

EXTRACTS FROM MINUTES OF CITY COUNCIL

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A regular meeting of the City Council of the City of High Point, North Carolina (the “*City Council*”) was duly held in the Council Chambers of the Municipal Building located at 211 South Hamilton Street in High Point, North Carolina, the regular place of meeting, at 5:30 p.m. on March 18, 2024:

Members Present: Mayor Cyril Jefferson, Mayor Pro Tempore Michael Holmes, Council Member Britt Moore, Council Member Amanda Cook, Council Member Vickie McKiver, Council Member Tyrone Johnson, Council Member Monica Peters, Council Member Patrick Harman, and Council Member Tim Andrew

Members Absent: None

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Mayor Jefferson introduced the following resolution, a summary of which had been provided to each Councilmember, a copy of which was available with the City Clerk and which was read by title:

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGH POINT, NORTH CAROLINA,
PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$5,425,000 GENERAL OBLIGATION
STREETS AND SIDEWALK BOND, SERIES 2024**

Mayor Jefferson made a motion, seconded by Mayor Pro Tempore Holmes, to approve the
**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGH POINT, NORTH CAROLINA,
PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$5,425,000 GENERAL OBLIGATION
STREETS AND SIDEWALK BOND, SERIES 2024**

Motion carried with the following vote:

Aye: Mayor Cyril Jefferson, Mayor Pro Tempore Michael Holmes, Council Member Britt Moore, Council Member Amanda Cook, Council Member Vickie McKiver, Council Member Tyrone Johnson, Council Member Monica Peters, Council Member Patrick Harman, and Council Member Tim Andrew

Nay: None

WHEREAS, the City Council of the City of High Point, North Carolina (the “*City*”) adopted a Bond Order on March 4, 2024 that becomes effective 30 days after its publication and during which no petition to a vote of the people was filed with the City Clerk under Section 159-60 of the General Statutes of North Carolina authorizing the City to issue a General Obligation Streets and Sidewalk Bond in an aggregate principal amount not to exceed \$5,425,000 (the “*Bond*”);

WHEREAS, the City desires to issue the Bond and to request the North Carolina Local Government Commission sell such Bond to TD Public Finance LLC;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City, as follows:

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

“Authorized Officers” means, individually and collectively, the Mayor, the City Manager, the Financial Services Director and the City Clerk and their respective designees.

“Bond Order” means the Bond Order adopted by the City Council of the City on March 4, 2024 that becomes effective 30 days after its publication and during which no petition to a vote of the people was filed with the City Clerk under Section 159-60 of the General Statutes of North Carolina authorizing the City to issue the Bond.

“Bond” means the City’s General Obligation Streets and Sidewalk Bond, Series 2024, consisting of the bond authorized under the Bond Order.

“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.

“Default Rate” means the lesser of (1) the interest rate on the Bond immediately before the occurrence of a default plus 4.00% or (2) the maximum rate permitted by law.

“Determination of Taxability” means and shall be deemed to have occurred on the date when (a) the City shall receive notice from the Purchaser that the Internal Revenue Service has assessed as includable in gross income the interest payments made by the City relating to the Bond and such assessment is due to the occurrence of an Event of Taxability or (b) the City or the Purchaser shall receive notice from the Internal Revenue Service that the interest payments made by the City relating to the Bond is includable in the gross income of the Purchaser for federal income tax purposes and such determination is due to the occurrence of an Event of Taxability.

“Event of Taxability” means the occurrence or existence of any fact, event or circumstance caused by either the action or inaction of the City which has the effect of causing the interest payments relating to the Bond made by the City to be includable in the gross income of the Purchaser for federal income tax purposes.

“Federal Securities” means, to the extent permitted by laws of the State for the defeasance of local government bonds, (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 of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of a trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the holder; (c) any bonds or other obligations of the State of North Carolina or of any agency, instrumentality or local governmental unit of the State of North Carolina which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent with respect to such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody’s and S&P 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 State law for the defeasance of local government bonds.

"Inclusion Date" means the effective date that the interest payments made by the City on the Bond is includable in the gross income of the Owner of the Bond as a result of a Determination of Taxability.

"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 designated by the City.

"Pricing Certificate" means the certificate of the Financial Services Director of the City delivered in connection with the issuance of the Bond as permitted under Section 14.

"Projects" mean the projects authorized by the Bond Order, including streets and sidewalks, including without limitation bridges, viaducts, causeways, overpasses, underpasses, alleys and bicycle lanes; paving, grading, resurfacing, and widening streets; sidewalks, curbs and gutters, culverts, and drains; traffic controls, signals, and markers; lighting; and grade crossings and the elimination thereof and grade separations; streetscaping, landscaping and pedestrian improvements; transit stop improvements; and the acquisition of land and rights-of-way therefor.

"Purchaser" means TD Public Finance LLC, as the original purchaser of the Bond, and its successors and assigns.

"S&P" means S&P Global Ratings, a division 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 designed by the City.

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

Section 2. The City undertook, with the assistance of its financial advisor, a request for proposals process from financial institutions for the purchase of the Bonds and selected a proposal from the Purchaser to purchase the Bond. The North Carolina Local Government Commission is hereby requested to sell the Bond at private sale without advertisement to the Purchaser, at such price as the Local Government Commission determines to be in the best interest of the City and in accordance with the terms submitted by the Purchaser, as permitted by Sections 159-123(b)(8) and 159-123(c) of the General Statutes of North Carolina, as amended. This Resolution constitutes the City Council's approval of the final terms of the Bond as set forth in this Resolution.

Section 3. The City shall issue its Bond as a single, fully registered bond in an aggregate principal amount of \$5,425,000, payable in installments on March 1 of each year as follows:

Section 4.

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>
2025	\$870,000	2029	\$870,000
2026	870,000	2030	870,000
2027	870,000	2031*	205,000
2028	870,000		

* Maturity

Section 5. The Bond is being sold at 100% of the face value of the Bond. The Bond shall be dated as of its date of issuance and pay interest semiannually on March 1 and September 1, beginning September 1, 2024. The Bond is being issued to provide funds (1) to finance the Projects pursuant to and in accordance with the Bond Order and (2) to pay the costs of issuing the Bond.

Section 6. The City Council has ascertained and hereby determines that the average period of usefulness of the capital projects being financed by the proceeds of the Bond is not less than 7 years computed from the date of issuance of the Bond.

Section 7. The Bond is to be numbered "R-1" and shall bear interest from its date at a rate of 4.30% per annum, as may be adjusted as set forth below, computed on the basis of a 360-day year of twelve 30-day months.

From and after the occurrence of a default on the payment of principal or interest on the Bond until such time as such default has been remedied or otherwise waived by the Purchaser, the Bond shall bear interest at the Default Rate.

In the event of a Determination of Taxability, the interest rate on the Bond, from and after the Inclusion Date, shall be adjusted to preserve the Purchaser's after-tax economic yield with respect to the interest on the Bond. In addition, the City shall pay to the Purchaser (i) an amount necessary to reimburse the Purchaser for any interest, penalties, or other charges assessed by the Internal Revenue Service and the Department of Revenue by reason of the Purchaser's failure to include the interest portion of the debt service relating to the Bond in its gross income for income tax purposes, and (ii) additional interest as a result of the increase in the interest rate on all previous interest payments made by the City after the Inclusion Date. In the event of a Determination of Taxability, the Purchaser shall provide the City with a new debt service schedule for the Bond which reflects the adjustment of the interest rate on the Bond.

Section 8. The Bonds are to be registered as to principal and interest, and the Financial Services Director of the City is directed to maintain the registration records with respect thereto. The Bond shall bear the original or facsimile signatures of the Mayor or City Manager of the City and the City Clerk, or their respective designees.

Section 9. On and after March 1, 2025 the Bond may be redeemed prior to maturity, 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 at a redemption price of 100% of the principal amount of the Bond called for redemption, plus accrued interest to the redemption date

Prior to March 1, 2025 the Bond may be redeemed prior to maturity, 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 at a redemption price of the greater of (i) 1% of the principal balance being redeemed plus accrued interest, or (ii) a "Break Funding Fee" in an amount computed as follows:

The "Current Rate" shall be subtracted from the "Original Rate". If the result is zero or a negative number, there is no Break Funding Fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number of days in the "Remaining Term" divided by 360. The resulting amount is the "Break Funding Fee" due to the Purchaser upon redemption of the principal of the Bond plus any accrued interest due as of the redemption date and is expressed in the following calculation: Break Funding Fee = [Amount Being Prepaid x (Original Rate - Current Rate) x number of days in the Remaining Term/360 days] plus accrued interest.

"Remaining Term" as used herein shall mean the maturity date of the Bond.

"Current Rate" means the Treasury Constant Maturities Rate effective on the date of the calculation.

"Original Rate" means the Treasury Constant Maturities Rate effective on the day the Owner received the City's proposal acceptance (March 1, 2024).

"Treasury Constant Maturities Rate" as used herein shall mean the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to bond equivalent yield) with the maturity closest to the Remaining Term as published on the Federal Reserve Board website, or another recognized electronic source, two day prior to the determination date.

The Break Funding Fee shall be calculated by the Purchaser in accordance with its customary practices and the Purchaser's calculation shall be conclusive absent manifest error.

The City will give the Purchaser 15 days prior written notice of any optional redemption of the Bond. In the event of a partial optional redemption of the principal amount of the Bond, such redemption shall be deemed a redemption of the annual principal installments due on the Bond in inverse order.

If at the time of mailing of the notice of redemption there is not on deposit money sufficient to redeem the Bond 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 10. The Bond and the provisions for the registration of the Bonds and for the approval of the Bond by the Secretary of the Commission are to be in substantially the forms set forth in the Appendix hereto.

Section 11. 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 Bond, 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 Bond 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 Bond or other funds under its control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bond to be "arbitrage bonds" for purposes of Section 148 of the Code. The Financial Services Director is hereby authorized to execute a Tax Certificate.

Section 12. The Financial Services Director is hereby directed to create and establish a fund or account (the "Project Fund") and may establish separate accounts or subaccounts within the Project Fund to track the expenditures related to the Projects. The Financial Services Director will cause to be deposited

the proceeds from the sale of the Bond in the Project Fund to be used to pay the capital costs of the Projects and costs of issuance of the Bond.

The Financial Services Director will invest and reinvest any moneys held in the Project Fund as permitted by the laws of the State of North Carolina and the income, to the extent permitted by the Code, is to be retained in the Project Fund and applied with the proceeds of the Bond as permitted by the Bond Order, as directed by the Financial Services Director. The Financial Services Director will keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom so as to satisfy the requirements of the laws of the State of North Carolina and to assure that the City maintains its covenants with respect to the exclusion of the interest on the Bond from gross income for purposes of federal income taxation.

Section 13. 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 14. The Bond will be non-transferable, except to (i) an affiliate of the Purchaser, (ii) a bank, insurance company or similar financial institution or (iii) any other entity approved by the North Carolina Local Government Commission. Nothing herein shall limit the right of the Purchaser or its assignees to sell or assign participation interests in the Bond to one or more entities listed in (i), (ii) or (iii) above.

Section 15. The Financial Services Director is hereby authorized to approve any changes to the terms of the Bond set forth in this Resolution by executing a Pricing Certificate on the date of issuance of the Bond provided that the Bond will be sold at a price of 100% of the par amount of the Bond and at an interest rate not to exceed the interest rate set forth herein.

The Authorized Officers, and their respective designees, individually and collectively, are hereby authorized and directed to cause the Bond to be prepared and, when duly sold by the Local Government Commission, to cause the Bond to be executed and turned over to the registrar and transfer agent of the City, if any, for delivery to the Purchaser, as purchaser of the Bond, and are authorized and directed to execute and deliver for and on behalf of the City any and all additional certificates, documents, opinions or other papers and perform all other acts as may be required by the documents contemplated hereinabove or as may be deemed necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 16. This Resolution may be amended or supplemented, from time to time, without the consent of the owners of the Bond if in the opinion of nationally recognized bond counsel, such amendment or supplement would not adversely affect the interests of the owners of the Bond and would not cause the interest on the Bond to be included in the gross income of a recipient thereof for federal income tax purposes. This Resolution may be amended or supplemented with the consent of the owners of a majority in aggregate principal amount of the outstanding Bond, but a modification or amendment may not, without the express consent of any owner of Bond, reduce the principal amount of the 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.

Any act done pursuant to a modification or amendment consented to by the owners of the Bond is binding on all owners of the Bond and will not be deemed an infringement of any of the provisions of this Resolution, whatever the character of the act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent has been given, no owner of a

Bond has any right or interest to object to the action, to question its propriety or to enjoin or restrain the City from taking any action pursuant to a modification or amendment.

If the City proposes an amendment or supplemental resolution to this Resolution requiring the consent of the owners of the Bond, the City shall cause notice of the proposed amendment to be sent to each owner of the Bond then outstanding by first-class mail, postage prepaid, to the address of such owner as it appears on the registration books; but the failure to receive such notice by mailing by any owner, or any defect in the mailing thereof, will not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal office of the City for inspection by all owners of the Bond. 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 Bond then outstanding have consented to the proposed amendment, the amendment will be effective as of the date stated in the notice.

Section 17. Nothing in this Resolution shall preclude (a) the payment of the Bond from the proceeds of refunding bonds or (b) the payment of the Bond 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 owner of the Bond the principal of the Bond (including interest to become due thereon), 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, then, to the extent permitted by law, the Bond shall be considered to have been discharged and satisfied, and the principal of the Bond (including and interest thereon) shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Resolution requires the deposit of more than such Federal Securities as may be sufficient, taking into account both the principal amount of such Federal Securities and the interest to become due thereon, to implement any such defeasance.

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

Section 17. If the date for making any payment, or the date for performance of any act or the exercising of any right, as provided in this Resolution, is not a business day, such payment may be made or act performed or right exercised on the next succeeding business day, with the same force and effect as if done on the nominal date provided in this Resolution, and no interest will accrue for the period after such nominal date.

Section 18. If any one or more of the agreements or provisions herein contained is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever is held invalid, then such covenants, agreements or provisions are null and void and separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions hereof or of the Bonds authorized hereunder.

Section 19. The City shall furnish to the Purchaser (1) the City's audited financial statements within 270 days after the end of each fiscal year, (2) the City's annual budget within 90 days of the beginning of each fiscal year and (3) such other additional information as the Purchaser may reasonably request. The requirement to provide such information may be satisfied by the City's making the information

publicly available on the City's website or on the MSRB's "EMMA" website. If the audited financial statements are not available within 270 days of fiscal year end, the City will furnish unaudited financial statements to the Purchaser in the manner described in this paragraph within such period, and will then supply the audited financial statements immediately upon the availability thereof.

Section 20. 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.

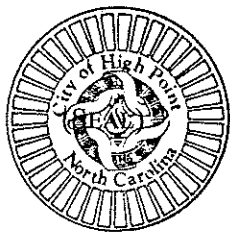
Section 21. This Resolution is effective on the date of its adoption.

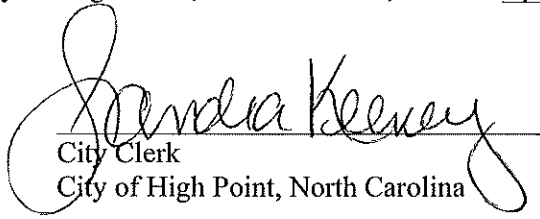
Adopted this 18th day of March, 2024

STATE OF NORTH CAROLINA)
)
CITY OF HIGH POINT) ss:

I, Sandra Keeney, City Clerk of the City of High Point, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of so much of the proceedings of the City Council as it relates to a resolution entitled “**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGH POINT, NORTH CAROLINA, PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$5,425,000 GENERAL OBLIGATION STREETS AND SIDEWALK BOND, SERIES 2024**” duly adopted by the City Council of the City of High Point, North Carolina, at a meeting held on the 18th day of March, 2024 and that such proceedings are to be recorded in the minute books of said City Council.

WITNESS my hand and the seal of the City of High Point, North Carolina, this the 19 day of March, 2024.





City Clerk
City of High Point, North Carolina