

CITY OF FAYETTEVILLE, NORTH CAROLINA

BOND ORDER

Adopted September 27, 2021

Authorizing and Securing

CITY OF FAYETTEVILLE, NORTH CAROLINA
PUBLIC WORKS COMMISSION REVENUE BONDS
SERIES 2021

BOND ORDER AUTHORIZING AND APPROVING THE SALE AND ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF NOT TO EXCEED \$198,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA, PUBLIC WORKS COMMISSION REVENUE BONDS, SERIES 2021 TO PROVIDE FUNDS FOR THE FINANCING AND REFINANCING OF VARIOUS ELECTRIC, WATER AND SANITARY SEWER CAPITAL IMPROVEMENTS AND DIRECTING THE AUTHENTICATION AND DELIVERY OF THE SERIES 2021 BONDS

WHEREAS, the City of Fayetteville, North Carolina (the “Issuer”), acting by and through its City Council (the “City Council”), is authorized by The State and Local Government Revenue Bond Act of North Carolina, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the “Act”), and particularly Sections 159-83(a)(5) and 159-81(3)(a), (b) and (c) thereof, to issue revenue bonds for the purpose of financing or refinancing the cost of acquisition, construction, reconstruction, enlargement, equipping, extension, betterment or improvement of water systems and facilities, sewage disposal systems and facilities and electric systems and facilities and to refund revenue bonds issued for such purposes; and

WHEREAS, the Fayetteville Public Works Commission (the “Commission”) was created pursuant to Chapter VIA of the City Charter of the Issuer as public authority for the purpose of managing, controlling and operating all facilities or projects owned or used by the Issuer for the generation, transmission and distribution of electric capacity and energy for lighting, heating and power, and all additions, extensions and improvements which may at any time be constructed or acquired (the “Electric System”), and for the purpose of supervising and managing all facilities or projects owned or used by the Issuer for the production, collection, treatment, transmission and distribution of water and the collection, transmission, treatment and disposal of sewage, and all additions, extensions and improvements which may at any time be constructed or acquired (the “Water and Sewer System,” and, together with the Electric System, the “System”); and

WHEREAS, the Commission is the designated public authority to operate the System for the purposes of providing electricity, water, and sewer services to the general public within the Issuer and in surrounding geographic areas; and

WHEREAS, pursuant to a bond order adopted by the City Council of the Issuer on November 5, 1990 (the “Original Bond Order”), the Issuer has heretofore issued its \$63,008,898.20 Public Works Commission Revenue Bonds, Series 1990; and

WHEREAS, pursuant to various supplemental bond orders adopted by the City Council of the Issuer on December 7, 1992, October 25, 1993, November 17, 1997, January 13, 2003, August 25, 2003, January 14, 2008, September 14, 2009, August 4, 2014, and November 13, 2018 (the “Amendatory Orders” and, together with the Original Bond Order, the “Bond Order”), the Issuer amended certain provisions of the Original Bond Order; and

WHEREAS, there is currently outstanding under the Bond Order, \$266,555,000 of Bonds (as defined in the Bond Order); and

WHEREAS, the Issuer has determined to finance the cost of certain improvements to the System as more fully described in Exhibit A attached hereto and made a part hereof (the “Series 2021 Project”); and

WHEREAS, the Issuer has previously issued its Public Works Commission Revenue Refunding Bonds, Series 2014 (the “Prior Bonds”); and

WHEREAS, after consideration, the Issuer has determined that the Issuer and the Commission may be able to realize significant debt service savings through the refunding of all or a portion of the Prior Bonds; and

WHEREAS, the Issuer has determined to (a) issue its Public Works Commission Revenue Bonds, Series 2021[A] (the “Series 2021[A] Bonds”) in an aggregate principal amount not to exceed \$102,000,000 for the purpose of providing funds, together with any other available funds, to (i) pay the costs of the Series 2021 Project, including capitalized interest with respect thereto and (ii) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2021[A] Bonds; and [(b) issue its Public Works Commission Revenue Refunding Bonds, Series 2021B (2021B if issued in 2021 or such other series designation to be determined to identify the bonds and the year of issuance) (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”) in an aggregate principal amount not to exceed \$96,000,000 for the purpose of (i) refunding all or a portion of the outstanding Prior Bonds and (ii) paying the fees and expenses incurred in connection with the sale and issuance of the Series 2021B Bonds]; and

WHEREAS, the Issuer has requested that the North Carolina Local Government Commission (the “LGC”) approve the application of the Issuer for the issuance of the Series 2021 Bonds pursuant to Section 159-86 of the Act and, pursuant to the request of the Issuer, sell the Series 2021 Bonds at a competitive sale after advertisement pursuant to Section 159-123 of the General Statutes of North Carolina, as amended; and

WHEREAS, the Commission adopted a resolution on September 22, 2021, requesting that the Issuer adopt this Series 2021 Bond Order, and such resolution specifies the Commission’s agreement to fulfill all of its obligations hereunder and its concurrence with all the terms and provisions hereof; and

WHEREAS, the Issuer has determined that the form of the Series 2021 Bonds shall be substantially in the form set forth in the Exhibit B attached hereto and made a part hereof, with such variations and omissions as are required or permitted by the Bond Order and this Series 2021 Bond Order; and

WHEREAS, under the Constitution and laws of the State of North Carolina, including the Act, the Issuer is authorized to adopt this Series 2021 Bond Order, to issue the Series 2021 Bonds as hereinafter provided for the purposes hereinbefore stated, and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted;

NOW, THEREFORE, BE IT ORDERED by the City Council of the City of Fayetteville, North Carolina as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Meaning of Words and Terms. Unless otherwise required by the context, capitalized words and terms used herein which are defined in the Bond Order shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings:

“Bond Year” means, with respect to the Series 2021 Bonds, the period beginning the first day of March of each year and ending on the last day of February of the following year.

“Escrow Agent” means the escrow agent serving in such capacity from time to time pursuant to the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, to be dated as of November 1, 2021, between the Issuer and the Escrow Agent, and any supplements or amendments thereto.

“Interest Payment Date” means March 1 and September 1 of each year, beginning March 1, 2022.

“Record Date” means, with respect to the Series 2021 Bonds, the 15th day of the month (whether or not a Business Day) preceding each Interest Payment Date.

“Refunded Bonds” means the Prior Bonds that are refunded by the Series 2021 Bonds.

“Securities Depository” means The Depository Trust Company, or any other recognized securities depository selected by the Issuer, which maintains a book-entry only system in respect of the Series 2021 Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Trustee for the Series 2021 Bonds.

“Serial Bonds” means, in respect of the Series 2021 Bonds, the Series 2021 Bonds so designated in the certificate of the Chief Financial Officer of the Issuer required by Section 2.04.

“Series Certificate” has the meaning set forth in Section 2.04.

“Series 2021 Bond Order” means this bond order adopted by the City Council of the Issuer on September 27, 2021, including any amendments or supplements hereto.

“Series 2021 Project Account” means the account created and so designated by Section 4.01.

“Series 2021 Subaccount of the Interest Account” means the subaccount created and so designated by Section 5.01.

“Series 2021 Subaccount of the Principal Account” means the subaccount created and so designated by Section 5.01.

“Sinking Fund Requirement” means, with respect to the Term Bonds and for any Bond Year, the principal amount fixed or computed for retirement by purchase or redemption on March 1 of the following Bond Year.

The Sinking Fund Requirements for the Term Bonds shall be initially the respective principal amounts of such Term Bonds to be redeemed or otherwise retired on March 1 of the following Bond Year as set forth in the certificate of the Chief Financial Officer of the Issuer required by Section 2.04.

On or before the 60th day next preceding any March 1 on which Term Bonds are to be retired pursuant to the Sinking Fund Requirement, the Issuer may deliver to the Trustee for cancellation Term Bonds required to be redeemed on such March 1 in any aggregate principal amount desired and receive a credit against amounts required to be transferred from the Series 2021 Subaccount of the Principal Account on account of such Term Bonds in the amount of 100% of the principal amount of any such Term Bonds so purchased. Any principal amount of Term Bonds delivered to the Trustee for cancellation and cancelled in excess of the principal amount required to be redeemed on such March 1 shall be credited against and reduce the principal amount of future Sinking Fund Requirements in such manner as shall be specified in an Officer's Certificate filed with the Trustee.

It shall be the duty of the Trustee, on or before the March 15 of each Bond Year, to confirm, as necessary, the Sinking Fund Requirement for such Bond Year and all subsequent Bond Years for the Term Bonds. The Sinking Fund Requirement for such Bond Year as so confirmed shall continue to be applicable during the balance of such Bond Year, and no adjustment shall be made therein by reason of Term Bonds purchased or redeemed or called for redemption during such Bond Year.

If any Term Bonds of the same maturity are paid or optionally redeemed by or on behalf of the Issuer, the Trustee shall reduce future Sinking Fund Requirements therefor in such manner as shall be specified in an Officer's Certificate filed with Trustee.

“Term Bonds” means the Series 2021 Bonds, if any, so designated in the certificate of the Chief Financial Officer of the Issuer required under Section 2.04.

Section 1.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number, and the word “person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. References herein to particular articles or sections are references to articles or sections of this Series 2021 Bond Order unless some other reference is indicated.

ARTICLE II

AUTHORIZATION, FORM, ISSUANCE AND DELIVERY OF SERIES 2021 BONDS

Section 2.01. Authorization of Series 2021 Bonds. For the purpose of providing funds, together with any other available funds, to (a) pay the costs of the Series 2021 Project, including capitalized interest with respect thereto, (b) refund all or a portion of the Prior Bonds and (c) pay certain fees and expenses incurred in connection with the sale and issuance of the Series 2021 Bonds, there shall be issued, under and pursuant to the Constitution and laws of the State of North Carolina, including the Act, the Bond Order and this Series 2021 Bond Order, the Series 2021 Bonds in the amounts and subject to the conditions herein provided.

Section 2.02. Form of Series 2021 Bonds Generally. The definitive Series 2021[A] Bonds are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof, shall be lettered "R[A]-" and shall be numbered from 1 consecutively upward. [The definitive Series 2021B Bonds are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof, shall be lettered "RB-" and shall be numbered from 1 consecutively upward.]

The definitive Series 2021 Bonds issued under the provisions of Section 2.04 shall be substantially in the form set forth in Exhibit B, with such appropriate variations, omissions and insertions as are permitted or required by the Bond Order and this Series 2021 Bond Order.

Section 2.03. Details of Series 2021 Bonds. The Series 2021 Bonds shall be dated as of the date of delivery thereof, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment, such interest to the maturity thereof being payable semiannually on each Interest Payment Date, and shall be stated to mature on March 1 (subject to the right of prior redemption), all as hereinafter provided.

Each Series 2021 Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) authenticated prior to the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Series 2021 Bond interest is in default, such Series 2021 Bond shall bear interest from the date to which interest has been paid.

The principal of and premium, if any, on the Series 2021 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee, or its successor in trust. Payment of interest on the Series 2021 Bonds shall be made to the Owner thereof as of the applicable Record Date by check mailed by the Trustee to such Owner at its address as it appears on the registration books maintained by the Trustee, or, in the case of an Owner of at least \$1,000,000 in aggregate principal amount of the Series 2021 Bonds, by bank wire transfer to an account maintained by such Owner in the United States of America and designated in written instructions by such Owner to the Trustee.

The Series 2021 Bonds shall be initially issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond

certificate with respect to each date on which the Series 2021 Bonds are stated to mature, in the aggregate principal amount of the Series 2021 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2021 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and interest on the Series 2021 Bonds shall be payable to Cede & Co. or any other person appearing on the registration books for the Series 2021 Bonds as the registered owner of such Series 2021 Bonds or its registered assigns or legal representatives. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Series 2021 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer, the Commission and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as Securities Depository for the Series 2021 Bonds or (b) the Issuer determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2021 Bonds would adversely affect the interests of the beneficial owners of the Series 2021 Bonds, the Issuer will discontinue the book-entry system with DTC. If the Issuer identifies another qualified Securities Depository to replace DTC, the Issuer will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2021 Bonds, and the references to DTC or Cede & Co. in this Series 2021 Bond Order shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Issuer fails to identify another qualified Securities Depository to replace DTC, the Issuer will deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Series 2021 Bonds as required by DTC and others. Prior to any transfer of the Series 2021 Bonds outside of a book-entry only system (including, but not limited to, the initial transfer outside a book-entry only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including, without limitation, any costs basis reporting obligations under the Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.04. Issuance and Delivery of Series 2021 Bonds. (a) There shall be issued under and secured by the Bond Order and this Series 2021 Bond Order the Series 2021[A] Bonds in an aggregate principal amount not to exceed One Hundred Two Million Dollars (\$102,000,000) for the purposes set forth in Section 2.01.

The Series 2021[A] Bonds shall be stated to mature on March 1, in such years and amounts; shall bear interest at such rate or rates, shall have such Sinking Fund Requirements and shall have such optional redemption provisions as shall be set forth in a certificate of the Chief

Financial Officer of the Issuer filed with the Trustee on the date of delivery of the Series 2021[A] Bonds (the "Series Certificate"); provided, however, that the final maturity of the Series 2021[A] Bonds shall not be later than March 1, 2051, the effective interest cost shall not exceed 4% per annum and the Series 2021[A] Bonds shall be subject to optional redemption starting no later than ten and one-half (10½) years from their date at a redemption price or prices not to exceed 102% of their face amount plus accrued interest to the date of redemption.

To the extent that the Series Certificate does not designate any of the Series 2021[A] Bonds as Term Bonds, the terms and provisions of this Series 2021 Bond Order relating to Term Bonds and the Sinking Fund Requirements therefor shall not be applicable and shall no longer be in effect.

[(b) There shall be issued under and secured by the Bond Order and this Series 2021 Bond Order the Series 2021B Bonds in an aggregate principal amount not to exceed Ninety-Six Million Dollars (\$96,000,000) for the purposes set forth in Section 2.01.

The Series 2021B Bonds shall be stated to mature on March 1, in such years and amounts; shall bear interest at such rate or rates, shall have such Sinking Fund Requirements and shall have such optional redemption provisions as shall be set forth in a certificate of the Chief Financial Officer of the Issuer filed with the Trustee on the date of delivery of the Series 2021B Bonds (the "Series Certificate"); provided, however, that the final maturity of the Series 2021B Bonds shall not be later than March 1, 2039, the effective interest cost shall not exceed 4% per annum and the Series 2021B Bonds shall be subject to optional redemption starting no later than ten and one-half (10½) years from their date at a redemption price or prices not to exceed 102% of their face amount plus accrued interest to the date of redemption.

To the extent that the Series Certificate does not designate any of the Series 2021B Bonds as Term Bonds, the terms and provisions of this Series 2021 Bond Order relating to Term Bonds and the Sinking Fund Requirements therefor shall not be applicable and shall no longer be in effect.]

[(c)] The Series 2021 Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall be deposited with the Trustee for authentication, but before the Series 2021 Bonds shall be delivered by the Trustee, there shall be filed with the Trustee the following:

(a) copies, duly certified by the City Clerk of the Issuer to be true and correct copies, of the Bond Order and this Series 2021 Bond Order;

(b) an executed copy of the Series Certificate;

(c) an executed copy of the Escrow Deposit Agreement;

(d) an Officer's Certificate evidencing compliance with Section 211(a) of the Bond Order; and

(e) such additional resolutions, certificates, documents and opinions as shall be required by the Trustee.

When the items mentioned in subparagraphs (a) to (e), inclusive, of the immediately preceding paragraph shall have been filed with the Trustee and when the Series 2021 Bonds shall have been executed and authenticated as required by the Bond Order and this Series 2021 Bond Order, the Trustee shall deliver the Series 2021 Bonds at one time to the State Treasurer for redelivery to or upon the order of the successful bidder for the Series 2021 Bonds, but only upon payment to the Trustee of the purchase price of the Series 2021 Bonds.

The proceeds of the Series 2021 Bonds shall be applied by the Trustee, simultaneously with the delivery of the Series 2021 Bonds, as provided in the Series Certificate.

ARTICLE III

REDEMPTION OF SERIES 2021 BONDS

Section 3.01. Terms of Redemption. The Series 2021 Bonds shall not be subject to prior redemption except as provided in this Article III and in Article III of the Bond Order.

(a) The Series 2021 Bonds shall be subject to redemption, at the option of the Issuer, at such times and at such redemption prices as shall be set forth in the Series Certificate.

(b) The Term Bonds are required to be redeemed to the extent of any Sinking Fund Requirement therefor on March 1 immediately following each Bond Year in which there is a Sinking Fund Requirement, at a redemption price equal to 100% of the principal amount of the Term Bonds to be redeemed, plus accrued interest to the redemption date.

Section 3.02. Selection of Series 2021 Bonds to Be Redeemed. The Series 2021 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2021 Bonds are called for redemption, the Series 2021 Bonds to be so redeemed shall be called for redemption in the manner set forth in an Officer's Certificate filed with the Trustee.

If less than all of the Series 2021 Bonds of any one maturity are to be called for redemption, the Trustee shall select the Series 2021 Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one Series 2021 Bond for this purpose; provided, however, that so long as the only Owner of the Series 2021 Bonds is a Securities Depository Nominee, such selection shall be made by the Securities Depository in accordance with its rules and procedures.

Section 3.03. Notice of Redemption. (a) Notwithstanding and in lieu of the provisions of Section 304 of the Bond Order, at least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2021 Bonds to be redeemed, whether such redemption be in whole or in part, the Trustee shall cause a notice of any such redemption signed to be mailed, first class, postage prepaid, to all Owners of Series 2021 Bonds to be redeemed in whole or in part; provided, however, that notice to any Securities Depository shall be sent in the manner prescribed by such Securities Depository; and provided further that failure to mail any such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2021 Bonds of any other Owner to whom notice was properly given. The Trustee shall also provide a copy such notice of redemption (i) to the Municipal Securities Rulemaking Board by posting the same on its Electronic Municipal Market Access ("EMMA") system and (ii) to the LGC by first class mail, postage prepaid, but failure to provide such notice or any defect therein shall not affect the validity of any proceedings for the redemption of any Series 2021 Bonds. The Issuer and the Commission shall provide such approvals or consents as may be required for the Trustee to file any such notice with the Municipal Securities Rulemaking Board through its EMMA filing system. Notwithstanding anything to the contrary, the Issuer acknowledges and agrees that the Trustee is not acting as the disclosure/dissemination agent for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") in connection with any notice required hereunder to be posted via the EMMA filing system.

(b) Each such notice shall set forth the designation, date and Series of the Series 2021 Bonds, the CUSIP numbers of the Series 2021 Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the address and phone number of the Trustee, the date of the redemption notice, the maturities of the Series 2021 Bonds to be redeemed and, if less than all of the Series 2021 Bonds of any one maturity shall be called for redemption, the distinctive numbers and letters, if any, of such Series 2021 Bonds to be redeemed and, in the case of Series 2021 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2021 Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2021 Bond, a new Series 2021 Bond in principal amount equal to the unredeemed portion of such Series 2021 Bond will be issued.

(c) Any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and interest on the Series 2021 Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Series 2021 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and interest on such Series 2021 Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

ARTICLE IV

SERIES 2021 PROJECT ACCOUNT

Section 4.01. Establishment of Series 2021 Project Account. There is hereby established with the Trustee a special account within the Construction Fund designated “City of Fayetteville, North Carolina PWC Series 2021 Project Account”. The Trustee shall make the deposit to the Series 2021 Project Account required by the Series Certificate.

The moneys in the Series 2021 Project Account shall be held by the Trustee in trust and, subject to the provisions of Section 4.02, shall be applied to the payment of the Costs of the Project relating to Series 2021 Project and the fees and expenses incurred in connection with the sale and issuance of the Series 2021 Bonds and, pending such application, shall be subject to a lien and charge in favor of the Owners of the Series 2021 Bonds and for the further security of such Owners until paid out or transferred as provided in this Article.

Section 4.02. Payments from Series 2021 Project Account. Payment of the Costs of the Project relating to Series 2021 Project shall be made from the Series 2021 Project Account in the manner provided, and subject to the provisions and restrictions set forth, in Section 604 of the Bond Order, and the Issuer shall not cause or agree to permit to be paid from the Series 2021 Project Account any sums except in accordance with such provisions and restrictions. The form of requisition to be used to requisition funds held in the Series 2021 Project Account shall be in substantially the form set forth in Exhibit C attached hereto.

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Establishment of Account and Subaccounts. [There are hereby established a “Series 2021A Subaccount” and a “Series 2021B Subaccount” within the Bond Fund. Amounts deposited and held in the Series 2021A Subaccount shall be held separate and apart from amounts deposited and held in the Series 2021B Subaccount.] The following account and subaccounts are hereby established:

- (a) Series 2021 Subaccount of the Interest Account; and
- (b) Series 2021 Subaccount of the Principal Account.

Such subaccounts shall be established with and held in trust by the Trustee pursuant to the Bond Order and this Series 2021 Bond Order for the benefit of the Owners of the Series 2021 Bonds.

Section 5.02. Deposits to Bond Fund Subaccounts. Moneys shall be deposited to the credit of the Series 2021 Subaccount of the Interest Account and the Series 2021 Subaccount of the Principal Account at the times and in the amounts required by Section 5.03 and Sections 602 and 603 of the Bond Order.

Section 5.03. Funds Received. The Issuer shall deposit, or cause to be deposited, with the Trustee, the following amounts, for application in the following order, subject to credits as hereinafter provided:

- (a) into the Series 2021 Subaccount of the Interest Account on the 25th day of the month immediately preceding each Interest Payment Date, the amount required to pay the interest due on the Series 2021 Bonds on such Interest Payment Date, less any amount deposited in the Series 2021 Subaccount of the Interest Account derived from proceeds of the Series 2021 Bonds that are to be applied to pay interest on the Series 2021 Bonds on such Interest Payment Date; and
- (b) into the Series 2021 Subaccount of the Principal Account, on the 25th day of the month immediately preceding each March 1, the amount required to pay the principal of all Serial Bonds coming due on such March 1 or the amount required to retire the Term Bonds to be called by mandatory sinking fund redemption or to be paid at maturity on such March 1 in accordance with the Sinking Fund Requirements therefor.

To the extent that investment earnings are credited to the Series 2021 Subaccount of the Interest Account or the Series 2021 Subaccount of the Principal Account or amounts are credited thereto as a result of the application of the proceeds of the Series 2021 Bonds, a transfer of investment earnings on any other fund or account held by the Trustee, a transfer of amounts in the Series 2021 Project Account or otherwise, required deposits to such subaccounts shall be reduced by the amount so credited.

Section 5.04. Application of Money in the Series 2021 Subaccount of the Interest Account. Not later than 10:00 A.M. on each Interest Payment Date or date for the payment of defaulted interest or date upon which Series 2021 Bonds are to be redeemed, the Trustee shall withdraw from the Series 2021 Subaccount of the Interest Account and remit to each Owner the amount required for paying interest on such Series 2021 Bonds when due and payable.

In the event the balance in the Series 2021 Subaccount of the Interest Account on the 25th day of each February or August is insufficient for the payment of interest becoming due on the Bonds on the next ensuing Interest Payment Date, the Trustee shall notify the Issuer of the amount of such deficiency. Upon notification, the Issuer shall immediately transfer, or cause to be transferred, to the Trustee an amount sufficient to cure the same.

Proceeds of the Series 2021 Bonds deposited in the Series 2021 Subaccount of the Interest Account to be used to pay a portion of the interest on the Bonds through March 1, 2020 shall be withdrawn by the Trustee and applied to pay interest on the Series 2021 Bonds on the Interest Payment Dates and in the amounts set forth in the Series Certificate.

Section 5.05. Application of Money in the Series 2021 Subaccount of the Principal Account. Not later than 10:00 A.M. on each March 1, commencing in the year of the first principal payment on the Series 2021 Bonds, the Trustee shall withdraw from the Series 2021 Subaccount of the Principal Account and set aside the amount necessary to pay the principal of all Series 2021 Bonds due on such March 1.

In the event the balance in the Series 2021 Subaccount of the Principal Account on the fifth Business Day next preceding any principal payment date is insufficient to pay principal becoming due on such principal payment date, the Trustee shall notify the Issuer of the amount of the deficiency. Upon notification, the Issuer shall immediately transfer, or cause to be transferred, to the Trustee an amount sufficient to cure the same.

Section 5.06. Security for the Series 2021 Bonds. In addition to the security for the Series 2021 Bonds granted by the Issuer pursuant to the Bond Order, the Issuer hereby grants to the Owners of the Series 2021 Bonds and to the Trustee, on behalf of such Owners, a pledge of the money and securities in any and all of the accounts and subaccounts established under this Series 2021 Bond Order.

Section 5.07. Tax Covenant. The Issuer covenants to do and perform all acts and things permitted by law in order to assure that interest paid on the Series 2021 Bonds which was excludable from the gross income of their Owners for federal income taxes on the date of their issuance shall continue to be so excludable.

ARTICLE VI

INVESTMENTS

Section 6.01. Investment of Money. All money held by the Trustee in any account or subaccount created by this Series 2021 Bond Order shall be invested in accordance with the provisions of Section 701 of the Bond Order. Although the Issuer recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer agrees that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered or made available by the Trustee.

ARTICLE VII

DEFAULTS

Section 7.01. Defaults. All Defaults set forth in Section 901 of the Bond Order shall be Defaults under this Series 2021 Bond Order.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of Duties by Trustee. The Trustee shall signify its acceptance the duties and obligations and the trusts imposed upon it by this Series 2021 Bond Order by execution of the Certificate of Authentication on the Series 2021 Bonds.

ARTICLE IX

SUPPLEMENTAL BOND ORDERS

Section 9.01. Procedure for Adoption of Supplemental Bond Orders. The Issuer may, from time to time and at any time, adopt such orders amending and supplementing the provisions of this Series 2021 Bond Order in the same manner is provided in Sections 1101 and 1102 of the Bond Order for the adoption of supplemental bond orders, and the provisions of said Sections 1101 and 1102 are hereby incorporated herein and made applicable hereto in the same manner as if herein set forth; provided, however, that to the extent any amendment or supplement to this Series 2021 Bond Order relates solely to the Series 2021 Bonds, and affects only the Owners of the Series 2021 Bonds, the provisions of Section 1102 of the Bond Order requiring the consent of the Owners of all Outstanding Bonds shall be read as referring only the Owners of the Outstanding Series 2021 Bonds.

ARTICLE X

CONTINUING DISCLOSURE

Section 10.01. Continuing Disclosure. The Issuer and the Commission hereby undertake, for the benefit of the beneficial owners of the Series 2021 Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(a) by not later than seven months from the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2022, audited financial statements of the Commission for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Commission are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Commission for such Fiscal Year to be replaced subsequently by audited financial statements of the Commission to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2022, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the following headings in the Official Statement, to be dated as of the date of delivery thereof, relating to the Series 2021 Bonds (the “Official Statement”), to the extent that such items are not included in the financial statements referred to in (a) above:

- (1) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – The Electric System – Electric System Requirements and – Electric System Customers and Sales” (tables and largest customer information therein);
- (2) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – The Electric System – Electric Rates and Bills” (rate tables therein);
- (3) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – The Water System – Water System Requirements and – Water System Customers and Sales” (tables and largest customer information therein);
- (4) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – The Water System – Water Rates” (rate tables therein);
- (5) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – The Wastewater System – Wastewater System Requirements and – Wastewater Customers and Sales” (tables and largest customer information therein);
- (6) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – The Wastewater System – Wastewater Rates” (rate tables therein); and
- (7) “THE FAYETTEVILLE PUBLIC WORKS COMMISSION – Historic Operating Results” (excluding management’s discussion);

(c) in a timely manner not in excess of ten business day after the occurrence of the event, notice of any of the following events with respect to the Series 2021 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds or other material events affecting the tax status of the Series 2021 Bonds;
- (7) modification to the rights of the beneficial owners of the Series 2021 Bonds, if material;
- (8) bond calls, other than calls for mandatory sinking fund redemption, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Series 2021 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer or the Commission;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the Commission or the sale of all or substantially all of the assets of the Issuer or the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional Trustee or the change of name of the Trustee, if material;
- (15) incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other

similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; or

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties and

(d) in a timely manner, notice of a failure of the Issuer or the Commission to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The Issuer and the Commission may also discharge the undertaking described above by transmitting such information in any other manner subsequently authorized or required by the U.S. Securities and Exchange Commission in lieu of the manner described above.

If the Issuer or the Commission fails to comply with the undertaking described above, the Trustee, upon the written direction of the beneficial owners of a majority of the Series 2021 Bonds then outstanding and the receipt of indemnity satisfactory to the Trustee, or any beneficial owner of the Series 2021 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be a Default under the Bond Order or this Series 2021 Bond Order and shall not result in any acceleration of the Series 2021 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2021 Bonds.

The Issuer and the Commission reserve the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Issuer and the Commission, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer or the Commission;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Owners of the Series 2021 Bonds, as determined by the Trustee or bond counsel to the Issuer and the Commission, or by approving vote of the Owners of a majority in principal amount of the Series 2021 Bonds then Outstanding pursuant to the terms of the Bond Order and this Series 2021 Bond Order at the time of the amendment.

In the event that the Issuer and the Commission make such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2021 Bonds.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01. Trustee, Issuer, Commission and Owners Alone Have Rights Under Series 2021 Bond Order. Except, as herein otherwise expressly provided, nothing in this Series 2021 Bond Order, express or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the Trustee, the Issuer, the Commission and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Series 2021 Bond Order or any provision hereof, this Series 2021 Bond Order and all its provisions being intended to be and being for the sole and exclusive benefit of the Trustee, the Issuer, the Commission and the Owners.

Section 11.02. Effect of Partial Invalidity. In case any one or more of the provisions of this Series 2021 Bond Order or the Series 2021 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Series 2021 Bond Order or the Series 2021 Bonds, but this Series 2021. Bond Order and the Series 2021 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Series 2021 Bonds or this Series 2021 Bond Order shall for any reason be held to be in violation of any law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer to the fullest extent permitted by law.

Section 11.03. Effect of Covenants. All covenants, stipulations, obligations and agreements of the Issuer contained in this Series 2021 Bond Order shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the fullest extent permitted by the Constitution and laws of the State. This Series 2021 Bond Order is adopted with the intent that the laws of the State shall govern its construction.

Section 11.04. Dealing in Bonds. The Trustee and its directors, officers, employees or agents, and any officer, employee or agent of the Issuer or the Commission, may in good faith, buy, sell, own, hold and deal in any Series 2021 Bonds issued under the provisions of this Series 2021 Bond Order and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a Trustee or as if such officer, employee or agent of the Issuer or the Commission did not serve in such capacity.

Section 11.05. Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2021 Bond Order, nor shall they affect its meaning, construction or effect.

Section 11.06. Further Authority. The officers, attorneys, engineers and other agents or employees of the Issuer and the Commission, their attorneys, officers, agents and employees, are hereby authorized to do all acts and things required of them by this Series 2021 Bond Order for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2021 Bonds and this Series 2021 Bond Order.

Section 11.07. Approval of Competitive Sale of Series 2021 Bonds by LGC; Approval of Preliminary Official Statement and Official Statement and Authorization to Execute and Deliver Official Statement and Other Documents.

(a) All actions of the Mayor, the City Manager and the Chief Financial Officer in applying to the LGC to advertise and sell the Series 2021 Bonds are hereby approved, ratified and confirmed, and the LGC is hereby requested to ask for sealed bids for the Series 2021 Bonds by publishing notices and printing and distributing a Preliminary Official Statement, to be dated as of the date of delivery thereof, relating to the sale of the Series 2021 Bonds. Such Preliminary Official Statement, in substantially the form presented at this meeting, is hereby authorized and approved.

(b) The preparation of a final Official Statement (the “Final Official Statement”), which will be in the form of the Preliminary Official Statement, but will include certain pricing and other information to be made available to the successful bidder for the Series 2021 Bonds by the LGC, is hereby approved, and the Mayor, the City Manager and the Chief Financial Officer are each hereby authorized to execute and deliver such Final Official Statement for and on the behalf of the Issuer, and such execution shall be conclusive evidence of the approval of the Issuer of the Final Official Statement.

(c) The officers and employees of the Issuer are authorized and directed (without limitation, except as may be expressly set forth herein and in the Bond Order) to take such action and to execute and deliver such documents, certificates, undertakings and agreements or other instruments as any of them, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by this Series 2021 Bond Order and the Official Statement.

[Section 11.08. Refunding and Redemption of Prior Bonds.

(a) The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, is hereby appointed as the initial Escrow Agent in connection with the refunding of the Refunded Bonds pursuant to the Escrow Deposit Agreement, subject to the right of the Issuer to appoint another Escrow Agent as provided in the Escrow Deposit Agreement. Bingham Arbitrage Rebate Services, Inc. is hereby appointed to serve as the verification agent in connection with the such refunding.

(b) The Prior Bonds to be refunded by the Series 2021 Bonds shall be set forth in the Series Certificate and the Escrow Deposit Agreement.

(c) The City Council hereby directs that the Refunded Bonds shall be called for optional redemption on March 1, 2024, in the manner set forth in the Prior Bonds, the Bond Order and the Escrow Deposit Agreement. The Escrow Agent is hereby authorized and directed to cause notices of such refunding and redemption to be provided in the manner set forth in the Bond Order and the Escrow Deposit Agreement.

Section 11.09. Series 2021 Bond Order Effective. This Series 2021 Bond Order shall take effect immediately upon its adoption; provided, however, that the provisions of Section 11.08 shall only become effective upon the issuance of the Series 2021 Bonds.

DESCRIPTION OF SERIES 2021 PROJECT

The Series 2021 Project consists of the acquisition, construction and equipping of various improvements to the electric, water and sanitary sewer facilities of the Issuer and the Commission, including, without limitation, the following:

- (a) extension of water and sanitary sewer mains and lines to various annexed areas of the Issuer;
- (b) extension, rehabilitation and replacement of water and sanitary sewer mains and lines;
- (c) improvements and upgrades to sanitary sewer collection and treatment facilities;
- (d) improvements and upgrades to the water distribution and treatment facilities; and
- (e) construction, extension, and replacement of and improvements and upgrades to the electric system facilities.

[Form of Series 2021 Bonds]

United States of America
 State of North Carolina
 County of Cumberland

CITY OF FAYETTEVILLE
 PUBLIC WORKS COMMISSION REVENUE BOND
 SERIES 2021[A]

No. R[A]-__ \$_____

INTEREST RATEMATURITY DATECUSIP

%

March 1, ____

The City of Fayetteville, North Carolina (the “Issuer”), a municipal corporation, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO., or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), the principal sum set forth above. The Issuer also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to March 1, 2022, in which event it shall bear interest from its date, payable on March 1 and September 1 of each year, beginning March 1, 2022, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the registered owners not less than ten (10) days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2021 Bonds (hereinafter defined) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Bond Order (hereinafter defined). Such payment of interest shall be made by check mailed by the Trustee to the registered owner at his address as it appears on the bond registration books maintained by the Trustee, or, in the case of a registered owner of at least \$1,000,000 in aggregate principal amount of the Series 2021 Bonds, by bank wire transfer to a bank account maintained by such registered owner in the United States of America and designated in written instructions to the Trustee, or in such other manner as may be

permitted by the Bond Order. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Issuer designated “Public Works Commission Revenue Bonds, Series 2021” (the “Series 2021 Bonds”), issued pursuant to The State and Local Government Revenue Bond Act, as amended, a Bond Order duly adopted by the City Council of the Issuer on November 5, 1990, as supplemented and amended (the “Original Bond Order”), and a Bond Order duly adopted by the City Council of the Issuer on November 13, 2021 (the “Series 2021 Bond Order” and, together with the Original Bond Order, the “Bond Order”) for the purpose of providing funds, together with any other available funds, to (a) pay the costs of the Series 2021 Project (as defined in the Series 2021 Bond Order), including capitalized interest with respect thereto, and (b) pay certain fees and expenses incurred in connection with the sale and issuance of the Series 2021[A] Bonds.

The Series 2021 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Series 2021 Bond Order. One bond certificate with respect to each date on which the Series 2021 Bonds are stated to mature, in the aggregate principal amount of the Series 2021 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), is being issued and required to be deposited with DTC (or its designee) and immobilized in its custody. The book-entry system will evidence ownership of the Series 2021 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to beneficial owners of the Series 2021 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer or the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of and interest on this bond shall be made in accordance with the existing arrangements among the Issuer, the Trustee and DTC.

This bond is a limited obligation of the Issuer and is secured *pari passu* with the Issuer’s outstanding Bonds and any Additional Bonds (both as defined in the Bond Order) by a pledge of, and the principal of, the premium, if any, and interest on this Series 2021 Bond are payable solely from, the Net Revenues. This bond is also secured by the money and securities in the funds and accounts held by the Trustee under the Series 2021 Bond Order and the income from the investment thereof. Except as hereinabove described, this bond is not secured by a lien on any property or assets of the Issuer or the Public Works Commission of the City of Fayetteville, and this bond does not constitute a debt of the Issuer for which the faith and credit and taxing power of the Issuer are pledged, and the issuance of this Series 2021 Bond will not directly or indirectly or contingently obligate the Issuer to levy any tax or pledge any form of taxation for the payment hereof.

Reference is made to the Bond Order for a more complete statement of the provisions thereof and of the rights of the Issuer, the Trustee and the registered owners of the Series 2021

Bonds. Copies of the Bond Order will be available for inspection by any registered owner of the Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Bond Order. All capitalized words and terms used herein and not otherwise defined have the meanings given such words and terms in the Bond Order.

This bond is issued and the Bond Order was adopted under and pursuant to the Constitution and laws of the State of North Carolina, in particular The State and Local Government Revenue Bond Act, being Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

The Original Bond Order provides for the creation of a special fund designated "City of Fayetteville, North Carolina PWC Revenue Bonds, Bond Fund" (the "Bond Fund"). Pursuant to the Series 2021 Bond Order, special subaccounts have been created within the various accounts of the Bond Fund with respect to the Series 2021 Bonds (the "Subaccounts"), which Subaccounts are pledged and charged with the payment of the principal of and the interest on the Series 2021 Bonds. The Series 2021 Bond Order provides for the deposit of Net Revenues to the credit of the Subaccounts to the extent and in the manner provided in the Bond Order.

The City has heretofore issued under the Bond Order several series of Bonds. The Bond Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of Additional Bonds secured pari passu with the Issuer's outstanding Bonds and the Series 2021 Bonds as to the pledge of Net Revenues in the manner provided in the Bond Order.

The Series 2021 Bonds are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof. This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Order, and upon surrender and cancellation of this bond. Upon such transfer, a new Series 2021 Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate will be issued to the transferee in exchange therefor.

[The Series 2021 Bonds maturing prior to March 1, 20__ are not subject to redemption prior to their maturity. The Series 2021 Bonds maturing on or after March 1, 20__ are subject to redemption prior to their respective maturities, at the option of the Issuer, from any moneys that may be available for such purpose, either in whole or in part on any date on or after March 1, 20__, at a redemption price equal to 100% of the principal amount of Series 2021 Bonds to be redeemed, plus accrued interest to the redemption date.]

[The Term Bonds (as defined in the Series 2021 Bond Order) maturing on March 1, 20__ are subject to mandatory redemption in part beginning on March 1, 20__ and on each March 1 thereafter until the maturity thereof, in the amounts set forth in the Series 2021 Bond Order as the Sinking Fund Requirements therefor, at a redemption price equal to 100% of the principal amount of the Series 2021 Bonds to be redeemed, plus accrued interest to the redemption date.]

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2021 Bonds to be redeemed, whether such redemption is in whole or in part, the Trustee shall cause a notice of any such redemption signed by the Trustee to be mailed, first class, postage prepaid, to all registered owners of Series 2021 Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2021 Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Series 2021 Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all of the Series 2021 Bonds are to be called for redemption, the Series 2021 Bonds to be so redeemed shall be called for redemption in the manner that the Issuer shall determine as set forth in an Officer's Certificate filed with the Trustee. If less than all the Series 2021 Bonds of any one maturity are called for redemption, the Trustee shall select the Series 2021 Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one Series 2021 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2021 Bonds is Cede & Co., such selection shall be made by DTC.

Any notice of redemption[, except a notice of redemption in respect of a Sinking Fund Requirement,] may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and interest on the Series 2021 Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and interest on such Series 2021 Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The registered owner of this bond shall have no right to enforce the provisions of the Bond Order, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Bond Order, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Order.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Bond Order, the principal of all Bonds, including the Series 2021 Bonds, then outstanding under the Bond Order may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or amendments to the Bond Order or any order supplemental thereto may be made only to the extent and in the circumstances permitted by the Bond Order.

This bond, notwithstanding the provisions for registration and transfer stated herein and contained in the Bond Order, at all times shall be and shall be understood to be an investment

security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina.

This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Series 2021 Bond and the adoption of the Original Bond Order and the Series 2021 Bond Order have happened, exist and have been performed as so required.

Neither the members of the City Council of the Issuer or its officers or employees nor any member, officer or employee of the Fayetteville Public Works Commission is liable personally hereon or subject to any personal liability or accountability by reason of the issuance or execution hereof.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Fayetteville, North Carolina, by resolution duly passed by its City Council, has caused this bond to be manually signed by the Mayor and the City Clerk and its corporate seal to be impressed hereon, all as of the ____ day of December, 2021.

Mayor

[SEAL]

City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

This bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Bond Order.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within bond and all right thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney, to transfer the within bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

[United States of America
State of North Carolina
County of Cumberland

CITY OF FAYETTEVILLE
PUBLIC WORKS COMMISSION REVENUE REFUNDING BOND
SERIES 2021B

No. RB-__

\$_____

INTEREST RATE

MATURITY DATE

CUSIP

%

March 1, _____

The City of Fayetteville, North Carolina (the “Issuer”), a municipal corporation, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO., or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), the principal sum set forth above. The Issuer also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to March 1, 2022, in which event it shall bear interest from its date, payable on March 1 and September 1 of each year, beginning March 1, 2022, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the registered owners not less than ten (10) days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2021B Bonds (hereinafter defined) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Bond Order (hereinafter defined). Such payment of interest shall be made by check mailed by the Trustee to the registered owner at his address as it appears on the bond registration books maintained by the Trustee, or, in the case of a registered owner of at least \$1,000,000 in aggregate principal amount of the Series 2021B Bonds, by bank wire transfer to a bank account maintained by such registered owner in the United States of America and designated in written instructions to the Trustee, or in such other manner as may be permitted by the Bond Order. All such payments shall be made in such coin or currency of the

United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Issuer designated “Public Works Commission Revenue Refunding Bonds, Series 2021B” (the “Series 2021B Bonds”), issued pursuant to The State and Local Government Revenue Bond Act, as amended, a Bond Order duly adopted by the City Council of the Issuer on November 5, 1990, as supplemented and amended (the “Original Bond Order”), and a Bond Order duly adopted by the City Council of the Issuer on September 27, 2021 (the “Series 2021 Bond Order” and, together with the Original Bond Order, the “Bond Order”) for the purpose of providing funds, together with any other available funds, to (a) refund all or a portion of the Prior Bonds (as defined in the Series 2021 Bond Order) and (b) pay certain fees and expenses incurred in connection with the sale and issuance of the Series 2021B Bonds.

The Series 2021B Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Series 2021 Bond Order. One bond certificate with respect to each date on which the Series 2021B Bonds are stated to mature, in the aggregate principal amount of the Series 2021B Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), is being issued and required to be deposited with DTC (or its designee) and immobilized in its custody. The book-entry system will evidence ownership of the Series 2021B Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to beneficial owners of the Series 2021B Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer or the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of and interest on this bond shall be made in accordance with the existing arrangements among the Issuer, the Trustee and DTC.

This bond is a limited obligation of the Issuer and is secured *pari passu* with the Issuer’s outstanding Bonds and any Additional Bonds (both as defined in the Bond Order) by a pledge of, and the principal of, the premium, if any, and interest on this Series 2021B Bond are payable solely from, the Net Revenues. This bond is also secured by the money and securities in the funds and accounts held by the Trustee under the Series 2021 Bond Order and the income from the investment thereof. Except as hereinabove described, this bond is not secured by a lien on any property or assets of the Issuer or the Public Works Commission of the City of Fayetteville, and this bond does not constitute a debt of the Issuer for which the faith and credit and taxing power of the Issuer are pledged, and the issuance of this Series 2021B Bond will not directly or indirectly or contingently obligate the Issuer to levy any tax or pledge any form of taxation for the payment hereof.

Reference is made to the Bond Order for a more complete statement of the provisions thereof and of the rights of the Issuer, the Trustee and the registered owners of the Series 2021B Bonds. Copies of the Bond Order will be available for inspection by any registered owner of the

Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Bond Order. All capitalized words and terms used herein and not otherwise defined have the meanings given such words and terms in the Bond Order.

This bond is issued and the Bond Order was adopted under and pursuant to the Constitution and laws of the State of North Carolina, in particular The State and Local Government Revenue Bond Act, being Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

The Original Bond Order provides for the creation of a special fund designated “City of Fayetteville, North Carolina PWC Revenue Bonds, Bond Fund” (the “Bond Fund”). Pursuant to the Series 2021 Bond Order, special subaccounts have been created within the various accounts of the Bond Fund with respect to the Series 2021B Bonds (the “Subaccounts”), which Subaccounts are pledged and charged with the payment of the principal of and the interest on the Series 2021B Bonds. The Series 2021 Bond Order provides for the deposit of Net Revenues to the credit of the Subaccounts to the extent and in the manner provided in the Bond Order.

The City has heretofore issued under the Bond Order several series of Bonds. The Bond Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of Additional Bonds secured pari passu with the Issuer’s outstanding Bonds and the Series 2021B Bonds as to the pledge of Net Revenues in the manner provided in the Bond Order.

The Series 2021B Bonds are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof. This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Order, and upon surrender and cancellation of this bond. Upon such transfer, a new Series 2021B Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate will be issued to the transferee in exchange therefor.

[The Series 2021B Bonds maturing prior to March 1, 20__ are not subject to redemption prior to their maturity. The Series 2021B Bonds maturing on or after March 1, 20__ are subject to redemption prior to their respective maturities, at the option of the Issuer, from any moneys that may be available for such purpose, either in whole or in part on any date on or after March 1, 20__, at a redemption price equal to 100% of the principal amount of Series 2021B Bonds to be redeemed, plus accrued interest to the redemption date.]

[The Term Bonds (as defined in the Series 2021 Bond Order) maturing on March 1, 20__ are subject to mandatory redemption in part beginning on March 1, 20__ and on each March 1 thereafter until the maturity thereof, in the amounts set forth in the Series 2021B Bond Order as the Sinking Fund Requirements therefor, at a redemption price equal to 100% of the principal amount of the Series 2021B Bonds to be redeemed, plus accrued interest to the redemption date.]

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2021B Bonds to be redeemed, whether such redemption is in whole or in part, the Trustee shall cause a notice of any such redemption signed by the Trustee to be mailed, first class, postage prepaid, to all registered owners of Series 2021B Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2021B Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2021B Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Series 2021B Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all of the Series 2021B Bonds are to be called for redemption, the Series 2021B Bonds to be so redeemed shall be called for redemption in the manner that the Issuer shall determine as set forth in an Officer's Certificate filed with the Trustee. If less than all the Series 2021B Bonds of any one maturity are called for redemption, the Trustee shall select the Series 2021B Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one Series 2021B Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2021B Bonds is Cede & Co., such selection shall be made by DTC.

Any notice of redemption[, except a notice of redemption in respect of a Sinking Fund Requirement,] may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and interest on the Series 2021B Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and interest on such Series 2021B Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The registered owner of this bond shall have no right to enforce the provisions of the Bond Order, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Bond Order, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Order.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Bond Order, the principal of all Bonds, including the Series 2021B Bonds, then outstanding under the Bond Order may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or amendments to the Bond Order or any order supplemental thereto may be made only to the extent and in the circumstances permitted by the Bond Order.

This bond, notwithstanding the provisions for registration and transfer stated herein and contained in the Bond Order, at all times shall be and shall be understood to be an investment

security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina.

This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Series 2021B Bond and the adoption of the Original Bond Order and the Series 2021 Bond Order have happened, exist and have been performed as so required.

Neither the members of the City Council of the Issuer or its officers or employees nor any member, officer or employee of the Fayetteville Public Works Commission is liable personally hereon or subject to any personal liability or accountability by reason of the issuance or execution hereof.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Fayetteville, North Carolina, by resolution duly passed by its City Council, has caused this bond to be manually signed by the Mayor and the City Clerk and its corporate seal to be impressed hereon, all as of the ____ day of November, 2021.

Mayor

[SEAL]

City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

This bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Bond Order.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within bond and all right thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney, to transfer the within bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: Signature must be guaranteed by an
institution which is a participant in the
Securities Transfer Agent Medallion Program
(STAMP) or similar program.

The signature to this assignment must
correspond with the name as it appears upon
the face of the within bond in every particular,
without alteration or enlargement or any
change whatever.]

REQUISITION NO. ____

REQUISITION

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Corporate Trust Department

Re: Disbursement from the Series 2021 Project Account pursuant to Series 2021 Bond Order adopted on September 27, 2021 (the "Bond Order") by the City Council of the City of Fayetteville, North Carolina (the "Issuer")

1. The Issuer hereby requests payment in the amount of \$_____ to be paid to _____ [by wire transfer][by check]. Delivery instructions are as follows:

2. The purpose for which the obligation to be paid was incurred was for _____.
Said costs constitutes an eligible cost of the Series 2021 Project within the meaning of the Bond Order.

3. The obligation set forth above has been incurred by the Issuer, is presently due and payable, and is a proper charge against the Series 2021 Project Account that has not been paid.

4. No notice of any lien, right to lien or attachment upon, or claim affecting the right of any such person to receive payment of, the amount stated in this Requisition has been filed or attached.

[If any contractors or other construction lien has been imposed with respect to the Series 2021 Project or the proceeds of the Series 2021 Bonds paragraph 4 should be revised to describe the lien and certify that same either has been or will be satisfied or discharged or that provisions have been made (which should be specified) to protect adequately the Trustee and the Owners of the Series 2021 Bonds from incurring any loss as a result of the same.]

5. This Requisition does not contain any item representing payment on account of any retainage to which the Issuer is entitled as of the date of this Requisition.

Very truly yours,

Commission Representative