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the registered owner hereof or his legal representative upon the surrender hereof.

[The following four paragraphs are to be included in the form of Bond so long as the Bonds are being issued pursuant to a book-entry system.]

The Bonds initially 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 Resolution. Initially one Bond certificate with respect to each date on which the Bonds are stated to mature, in the aggregate principal amount of the Bonds stated to mature on such date and registered in the name of the Securities Depository Nominee (as defined in the Resolution), a nominee of the Securities Depository (as defined in the Resolution), is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system of the Securities Depository will evidence positions held in the Bonds by the Security Depository's participants, with beneficial ownership of the Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of beneficial ownership will be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants.

The Issuer and the Bond Registrar will recognize the Securities Depository Nominee or the Securities Depository, as the case may be, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of

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principal of, and redemption premium, if any, and interest on, this Bond, notices and voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by the Securities Depository, its participants or persons acting through such participants.

While the Securities Depository Nominee or the Securities Depository, as the case may be, is the owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said holder as may be specified in the bond registration books maintained by the Bond Registrar or by such other method of payment as the Issuer may determine to be necessary or advisable with the concurrence of the Securities Depository. In addition, so long as a book-entry system is used for determining beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, the Securities Depository and its participants shall

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determine by lot which of the Bonds within a maturity are to be redeemed.

In certain events, the Issuer will be authorized to replace the Securities Depository at the time with another qualified securities depository. In certain events, the Issuer will be authorized to discontinue the book-entry system and to deliver replacement Bonds in the form of fully-registered certificates in the denomination of \$5,000 or any multiple thereof in exchange for the outstanding Bonds as provided in the Resolution.

At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its office the books of the Issuer for the registration of transfer of Bonds. The transfer of this Bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this Bond, of the same maturity and bearing interest at the same rate.

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The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or of any Bond called for redemption in whole or in part pursuant to the Resolution.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of North Carolina to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in regular and due form and time as so required; that provision has been made for the levy and collection of a direct annual tax upon all taxable property within the geographic boundaries of the Issuer sufficient to pay the principal of and the interest on this Bond as the same shall become due; and that the total indebtedness of the Issuer, including this Bond, does not exceed any constitutional or statutory limitation thereon.

[The following paragraphs through the Certificate of Authentication are to appear on the front side of printed Bonds]

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

IN WITNESS WHEREOF, said City of Charlotte, by resolution duly adopted by its City Council, has caused this Bond to be

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executed with the manual or facsimile signatures of its Mayor and its City Clerk and its official seal to be impressed or imprinted hereon, all as of the 1st day of June, 1988.

CITY OF CHARLOTTE

[Manual or Facsimile Signature]
 Mayor

[Seal]

[Manual or Facsimile Signature]
 City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Bond has been approved under the provisions of The Local Government Bond Act of North Carolina.

[Manual or Facsimile Signature]
 Secretary, Local Government
 Commission

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein and described in the within-mentioned Resolution.

CITY OF CHARLOTTE,
 as Bond Registrar

By: _____
 Director of Finance

Date of Authentication:

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ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto

the within bond and all rights thereunder and hereby irrevocably constitutes and appoints

attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Certificated Bonds issuable hereunder shall be in substantially the form of the Bonds registered in the name of the Securities Depository Nominee with such changes as are necessary to reflect the provisions of this resolution that are applicable to Certificated Bonds.

Section 10. The Water and Sewer Bonds maturing prior to June 1, 1999 will not be subject to redemption prior to maturity.

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Said Bonds maturing on June 1, 1999 and thereafter will be redeemable, at the option of the Issuer, from any moneys that may be made available for such purpose, either in whole on any date not earlier than June 1, 1998, or in part on any interest payment date not earlier than June 1, 1998, at the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, plus a redemption premium of $1/2$ of 1% of the principal amount of each Bond to be redeemed for each calendar year or part thereof between the redemption date and the maturity date of such Bond, such premium not to exceed 2% of such principal amount.

If less than all of the Water and Sewer Bonds of any one maturity shall be called for redemption, then subject to the sentence immediately following, the particular Water and Sewer Bonds or portions of Water and Sewer Bonds of such maturity to be redeemed shall be selected by lot by the Issuer in such manner as the Issuer in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. So long as a book-entry system is used for determining beneficial ownership of Bonds, if less than all of the Water and Sewer Bonds within a maturity are to be redeemed, the Securities Depository and its participants shall determine by lot which of said Bonds within a maturity are to be redeemed. If less than all of the Water and

Sewer Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in the inverse order of their maturities.

Not more than 60 days nor less than 30 days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed. Postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his address appearing upon the registration books of the Issuer. Failure to mail such notice or any defect therein as to any Bond or portion thereof shall not affect the validity of the redemption as to any Bond or portion thereof for which such notice was given as required hereby. Each such notice shall set forth the date designated for redemption, the redemption price to be paid and the maturities of the Bonds to be redeemed. In the event that Certificated Bonds are outstanding, each such notice to the registered owners thereof shall also set forth, if less than all of the Bonds of any maturity then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any 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 Bond, a new Bond or Bonds in princi-

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pal amount equal to the unredeemed portion of such Bond will be issued.

If any Bonds or portions thereof are to be redeemed, the Bond Registrar shall open a separate account for the sole benefit of the bondholders whose Bonds are being redeemed, which account may be maintained by the Bond Registrar or by an agent. On or before the date fixed for redemption, moneys shall be deposited with the Bond Registrar in its capacity as such for deposit in such account to pay the principal of and the redemption premium, if any, on the Bonds or portions thereof called for redemption as well as the interest accruing thereon to the redemption date thereof.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof so called for redemption shall be due and payable from the moneys required to be deposited in such account at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in such account for the registered owners of Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefits or security under this resolution or to be deemed outstanding, and the registered owners of such Bonds or portions thereof shall have no

rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

If a portion of a Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

Section 11. The Public Improvement Bonds and the endorsements thereon shall be in substantially the following forms:

[Front Side of Printed Bonds]

No. R- _____

\$ _____

United States of America
State of North Carolina
County of Mecklenburg

CITY OF CHARLOTTE

Public Improvement Bonds, Series 1988

MATURITY DATE

INTEREST RATE

CUSIP

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The City of Charlotte, a municipal corporation in Mecklenburg County, North Carolina (the "Issuer"), is justly indebted and for value received hereby promises to pay to or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of Finance of the Issuer, currently at 600 East Fourth Street, Charlotte, North Carolina 28202 (the "Bond Registrar"), the principal sum of

_____ DOLLARS

and to pay interest on such principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on December 1, 1988 and semiannually thereafter on June 1 and December 1 in each year, at the rate per annum specified above, until payment of such principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this Bond (or the previous Bond or Bonds evidencing the same debt as that evidenced by 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, by check mailed to such person at his address as it appears on the

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bond registration books of the Issuer. Both the principal of and the interest on this Bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt payment hereof, both principal and interest as the same shall become due, the full faith and credit of the Issuer are hereby irrevocably pledged.

[Printed Bonds are to include
the following paragraph]

ADDITIONAL PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

[Reverse Side of Printed Bonds]

This Bond is one of an issue of Bonds designated "Public Improvement Bonds, Series 1988" (the "Bonds") and issued by the Issuer for the purpose of providing funds, with any other available funds, for the undertaking of various public improvements in the Issuer, and this Bond is issued under and pursuant to The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, four orders adopted by the City Council of the Issuer which have taken effect as provided by law, and a resolution duly passed by the City Council of the Issuer (the "Resolution").

The Bonds at the time outstanding maturing prior to June 1, 1999 are not subject to redemption prior to maturity. The Bonds maturing on June 1, 1999 and thereafter may be redeemed, at the option of the Issuer, from any moneys that may be made available for such purpose, either in whole on any date not earlier than

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June 1, 1998, or in part on any interest payment date not earlier than June 1, 1998, at the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, plus a redemption premium of $1/2$ of 1% of the principal amount of each Bond to be redeemed for each calendar year or part thereof between the redemption date and the maturity date of such Bond, such premium not to exceed 2% of such principal amount.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the Issuer in such manner as the Issuer in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in the inverse order of their maturities.

Not more than 60 days nor less than 30 days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be filed with the Bond Registrar and mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his address appearing upon

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the registration books of the Issuer. Failure to mail such notice or any defect therein as to any Bond or portion thereof shall not affect the validity of the redemption as to any Bond or portion thereof for which such notice was given as required hereby. On the date fixed for redemption, notice having been given as aforesaid, the Bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar as provided in the Resolution, interest on the Bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this Bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner hereof or his legal representative upon the surrender hereof.

[The following four paragraphs are to be included in the form of Bond so long as the Bonds are being issued pursuant to a book-entry system.]

The Bonds initially 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 Resolution. Initially one Bond certificate with respect to each date on which the Bonds are stated to mature, in the aggregate principal amount of the Bonds stated to mature on such date and registered in the name of the Securities Depository Nominee (as defined in the Resolution), a nominee of the Securities Depository (as defined

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in the Resolution), is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system of the Securities Depository will evidence positions held in the Bonds by the Security Depository's participants, with beneficial ownership of the in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of beneficial ownership will be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants.

The Issuer and the Bond Registrar will recognize the Securities Depository Nominee or the Securities Depository, as the case may be, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of, and redemption premium, if any, and interest on, this Bond, notices and voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by the

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Securities Depository, its participants or persons acting through such participants.

While the Securities Depository Nominee or the Securities Depository, as the case may be, is the owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said holder as may be specified in the bond registration books maintained by the Bond Registrar or by such other method of payment as the Issuer may determine to be necessary or advisable with the concurrence of the Securities Depository. In addition, so long as a book-entry system is used for determining beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, the Securities Depository and its participants shall determine by lot which of the Bonds within a maturity are to be redeemed.

In certain events, the Issuer will be authorized to replace the Securities Depository at the time with another qualified securities depository. In certain events, the Issuer will be authorized to discontinue the book-entry system and to deliver replacement Bonds in the form of fully-registered certificates in the denomination of \$5,000 or any multiple thereof in exchange for the outstanding Bonds as provided in the Resolution.

At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, Bonds may

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be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its office the books of the Issuer for the registration of transfer of Bonds. The transfer of this Bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this Bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or of any Bond called for redemption in whole or in part pursuant to the Resolution.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of North Carolina to happen, exist and be performed precedent to and in

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the issuance of this Bond have happened, exist and have been performed in regular and due form and time as so required; that provision has been made for the levy and collection of a direct annual tax upon all taxable property within the geographic boundaries of the Issuer sufficient to pay the principal of and the interest on this Bond as the same shall become due; and that the total indebtedness of the Issuer, including this Bond, does not exceed any constitutional or statutory limitation thereon.

[The following paragraphs through the Certificate of Authentication are to appear on the front side of printed Bonds]

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

IN WITNESS WHEREOF, said City of Charlotte, by resolution duly adopted by its City Council, has caused this Bond to be executed with the manual or facsimile signatures of its Mayor and its City Clerk and its official seal to be impressed or imprinted hereon, all as of the 1st day of June, 1988.

CITY OF CHARLOTTE

[Manual or Facsimile Signature]
Mayor

[Seal]

[Manual or Facsimile Signature]
City Clerk

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CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Bond has been approved under the provisions of The Local Government Bond Act of North Carolina.

[Manual or Facsimile Signature]
Secretary, Local Government
Commission

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated herein and described in the within-mentioned Resolution.

CITY OF CHARLOTTE,
as Bond Registrar

By: _____
Director of Finance

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto

the within bond and all rights thereunder and hereby irrevocably

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constitutes and appoints

 attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Certificated Bonds issuable hereunder shall be in substantially the form of the Bonds registered in the name of the Securities Depository Nominee with such changes as are necessary to reflect the provisions of this resolution that are applicable to Certificated Bonds.

Section 12. The Public Improvement Bonds maturing prior to June 1, 1999 will not be subject to redemption prior to maturity. Said Bonds maturing on June 1, 1999 and thereafter will be redeemable, at the option of the Issuer, from any moneys that may be made available for such purpose, either in whole on any date not earlier than June 1, 1998, or in part on any interest payment date not earlier than June 1, 1998, at the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, plus a redemption premium of 1/2 of 1% of the principal amount of each Bond to be redeemed for

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each calendar year or part thereof between the redemption date and the maturity date of such Bond, such premium not to exceed 2% of such principal amount.

If less than all of the Public Improvement Bonds of any one maturity shall be called for redemption, then subject to the sentence immediately following, the particular Public Improvement Bonds or portions of Public Improvement Bonds of such maturity to be redeemed shall be selected by lot by the Issuer in such manner as the Issuer in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. So long as a book-entry system is used for determining beneficial ownership of Bonds, if less than all of the Public Improvement Bonds within a maturity are to be redeemed, the Securities Depository and its participants shall determine by lot which of said Bonds within a maturity are to be redeemed. If less than all of the Public Improvement Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in the inverse order of their maturities.

Not more than 60 days nor less than 30 days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Issuer shall cause a notice of such redemption to be filed with the Bond Registrar and

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to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his address appearing upon the registration books of the Issuer. Failure to mail such notice or any defect therein as to any Bond or portion thereof shall not affect the validity of the redemption as to any Bond or portion thereof for which such notice was given as required hereby. Each such notice shall set forth the date designated for redemption, the redemption price to be paid and the maturities of the Bonds to be redeemed. In the event that Certificated Bonds are outstanding, each such notice to the registered owners thereof shall also set forth, if less than all of the Bonds of any maturity then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any 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 Bond, a new Bond or Bonds in principal amount equal to the unredeemed portion of such Bond will be issued.

If any Bonds or portions thereof are to be redeemed, the Bond Registrar shall open a separate account for the sole benefit of the bondholders whose Bonds are being redeemed, which account may be maintained by the Bond Registrar or by an agent. On or before the date fixed for redemption, moneys shall be deposited with the Bond Registrar in its capacity as such for deposit in such account to pay the principal of and the

redemption premium, if any, on the Bonds or portions thereof called for redemption as well as the interest accruing thereon to the redemption date thereof.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof so called for redemption shall be due and payable from the moneys required to be deposited in such account at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in such account for the registered owners of Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefits or security under this resolution or to be deemed outstanding, and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

If a portion of a Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Bond Registrar shall authenticate and deliver to or upon the

order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

Section 13. The provisions of this Section relating to the exchange and transfer of Bonds are subject to the provisions for operation of the book-entry system provided in Section 7 of this resolution, including the immobilization of Bond certificates with a securities depository during the continuation of the book-entry system. Bonds, upon surrender thereof at the office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

The transfer of any Bond may be registered only upon the registration books of the Issuer upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in

an aggregate principal amount equal to the unredeemed principal amount of such Bond so surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Issuer or the Bond Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for shipping charges and any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made by the Issuer or the Bond Registrar for exchanging or registering the transfer of Bonds under this resolution. The Bond Registrar shall not be required to exchange or register the transfer of any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds or any portion thereof and ending at the close of business on the day of such mailing or any Bond called for redemption in whole or in part pursuant to Sections 10 or 12 of this resolution.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bond and the interest

on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the redemption premium, if any, and interest thereon, to the extent of the sum or sums so paid.

The Issuer shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary for the registration, registration of transfer and exchange of Bonds within a reasonable time according to then current commercial standards and for the timely payment of principal, interest and any redemption premium with respect to the Bonds. The Issuer is to act as the initial registrar, transfer agent and paying agent for the Bonds (collectively, the "Bond Registrar"), subject to the right of the governing body of the Issuer to appoint another Bond Registrar. The Director of Finance (or such other officer who shall from time perform the duties of finance officer within the meaning of N.C.G.S. Section 159-24) is hereby designated to act on behalf of the Issuer in carrying out its responsibilities as Bond Registrar, subject to the right of the governing body of the Issuer to designate another officer to act on its behalf, and as such shall keep at the office of the Director of Finance, currently at 600 East Fourth Street, Charlotte, North Carolina 28202, the books of the Issuer for the registration, registration of transfer, exchange and payment of the Bonds.

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Section 14. The actions of the Director of Finance of the Issuer in applying to the Local Government Commission of North Carolina to advertise and sell the Bonds are hereby ratified and confirmed and the actions of the Local Government Commission of North Carolina in asking for sealed bids for the Bonds by publishing notices and printing and distributing an Official Statement relating to the sale of the Bonds are hereby ratified and confirmed. The Official Statement, dated May 20, 1988, substantially in the form presented at this meeting, is hereby approved and the Mayor, the City Manager and the Director of Finance of the Issuer are each hereby authorized to approve changes in such Official Statement and to execute such Official Statement for and on behalf of the Issuer.

Section 15. There may be printed on the reverse of each of any printed Bonds the legal opinion of Smith Helms Mulliss & Moore, co-bond counsel to the Issuer, with respect to the validity of the Bonds, and there may be printed immediately following such legal opinion a certificate bearing the manual or facsimile signature of the Mayor of the Issuer, said certificate to be in substantially the following form:

I HEREBY CERTIFY that the foregoing is a true and correct copy of the legal opinion on the bonds therein described which was manually signed by Smith Helms Mulliss & Moore, Charlotte, North Carolina, and was dated as of the date of delivery of and payment for said bonds.

[Manual or Facsimile Signature]
Mayor of the City of Charlotte,
North Carolina

Section 16. The Issuer recognizes that the purchasers and holders of the Bonds will accept them on, and pay therefor a

price that reflects, the understanding that interest on the Bonds is excludable from gross income for federal (and State of North Carolina) income tax purposes. Hence, for the purpose of complying with the requirements of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, as amended, to the extent applicable to the Code (the "Regulations") and to assure that interest on the Bonds is excludable from gross income for Federal income tax purposes, the Issuer hereby represents and covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds and, without limiting the generality of the foregoing, hereby specifically represents and covenants as follows:

(a) The Issuer will not permit more than 10 percent of the proceeds of the Bonds (reduced by Bond-financed costs of issuance) to be used, directly or indirectly, in the trade or business of any person (other than use as a member of the general public) other than a governmental unit ("private-use proceeds"). For purposes of this Section, the term "person" includes any individual, corporation, partnership, unincorporated association or any other entity capable of carrying on a trade or business; and the term "trade or business" means, with

respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, means any activity other than an activity carried on by a governmental unit. For purposes of this Section, the term "governmental unit" does not include the United States or any agency or instrumentality thereof. For purposes of this Section, the term "use" may include, among other things, actual or beneficial use pursuant to a lease, a management contract or an arrangement such as a take-or-pay or output contract.

(b) The Issuer will not permit the sum of the following amounts to exceed 5 percent of the proceeds of the Bonds (reduced by Bond-financed costs of issuance): (i) the private-use proceeds of the Bonds used, directly or indirectly, in a use which is not related to the governmental use of the proceeds of the Bonds and (ii) the private-use proceeds of the Bonds used, directly or indirectly, in a use which is related to the governmental use of the proceeds of the Bonds, to the extent such private-use proceeds exceed the proceeds of the Bonds used for the governmental use to which such private-use proceeds relate.

(c) The Issuer will not use or permit to be used, directly or indirectly, an amount of the proceeds of the Bonds exceeding the lesser of (i) \$5,000,000 or (ii) 5 percent of the proceeds of the Bonds (reduced by Bond-financed costs of issuance) to make or finance loans to persons other than governmental units as described in Section 141(c) of the Code.

(d) The Issuer will monitor or cause to be monitored the yield on the investment of the proceeds of the Bonds, any moneys

pledged to the repayment of the Bonds and any other funds replaced directly or indirectly by the proceeds of the Bonds, other than amounts not subject to yield restriction due to deposit in a reasonably required reserve or replacement fund or a bona fide debt service fund, and will restrict or cause to be restricted the yield on such investments to the extent required by the Code or the Regulations. Without limiting the generality of the foregoing, the Issuer will take appropriate steps to restrict the yield on (i) all original proceeds of the Bonds on hand on the date that is three years from the date of delivery of the Bonds and (ii) all investment proceeds on hand on the date that is three years from the date of delivery of the Bonds or one year from the date such investment proceeds are received, whichever is later, to a yield which is not materially higher than the yield on the Bonds (in both cases calculated in accordance with the Code and the Regulations).

(e) The Issuer will take or cause to be taken all necessary steps to comply with the requirement that "excess arbitrage profits," if any, earned on the investment of the gross proceeds of the Bonds be rebated to the United States. Specifically, the Issuer will (or will cause another to) (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate such "excess arbitrage profits" separately from records of amounts on deposit in the funds and accounts of the Issuer which are allocable to other bond issues of the Issuer or moneys which do not represent gross proceeds of any bonds of the Issuer, (ii) calculate, periodically to the

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extent required to comply with applicable Regulations, the amount of "excess arbitrage profits," if any, earned from the investment of the gross proceeds of the Bonds, and (iii) pay, not less often than once every five years and not later than 60 days after the day on which the last of the Bonds is paid at maturity or redeemed, all amounts required to be rebated to the United States. Further, to the extent required, the Issuer will not indirectly pay any amount otherwise payable to the United States pursuant to the foregoing requirements to any person other than the United States by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a "prohibited payment" within the meaning of Temp. Treas. Reg. § 1.103-15A (or any successor therefor).

(f) The Issuer will cause the Bonds not to be treated as "federally guaranteed" obligations within the meaning of Section 149(b) of the Code.

(g) The Issuer will issue the Bonds and will cause the Bonds to be maintained in "registered form" within the meaning of Section 149(a) of the Code.

(h) The Issuer will timely file a statement with the United States setting forth the information required pursuant to Section 149(e) of the Code.

As necessary or appropriate in connection with the issuance of the Bonds, all officers, employees and agents of the Issuer are authorized and directed to provide certifications of material facts and estimates as to the reasonable expectations of the Issuer as of the date the Bonds are delivered and on behalf of

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the Issuer to sign agreements or acknowledge instructions regarding compliance with the requirements of the Code and the Regulations relating to the Bonds. In complying with the covenants in this Section, the Issuer may rely from time to time upon an opinion of its bond counsel or other nationally recognized bond counsel to the effect that any action by the Issuer or reliance upon any interpretation of the Code or the Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes or otherwise adversely affect the exemption of interest on the Bonds from federal income taxation. In addition, the Issuer shall not be required to comply with any requirement or requirements of any of the covenants in this Section if the Issuer shall receive an opinion of its bond counsel or other nationally recognized bond counsel to the effect that failure to comply with such requirement or requirements will not cause interest on the Bonds to be includable in gross income for federal income tax purposes or otherwise adversely affect the exemption of interest on the Bonds from federal income taxation.

Section 17. The Mayor, the City Clerk, the City Manager and the Director of Finance, and the other officers of the Issuer are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any and all financing statements, certificates, documents or other papers, including, without limitation, Letters of Representations to Securities Depositories, and to perform any and all acts they may deem

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necessary or appropriate in order to carry out the intent of this resolution and the matters herein authorized.

Section 18. This resolution shall take effect upon its passage.

Upon motion of Councilmember Clodfelter, seconded by Councilmember Dannelly, the foregoing resolution entitled: "RESOLUTION PROVIDING FOR THE ISSUANCE OF \$40,000,000 GENERAL OBLIGATION BONDS CONSISTING OF \$20,000,000 WATER AND SEWER BONDS, SERIES 1988, AND \$20,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 1988" was passed by the following vote:

Ayes: Councilmembers S. Campbell, Clodfelter, Dannelly, Fenning, Matthews, Patterson, Rousso, Scarborough, Vinroot and Woollen.

Noes: None

* * * * *

Menta C. Detwiler, Deputy City Clerk
I, ~~Pat Sharkey, City Clerk~~ of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of so much of the proceedings of said City Council at a regular meeting held May 23, 1988, as relates in any way to the passage of a resolution providing for the issuance of \$40,000,000 General Obligation Bonds consisting of \$20,000,000 Water and Sewer Bonds, Series 1988, and \$20,000,000 Public Improvement Bonds, Series 1988, of said City, that all required notices of such meeting were given and that said proceedings are recorded in Minute Book 91 of the minutes of said City Council beginning on page _____ and ending at page _____.

I HEREBY FURTHER CERTIFY that a schedule of regular meetings of said City Council, stating that regular meetings of said City

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Council are held on the first Monday of each month at 5:00 P.M. (Workshop) at the City Hall Annex, the second Monday of each month at 7:30 P.M. at various places in the City designated from time to time by the City Council, on the third Monday of each month at 6:00 P.M. at the Board of Education Center and on the fourth Monday of each month at 2:30 P.M. at the City Hall in Charlotte, North Carolina has been on file in my office pursuant to North Carolina General Statutes, Sec. 143-318.12, as of a date not less than seven days before said meeting.

WITNESS my hand and the official seal of said City,
this 24th day of May, 1988.

Dorinda C. Detwiler
Deputy City Clerk

(SEAL)

