholesale, office or significant employment generating uses. The following projects further the public health, safety, welfare, convenience, and economic well-being of the urban area:

1. Charlotte Street Improvements