

ORDINANCE NO. 2017-2105

AN ORDINANCE SUPPLEMENTING ORDINANCE NO. 1878, AS AMENDED; AUTHORIZING THE ISSUANCE OF A WATER AND SEWER REVENUE BOND, SERIES 2017A OF THE CITY OF NEW PORT RICHEY, FLORIDA IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$850,000 TO FINANCE THE COST OF ACQUISITION OF CERTAIN WATER AND SEWER SYSTEM ASSETS AND CONSTRUCTION AND EQUIPPING OF CERTAIN IMPROVEMENTS TO THE WATER AND SEWER SYSTEM OF THE CITY; PROVIDING THAT SUCH BOND SHALL BE A LIMITED OBLIGATION OF THE CITY PAYABLE AS PROVIDED HEREIN AND THEREIN; DESIGNATING THE BOND AS A QUALIFIED TAX-EXEMPT OBLIGATION WITHIN THE MEANING OF THE INTERNAL REVENUE CODE; PROVIDING FOR THE RIGHTS, SECURITIES AND REMEDIES FOR THE HOLDER OF SUCH BOND; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF NEW PORT RICHEY, FLORIDA:

Section 1: Definitions. Capitalized undefined words used herein shall have the meanings ascribed thereto in Ordinance No. 1878 enacted by the City Council of the City of New Port Richey, Florida (the "Issuer") on September 18, 2007, as amended and supplemented from time to time, as particularly amended by Ordinance No. 2012-1987 enacted by the City Council of the Issuer on July 17, 2012 (collectively, the "Master Ordinance"). This Ordinance constitutes a "Supplemental Resolution" and a "Supplemental Ordinance" for purposes of the Master Ordinance. In addition, the following words and phrases shall have the following meanings when used herein:

"Business Day" means any day other than a Saturday or Sunday or other day on which the Holder of the Series 2017A Bond is authorized or required to close.

"Maturity Date" means the maturity date stated in the Series 2017A Bond, provided however that such maturity date shall not be later than October 1, 2031.

"Ordinance" means this Ordinance, pursuant to which the Series 2017A Bond is authorized to be issued, including any Supplemental Ordinance(s).

"Original Purchaser" means Branch Banking and Trust Company, Charlotte, North Carolina.

"Parity Bond" means the Issuer's outstanding Water and Sewer Refunding Revenue Bond, Series 2012.

"Person" means natural persons, firms, trusts, estates, associations, corporations, partnerships and public bodies.

"Principal Office" means, with respect to the Original Purchaser, the office located at 5130 Parkway Plaza Boulevard, Building 9, Charlotte, North Carolina 28217, or such other office as the Original Purchaser may designate to the Issuer in writing.

"Project" means the acquisition of Purchased Assets as such term is collectively defined in Section 3.02 (A)(1) through and including (9) of the Utility Asset Acquisition Agreement by and between the Issuer and Advisor Enterprises, Inc., dated November 15, 2016 and in Section 3.02 (A)(2) through and including (10) of the Utility Asset Acquisition Agreement by and between the Issuer and LWV Utilities, Inc., dated November 15, 2016, together with certain improvements to the System.

"Series 2017A Bond" means the Issuer's Water and Sewer Revenue Bond, Series 2017A authorized by Section 4 hereof.

"State" means the State of Florida.

Section 2: *Authority for this Ordinance.* This Ordinance is enacted pursuant to the provisions of the Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes, the municipal charter of Issuer, the Master Ordinance, and other applicable provisions of law (collectively, the "Act").

Section 3: *Findings.*

(A) For the benefit of its inhabitants, the Issuer finds, determines and declares that it is necessary for the continued preservation of the health, welfare, convenience and safety of the Issuer and its inhabitants to acquire, construct and equip the Project. Issuance of the Series 2017A Bond to acquire, construct and equip the Project satisfies a public purpose.

(B) The principal of, premium, if any, and interest on the Series 2017A Bond shall be payable solely from the Pledged Revenues on parity with the Parity Bond. The Issuer shall never be required to levy ad valorem taxes on any real or personal property therein to pay the principal of and interest on such Bonds authorized or to make any other payments provided for in the Master Ordinance. Such Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than the Pledged

Revenues. Neither the taxing power nor the full faith and credit of the Issuer are or shall ever be pledged to secure payment of the principal of or interest on the Bonds.

(C) The Pledged Revenues will be sufficient to pay the principal, premium, if any, and interest on the Series 2017A Bond herein authorized and the Parity Bond, as the same become due, and to make all deposits required by the Master Ordinance and hereunder.

(D) Pursuant to Section 2.12(6) of the City Charter, borrowing of money, including but not limited to the issuance of bonds, is an action that requires an ordinance.

(E) The Issuer has received an offer from the Original Purchaser to purchase the Series 2017A Bond.

(F) In consideration of the purchase and acceptance of the Series 2017A Bond authorized to be issued hereunder by those who shall be the Holder thereof from time to time, this Ordinance shall constitute a contract between the Issuer and the Holder. The Original Purchaser is the initial Holder of the Series 2017A Bond.

Section 4: *Authorization of the Series 2017A Bond and Acquisition, Construction and Equipping of the Project.* Subject and pursuant to the provisions of the Master Ordinance, an obligation of the Issuer to be known as City of New Port Richey, Florida Water and Sewer Revenue Bond, Series 2017A is hereby authorized to be issued under and secured by the Master Ordinance, in the principal amount of not to exceed \$850,000 for the purpose of providing funds to acquire, construct and equip the Project and paying the costs of issuing the Series 2017A Bond. The cost of the Project, in addition to the items set forth in any related plans and specifications, may include, but need not be limited to, the acquisition of any rights of ways or interest therein or any other properties deemed necessary or convenient therefor; engineering, legal and financing expenses; expenses for estimates of costs; expenses for plans, specifications and surveys; the fees of fiscal agents, financial advisor or consultants; the creation and establishment of reasonable reserves for debt service, if applicable; reimbursement of moneys on the Project in anticipation of the sale of the Series 2017A Bond, if any; and such other costs and expenses as may be necessary or incidental to the financing herein authorized and the acquisition, construction and equipping of the Project and the placing of same in operation.

Because of the characteristics of the Series 2017A Bond, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Series 2017A Bond, it is in the best interest of the Issuer to accept the offer of the Original Purchaser to purchase the Series 2017A Bond at a private negotiated sale. Prior to the issuance of the Series 2017A Bond, the Issuer shall receive from the Original Purchaser a Purchaser's Certificate, the form of which is attached hereto as Exhibit A and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, a form of which is attached hereto as Exhibit B.

The acquisition, construction and equipping of the Project is hereby authorized.

Section 5: Description and Terms of the Series 2017A Bond.

The Series 2017A Bond is hereby authorized to be issued in the aggregate principal amount of not to exceed \$850,000 with further details hereinafter provided. The final maturity for the Series 2017A Bond shall be the Maturity Date.

The principal of and the interest and redemption premium, if any, on the Series 2017A Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The interest on the Series 2017A Bond shall be payable by the Paying Agent on each interest payment date to the person appearing on the registration books of the Issuer hereinafter provided for as the registered Holder thereof, by check or draft mailed to such registered Holder at such Holder's address as it appears on such registration books or by wire transfer.

The Series 2017A Bond shall be dated the date of the execution and delivery, which shall be a date agreed upon by the Issuer and the Original Purchaser, and shall have such other terms and provisions as stated herein and in the Series 2017A Bond.

Subject to adjustments as described below, the fixed interest rate on the Series 2017A Bond shall equal 2.53%, which rate does not exceed the maximum interest rate permitted by the Act (the "Interest Rate"). Interest on the Series 2017A Bond shall be payable on April 1 and October 1, commencing on April 1, 2017, and shall be calculated on a basis of a 360-day year assuming twelve 30-day months. The Series 2017A Bond shall be a Term Bond with Amortization Installments due on each October 1, commencing on October 1, 2017 (or such other date as determined in the Series 2017A Bond), through and including the Maturity Date; provided, however, the aggregate principal amount of the Series 2017A Bond shall not exceed \$850,000.

Upon the occurrence of a Determination of Taxability (as such term is hereinafter defined) and for as long as the Series 2017A Bond remains Outstanding, the Interest Rate on the Series 2017A Bond shall be converted to the Taxable Rate (as such term is hereinafter defined). In addition, upon a Determination of Taxability, the Issuer shall pay to the Holder (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Series 2017A Bond during the Taxable Period (as such term is hereinafter defined) and (B) the amount of interest that would have been paid during the Taxable Period had the Series 2017A Bond borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Holder as a result of the Determination of Taxability. This adjustment shall survive payment of the Series 2017A Bond until such time as the federal statute of limitations under which the interest on the Series 2017A Bond could be declared taxable under the Code shall have expired.

"Determination of Taxability" means (i) receipt by the Issuer of a final judgment by a court of competent jurisdiction (from which no further right of appeal exists) or a final official action of the Internal Revenue Service (from which no further right of appeal exists) determining that any interest portion payable with respect to the Series 2017A Bond is includable in the gross income of the holders of the Series 2017A Bond for federal income tax purposes or the Series 2017A Bond is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code as a result of conditions arising from the action or inaction of the Issuer; provided, no Determination of Taxability shall be deemed to occur unless the Issuer has been given an opportunity to contest such proceedings at its own expense; or (ii) at such time as the Issuer and the Holder of the Series 2017A Bond have agreed that a Determination of Taxability has occurred.

"Taxable Period" means the period commencing on the date on which the interest on the Series 2017A Bond ceased to be excludable from gross income for federal income tax purposes or the Series 2017A Bond ceased to be a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code and ending on the earlier of the date the Series 2017A Bond ceased to be outstanding or the Determination of Taxability is no longer applicable to the Series 2017A Bond.

"Taxable Rate" means, upon a Determination of Taxability, the interest rate per annum that shall provide the Holder with the same after tax yield that the Holder would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Holder as a result of such Determination of Taxability. The Holder shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

In addition, any amounts due on the Series 2017A Bond or hereunder not paid when due shall result in 2% per annum being added to the then Interest Rate (the "Default Rate") from and after five (5) days after the date due, until such payment default is remedied; provided, however, that the Default Rate shall in no event exceed the maximum interest rate permitted by applicable law.

The Paying Agent and Registrar for the Series 2017A Bond shall mean the Issuer.

Section 6: Payment of Principal and Interest; Limited Obligation; No Reserve Fund. The Issuer promises that it will promptly pay the principal of, premium, if any, and interest on the Series 2017A Bond at the place, on the dates and in the manner provided therein according to the true intent and meaning of the Master Ordinance and this Ordinance. The Series 2017A Bond shall not be or constitute general obligation or indebtedness of the Issuer as a "bond" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from the Pledged Revenues on parity with the Parity Bond in the manner and to the extent provided in the Master Ordinance and herein. No holder of any Series 2017A Bond

issued under the Master Ordinance and hereunder shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2017A Bond, or be entitled to payment of such Series 2017A Bond from any funds of the Issuer except from the Pledged Revenues in the manner and to the extent provided in the Master Ordinance and herein.

The Series 2017A Bond is not secured by the Reserve Fund or any accounts therein established.

Section 7: Redemption. Upon five (5) Business Days written notice, the Series 2017A Bond can be redeemed at the option of the Issuer in whole but not in part on any scheduled principal payment date at a price equal to 101% of the principal amount to be redeemed plus accrued interest to the redemption date.

Section 8: Application of Series 2017A Bond Proceeds. The proceeds of the Series 2017A Bond shall be applied by the Issuer as follows:

(A) Accrued interest, if any, shall be deposited in the Interest Account in the Bond Service Fund and shall be used only for the purpose of paying interest becoming due on the Series 2017A Bond.

(B) All costs and expenses in connection with the preparation, issuance and sale of the Series 2017A Bond shall be paid.

(C) The remaining proceeds of the Series 2017A Bond shall be deposited into the "City of New Port Richey, Water and Sewer Revenue Bond, Series 2017A, Project Account" which is hereby created and established in the Project Fund (the "Series 2017A Project Account"), and which may be used for the purposes set forth in this Ordinance, including the cost of any capitalized interest on the Series 2017A Bond. Such Series 2017A Project Account shall constitute a trust fund for the holders of the Series 2017A Bond and shall be used solely to acquire, construct and equip the Project, including any allowable reimbursement to the Issuer of moneys spent on the Project in anticipation of the sale of the Series 2017A Bond. The Issuer agrees and covenants to commence and proceed with due diligence to complete the acquisition, construction and equipping of the Project. Money on deposit in the Series 2017A Project Account may be invested and reinvested in Federal Securities which mature not later than the date on which the money on deposit therein will be needed for purposes of such funds. All income on such investments shall remain in such Series 2017A Project Account.

Section 9: Covenants of the Issuer. All covenants of the Issuer set forth in the Master Ordinance are reaffirmed and apply equally to the holders of the Series 2017A Bond, the Parity Bond and any Additional Parity Obligations hereafter issued.

Section 10: Bank Qualified Status. The City Council of the Issuer hereby designates the Series 2017A Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The Issuer and any issuer of "tax-exempt" debt that issues "on behalf of"

the Issuer do not reasonably expect during the calendar year 2017 to issue more than \$10,000,000 of "tax-exempt" obligations including the Series 2017A Bond designated as described in this Section 10, exclusive of any private activity bonds as defined in Section 141(a) of the Code (except for qualified 501(c)(3) bonds as defined in Section 145 of the Code).

Section 11: Amendment. The Master Ordinance shall not be modified or amended in any respect subsequent to the issuance of the Series 2017A Bond except with the written consent of the Holder of the Series 2017A Bond.

Section 12: Further Covenants. (A) The Issuer shall provide the Holder of the Series 2017A Bond with a copy of its annual budget within 30 days of its adoption and such other financial information regarding the Issuer as the Holder of the Series 2017A Bond may reasonably request. The Issuer hereby covenants that it shall promptly give written notice to the Holder of the Series 2017A Bond of any litigation or proceeding which if determined adversely to the Issuer would adversely affect the security for the payment of the Series 2017A Bond. The Issuer shall provide the Holder of the Series 2017A Bond with annual financial statements for each fiscal year of the Issuer not later than 210 after the close of such fiscal year, prepared in accordance with applicable law and generally accepted accounting principles and audited by an independent certified public accountant. All accounting terms not specifically defined or specified herein shall have the meanings attributed to such terms under generally accepted accounting principles as in effect from time to time, consistently applied.

(B) So long as the Series 2017A Bond remains Outstanding, the Issuer covenants and agrees not to (i) enact or adopt, as the case may be, any subsequent ordinance or resolution, or (ii) enter any agreement, or (iii) take any action that would have the affect of limiting the Issuer's ability to make transfers to the Issuer's General Fund pursuant to the authority in Section 20(B)(5) of the Master Ordinance.

Section 13: Severability. If any provision of this Ordinance shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

Section 14: Business Days. In any case where the due date of interest on or principal of a Series 2017A Bond is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Holder.

Section 15: Rules of Interpretation. Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Ordinance and not solely to the particular portion in which any such word is used.

Section 16: Captions. The captions and headings in this Ordinance are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ordinance.

Section 17: City Council of the Issuer Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Ordinance or the Series 2017A Bond or for any claim based thereon or otherwise in respect thereof, shall be had against any City Council, as such, of the Issuer, past, present or future, either directly or through the Issuer it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the City Council, charter officials, the Finance Director and other appropriate officials of the Issuer, as such, under or by reason of the obligations, covenants or agreements contained in this Ordinance or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such City Council, as such, are waived and released as a condition of, and as a consideration for, the enactment of this Ordinance and the issuance of the Series 2017A Bond, on the part of the Issuer.

Section 18: Authorizations. The Mayor and any member of the City Council, the City Manager, the City Attorney, the City Clerk, the Finance Director and such other officials and employees of the Issuer as may be designated by the Issuer are each designated as agents of the Issuer in connection with the issuance and delivery of the Series 2017A Bond and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the Series 2017A Bond, and which are specifically authorized or are not inconsistent with the terms and provisions of this Ordinance.

Section 19: Repealer. All ordinances or resolutions or parts thereof in conflict herewith are hereby repealed.

Section 20: No Third Party Beneficiaries. Except such other persons as may be expressly described in this Ordinance or in the Series 2017A Bond, nothing in this Ordinance or in the Series 2017A Bond, expressed or implied, is intended or shall be construed to confer upon any person, other than the Issuer and the Holder, any right, remedy or claim, legal or equitable, under and by reason of this Ordinance, or any provision thereof, or of the Series 2017A Bond, all provisions thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the persons who shall from time to time be the Holder.

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Section 21: Effective Date. This Ordinance shall take effect immediately upon its passage and enactment by City Council.

The above and foregoing Ordinance was read and approved on first reading at a duly convened meeting of the City Council of the City of New Port Richey, Florida the 20th day of December, 2016.

The above and foregoing Ordinance was read and enacted on second reading at a duly convened meeting of the City Council of the City of New Port Richey, Florida this 7th day of February, 2017.

CITY OF NEW PORT RICHEY, FLORIDA

By:_____

Name: Rob Marlowe

Title: Mayor

ATTEST:

By:_____

Name: Judy Meyers

Title: City Clerk

APPROVED AS TO LEGAL FORM AND CORRECTNESS:

By:_____

Name: Timothy P. Driscoll

Title: City Attorney

EXHIBIT A

FORM OF PURCHASER'S CERTIFICATE

This is to certify that Branch Banking and Trust Company (the "Purchaser") has not required the City of New Port Richey, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the \$_____ City of New Port Richey, Florida Water and Sewer Revenue Bond, Series 2017A, dated February 10, 2017 (the "Series 2017A Bond"), and no inference should be drawn that the Purchaser, in the acceptance of the Series 2017A Bond, is relying on Bond Counsel or Issuer's Counsel as to any such matters other than the legal opinion rendered by Bond Counsel, Bryant Miller Olive P.A. and by Issuer's Counsel, Rahdert, Steele, Reynolds & Driscoll, P.L. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Ordinance No. 1878 enacted by the City Council of the Issuer (the "City Council") on September 18, 2007, as amended and supplemented from time to time, and as particularly amended by Ordinance No. 2012-1987 enacted by the City Council on July 17, 2012 and as particularly supplemented by Ordinance No. 2017-2105 enacted by the City Council on February 7, 2017 (collectively, the "Ordinance").

We are aware that investment in the Series 2017A Bond involves various risks, that the Series 2017A Bond is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Series 2017A Bond is secured solely from the sources described in the Ordinance (the "Bond Security").

We have made such independent investigation of the Bond Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances.

We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our investment in the Series 2017A Bond and can bear the economic risk of our investment in the Series 2017A Bond.

We acknowledge and understand that the Ordinance is not being qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"), and is not being registered in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, Section 517.051(1), Florida Statutes, and/or Section 517.061(7), Florida Statutes, and that neither the Issuer, Bond Counsel nor Issuer's Counsel shall have any obligation to effect any such registration or qualification.

We are not acting as a broker or other intermediary, and are purchasing the Series 2017A Bond as an investment for our own account and not with a present view to a resale or other distribution to the public. We understand that the Series 2017A Bond may not be transferred except to a bank, savings association, insurance company or other "accredited investor" as described below in accordance with the restrictions set forth in the Series 2017A Bond.

We are a bank, as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Series 2017A Bond for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

We are an "accredited investor" as such term is defined in the Securities Act of 1933, as amended, and Regulation D thereunder.

Neither the Purchaser nor any of its affiliates shall act as a fiduciary for the Issuer or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor with respect to the proposed issuance of the Series 2017A Bond. Neither the Purchaser nor any of its affiliates has provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the Issuer with respect to the proposed issuance of the Series 2017A Bond. The Issuer has represented to the Purchaser that it has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the proposed issuance of the Series 2017A Bond from its financial, legal and other advisors (and not the Purchaser or any of its affiliates) to the extent that the Issuer desired to obtain such advice.

DATED this 10th day of February, 2017.

BRANCH BANKING AND
TRUST COMPANY

By: _____

Name: Andrew G. Smith

Title: Senior Vice President

EXHIBIT B

FORM OF DISCLOSURE LETTER

The undersigned, as purchaser, proposes to negotiate with the City of New Port Richey, Florida (the "Issuer") for the private purchase of its Water and Sewer Revenue Bond, Series 2017A (the "Series 2017A Bond") in the principal amount of \$_____. Prior to the award of the Series 2017A Bond, the following information is hereby furnished to the Issuer:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us (the "Purchaser") in connection with the issuance of the Series 2017A Bond (such fees and expenses to be paid by the Issuer):

Edwards Cohen
Purchaser's Counsel Fees -- \$5,000

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Purchaser in connection with the issuance of the Series 2017A Bond to any person not regularly employed or retained by the Purchaser (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Purchaser, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Purchaser, or to the knowledge of the Purchaser, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Purchaser or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2017A Bond.

3. The amount of the underwriting spread expected to be realized by the Purchaser is \$0 (\$0 per \$1,000).

4. The management fee to be charged by the Purchaser is \$0 (\$0 per \$1,000).

5. Truth-in-Bonding Statement:

The Series 2017A Bond is being issued primarily to finance the cost of certain water and sewer capital projects.

The Series 2017A Bond is expected to be repaid by October 1, 2031. At a fixed rate of 2.53%, total interest paid over the life of the Series 2017A Bond is estimated to be \$_____.

The Series 2017A Bond will be payable from Pledged Revenues in the manner and to the extent described in Ordinance No. 1878 enacted by the City Council of the Issuer (the "City Council") on September 18, 2007, as amended and supplemented from time to time, and as

particularly amended by Ordinance No. 2012-1987 enacted by the City Council on July 3, 2012 and as particularly supplemented by Ordinance No. 2017-2105 enacted by the City Council on February 7, 2017 (collectively, the "Ordinance"), on parity and equal status with the Issuer's Water and Sewer Refunding Revenue Bond, Series 2012. See the Ordinance for a definition of Pledged Revenues. Issuance of the Series 2017A Bond is estimated to result in an annual average of approximately \$_____ of revenues of the Issuer not being available to finance other services of the Issuer during the life of the Series 2017A Bond.

6. The name and address of the Purchaser is as follows:

Branch Banking and Trust Company
5130 Parkway Plaza Boulevard
Building No. 9
Charlotte, North Carolina 28217
Attention: Governmental Finance

DATED this 10th day of February, 2017.

BRANCH BANKING AND
TRUST COMPANY

By: _____
Name: Andrew G. Smith
Title: Senior Vice President