

RESOLUTION APPROVING AND AGREEING TO THE  
TERMS AND PROVISIONS OF THAT CERTAIN BOND  
ORDER AUTHORIZING THE ISSUANCE OF PUBLIC  
WORKS COMMISSION VARIABLE RATE REVENUE  
REFUNDING BONDS, SERIES 2003, AND REQUESTING  
THAT THE CITY COUNCIL OF THE CITY OF  
FAYETTEVILLE, NORTH CAROLINA ADOPT SAID BOND  
ORDER AUTHORIZING SAID PUBLIC WORKS  
COMMISSION VARIABLE RATE REVENUE REFUNDING  
BONDS, SERIES 2003

WHEREAS, pursuant to a bond order adopted by the City Council of the City of Fayetteville, North Carolina (the "City") on November 5, 1990 (the "1990 Bond Order"), the City has heretofore issued its \$63,008,898.20 Public Works Commission Revenue Bonds, Series 1990 (the "Series 1990 Bonds") for the purpose of refunding the Series 1987 Bonds (as defined in the 1990 Bond Order) and financing the construction of the 1990 Project (as defined in the 1990 Bond Order), and the Bond Order (as hereinafter defined) permits the issuance of additional bonds for, among other things, the purpose of financing the construction of additional facilities and for refunding outstanding revenue bonds; and

WHEREAS, pursuant to bond orders adopted by the City Council of the City on December 7, 1992, October 25, 1993, April 24, 1995, November 17, 1997, November 15, 1999 and March 27, 2001 (collectively, the "Amendatory Orders" and, together with the 1990 Bond Order, the "Original Bond Order"), the City amended and supplemented certain provisions of the 1990 Bond Order; and

WHEREAS, pursuant to two bond orders adopted by the City Council on December 7, 1992, the City has heretofore issued its Public Works Commission Revenue Bonds, Series 1992A (the "Series 1992A Bonds"), in the aggregate principal amount of \$12,630,000, and its Public Works Commission Revenue Bonds, Series 1992B (the "Series 1992B Bonds"), in the aggregate principal amount of \$15,560,000, for the purpose of providing funds, together with other available funds, to pay the cost of certain capital improvements to the System (as defined in the Bond Order) and related costs; and

WHEREAS, pursuant to a bond order adopted by the City Council on October 25, 1993, the City has heretofore issued its Public Works Commission Revenue Refunding Bonds, Series 1993, in the aggregate principal amount of \$73,955,000, for the purpose of providing funds, together with other available funds, to refund the Series 1990 Bonds; and

WHEREAS, pursuant to a bond order adopted by the City Council on April 24, 1995, the City has heretofore issued its Public Works Commission Revenue Bonds, Series 1995A, in the aggregate principal amount of \$34,985,000, for the purpose of providing funds, together with other available funds, to pay the cost of (a) constructing and equipping certain buildings for use by the Commission and (b) constructing and installing certain capital additions to the Water and Sewer System (as defined in the Bond Order); and

WHEREAS, pursuant to a bond order adopted by the City Council on November 17, 1997, the City has heretofore issued its Public Works Commission Revenue Bonds, Series 1997, in the aggregate principal amount of \$40,755,000, for the purpose of providing funds, together with other available funds, to pay the cost of constructing and installing certain capital additions to the Water and Sewer System; and

WHEREAS, pursuant to a bond order adopted by the City Council of the City on November 15, 1999, the City has heretofore issued its Public Works Commission Revenue Bonds, Series 1999, in the aggregate principal amount of \$19,325,000, for the purpose of providing funds, together with other available funds, to pay the cost of constructing and installing certain capital additions to the Water and Sewer System; and

WHEREAS, pursuant to a bond order adopted by the City Council of the City on March 27, 2001, the City has heretofore issued its Public Works Commission Revenue Refunding Bonds, Series 2001, in the aggregate principal amount of \$19,175,000, for the purpose of providing funds, together with other available funds, to refund the Series 1992A Bonds and certain maturities of the Series 1992B Bonds; and

WHEREAS, the City has determined that it can achieve substantial debt service savings by refunding a portion of its outstanding Public Works Commission Revenue Bonds, Series 1995A, Series 1997 and Series 1999 (collectively, the "Refunding Candidates"); and

WHEREAS, the City has determined to issue its Public Works Commission Variable Rate Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds"), in an aggregate principal amount not exceeding \$80,000,000, for the purpose of providing funds, together with any other available funds, to (i) advance refund all or a portion of the Refunding Candidates, (ii) make a cash deposit, or pay the premium for a municipal bond debt service reserve insurance policy in an amount equal to the Reserve Fund Requirement (as defined in the Bond Order) for the Series 2003 Bonds, (iii) pay the premium for the issuance of a municipal bond insurance policy with respect to the Series 2003 Bonds, (iv) pay the premium for the issuance of a financial guaranty insurance policy and (v) pay the expenses of issuing the Series 2003 Bonds; and

WHEREAS, the City has determined to adopt the Series 2003 Bond Order and further to amend and restate the Original Bond Order (the "Original Bond Order" as so amended and restated, the "Bond Order"); and

WHEREAS, the staff of the Commission has presented to the Commission at this meeting a draft of a bond order authorizing the Series 2003 Bonds (the "Series 2003 Bond Order"); and

WHEREAS, it is now contemplated that the Series 2003 Bond Order will be considered by the City Council of the City at its meeting on December 9, 2002; and

WHEREAS, the Series 2003 Bonds will be issued and secured pursuant to the Bond Order and the Series 2003 Bond Order; and

WHEREAS, the City Council of the City is desirous of receiving the Commission's concurrence and agreement with the terms and provisions of the Series 2003 Bond Order; and

WHEREAS, the Commission is in agreement with such terms and provisions;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE:

1. The Series 2003 Bond Order, in substantially the form presented to this meeting, is hereby approved with such further supplements, modifications, amendments and changes as may be approved by the officers of the Commission, such approval to be evidenced by the execution of a certificate of the Commission to be delivered at the time of the issuance of the Series 2003 Bonds.

2. The Commission agrees to fulfill all its obligations under the Bond Order and the Series 2003 Bond Order, and the Commission concurs with all the terms and provisions thereof, including, but not limited to:

- a. The form of the Series 2003 Bonds;
- b. The interest rates borne by the Series 2003 Bonds (provided such rates are within the parameters provided for in Section 14.10 of the Series 2003 Bond Order);
- c. The mechanisms and procedures for securing the Series 2003 Bonds, including the issuance of a municipal bond insurance policy with respect to the Series 2003 Bonds;
- d. The mechanisms and procedures for the payment of the principal of, premium, if any, and interest on the Series 2003 Bonds;
- e. The pledge of the Net Revenues (as defined in the Bond Order) granted by the Bond Order, as supplemented by the Series 2003 Bond Order;
- f. The mechanisms and procedures for disbursement of the proceeds of the Series 2003 Bonds;
- g. The procedures for amending or supplementing the Series 2003 Bond Order;
- h. The undertaking of all obligations of the City under the Series 2003 Bond Order by the Commission and the compliance with the terms and conditions of the City under the Bond Order and the Series 2003 Bond Order by the Commission; and
- i. All other matters in the Series 2003 Bond Order with respect to the Series 2003 Bonds.

3. The City Council of the City is hereby requested to adopt the Series 2003 Bond Order, in substantially the form of the draft presented to this Commission.

4. This resolution shall take effect immediately upon its passage.

ADOPTED this the 4th day of December, 2002.

PUBLIC WORKS COMMISSION,

Vance B. Neal  
Chairman

ATTEST:

Robert W. Dand  
Secretary