

The Public Works Commission of the City of Fayetteville, North Carolina held a regular meeting at 955 Old Wilmington Road in Fayetteville, North Carolina, the regular place of meeting, at 8:30 a.m. on August 12, 2009.

Present: Chairman Wilson A. Lacy, presiding, and Commissioners Terri Union, Luis Olivera and Michael Lallier

Absent: None

Also Present: Steve Blanchard, CEO/General Manager, Wesley Meredith, Council Liaison, Dale Iman, City Manager, Kristoff Bauer, Assistant City Manager, PWC Staff

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J. Dwight Miller, CFO introduced the following resolution the title of which was read and copies of which had been previously distributed to each Commissioner:

Resolution No. PWC2009.13

RESOLUTION SUPPLEMENTING A PRIOR RESOLUTION OF THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION AND REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A PRIVATE SALE ALL IN CONNECTION WITH THE ISSUANCE OF REVENUE AND REVENUE REFUNDING BONDS BY THE CITY OF FAYETTEVILLE, NORTH CAROLINA

BE IT RESOLVED by the Public Works Commission of the City of Fayetteville, North Carolina (the "PWC"):

Section 1. The PWC does hereby find and determine as follows:

(a) The PWC, created pursuant to Chapter VI of the City Charter of the City of Fayetteville, North Carolina (the "City") as an independently operated utility for the purpose of supervising and managing the electric, water and sanitary sewer systems of the City, currently operates an electric system, water system and sanitary sewer system for and on behalf of the City, all of which provide services to the residents of the City and its environs.

(b) Pursuant to a bond order adopted by the City Council of the City on November 5, 1990, as supplemented and amended (the "Bond Order"), the City and the PWC created a combined enterprise system comprised of the electric system, water system and sanitary sewer system (collectively, the "System"). The Bond Order provides for the issuance of revenue bonds

thereunder, to be secured by the Net Revenues (as defined in the Bond Order) of the System as set forth therein, to finance improvements to the System and to refund bonds issued the Bond Order.

(c) On July 8, 2009, the PWC adopted a resolution (the "Prior Resolution") making certain findings and determinations and authorizing the filing of an application with the Local Government Commission of North Carolina (the "LGC"), all with respect to the issuance of revenue bonds pursuant to the Bond Order for the purpose of refunding certain prior revenue bonds of the City and financing certain other related costs. Additionally, the PWC requested in the Prior Resolution that the LGC sell such revenue refunding bonds at a private sale without advertisement.

(d) The PWC has determined that (i) it is in the PWC's best economic interest for the City to issue additional revenue bonds in connection with the same plan of finance for the purpose of financing the cost of various improvements to the City's water and sewer system and (ii) it is necessary to supplement the authorizations, findings and determinations made with respect to the revenue refunding bonds in the Prior Resolution to provide for the issuance of revenue bonds pursuant to the Bond Order to finance such improvements to the City's water and sewer system.

(e) In order to better serve and provide for the future needs of the residents of the City and its environs, the City will acquire, construct and equip various improvements to its water and sanitary sewer system, including, without limitation, (i) extension of sewer mains and lines to various annexed areas of the City, (ii) extension, rehabilitation and replacement of water and sewer mains and lines, (iii) sanitary sewer manhole rehabilitation, (iv) dam, outfall and pump rehabilitation and (iv) boiler and telemetry unit replacement (collectively, the "Series 2009 Project").

(f) The Series 2009 Project is necessary to secure adequate and reliable water and sewer service and to promote the present and future welfare of the residents of the City and its environs.

(g) The PWC desires to commence procedures at this time for having the City issue revenue bonds for the purpose of providing funds, together with any other available funds, to (i) pay the costs of the Series 2009 Project, including any capitalized interest with respect thereto, (ii) refund all or a portion of the Bonds to be Refunded (as defined in the Prior Resolution), (iii) finance the cost of terminating the interest rate swap agreements entered into by the City in connection with the Bonds to be Refunded, (iv) fund any necessary debt service reserve funds for such revenue bonds and (v) pay certain other costs associated with the issuance and sale of such revenue bonds.

(h) The PWC desires for the City to file an application with the LGC for approval of the issuance of such revenue bonds and to authorize certain actions in connection therewith.

(i) The amount of the proposed revenue bonds will be sufficient, but not excessive, for the purpose of paying the costs described in paragraph (g) above.

(j) The proposed Series 2009 Project is feasible.

(k) The annual audits of the PWC and the City show the PWC and the City to be in strict compliance with debt management policies, and the budgetary and fiscal management policies of the PWC and the City are in compliance with law.

(l) The proposed revenue bonds can be marketed at a reasonable interest cost to the City.

(m) Any projected rate increases for water and sewer service in connection with the issuance of the proposed revenue bonds will be reasonable.

(n) In connection with the issuance of fixed rate bonds for the purpose of refunding all or a portion of the Bonds to be Refunded, the all-in cost to the City and the PWC will not be greater than 2% of the aggregate par amount of the Bonds to be Refunded (\$2,515,800) on an aggregate net present value basis more than the all-in cost of issuing such refunding bonds as variable rate bonds and keeping the associated interest rate swap agreements in place to serve as a hedge against the variable interest rate borne by such refunding bonds.

Section 2. The officers and employees of the PWC are hereby authorized and directed to assist the City in filing an application with the Local Government Commission for approval of the issuance of revenue bonds in an aggregate principal amount not to exceed \$190,000,000 for the purpose of providing funds, together with any other available funds, for the purposes described in Section 1(g) above. Except as otherwise modified by this resolution, the findings, determinations, authorizations and approvals set forth in the Prior Resolution shall remain in full force and effect and are hereby ratified, authorized and approved.

Section 3. This resolution shall take effect immediately upon its passage.

Upon motion of Commissioner Lallier, seconded by Commissioner Union, the foregoing resolution entitled "RESOLUTION SUPPLEMENTING A PRIOR RESOLUTION OF THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION AND REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A PRIVATE SALE ALL IN CONNECTION WITH THE ISSUANCE OF REVENUE AND REVENUE REFUNDING BONDS BY THE CITY OF FAYETTEVILLE, NORTH CAROLINA" was passed by the following vote:

Ayes: Chairman Lacy, Commissioners Terri Union, Luis Olivera and Michael Lallier.

Noes: None.

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I, Luis J. Olivera, Secretary of the Public Works Commission of the City of Fayetteville, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of so much of the proceedings of said Public Works Commission at a regular meeting held on August 12, 2009, as relates in any way to the adoption of the foregoing resolution and that said proceedings are recorded in minute books of said Public Works Commission.

I DO HEREBY FURTHER CERTIFY that proper notice of such regular meeting was given as required by North Carolina law.

WITNESS my hand and the official seal of said Public Works Commission this 12th day of August, 2009.



Secretary