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January 5, 2012

Amy P. Winn, CPA  
Accounting Coordinator  
City of Eden  
Post Office Box 70  
Eden, North Carolina 27289

Dear Ms. Winn:

Branch Banking and Trust Company (“BB&T”) is pleased to offer this proposal for the financing of the refurbishment of a 1991 Aerial Ladder Truck, requested by the City of Eden, North Carolina (“City”).

- (1) **Project:** Refurbishment of a 1991 Aerial Ladder Truck
- (2) **Amount to Be Financed:** \$258,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
5 years	1.83%

Payments shall be annually in arrears, or as requested. See the attached amortization schedule for information on payments.

If needed, the financing proceeds shall be deposited on behalf of the City in a project fund account as needed with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the City for use on Project costs or interest payments.

The interest rate stated above is valid for a closing not later than 45 days after today. A convenient date and time shall be mutually agreed upon for closing. Closing is contingent upon completing documentation acceptable to BB&T and upon the condition of the equipment acceptable to BB&T. BB&T shall provide a list of required documentation for closing should we be the successful proposer. Additionally, we shall review your most recent financial statements before funding this transaction and the closing shall be in person with the City determined by BB&T and its counsel.

There will be no fee for remuneration for the underwriting or origination. All applicable taxes, permits, costs of counsel for the City and any other costs shall be the City’s responsibility and separately payable by the City. The financing documents shall allow prepayment of the principal balance in whole on a scheduled anniversary date with a 1% prepayment premium.

The stated interest rate assumes that the City expects to borrow less than \$10,000,000 in calendar year 2012 and that the City shall comply with IRS Code Sections 141, 148, 149(e) and Section 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

**(4) Financing Documents:**

BB&T and its counsel shall prepare all documentation for the City. We shall provide a sample of those documents to you should BB&T be the successful proposer. This financing shall be secured by a first lien security interest in all personal property acquired with proceeds.

\* \* \* \* \*

BB&T appreciates the opportunity to provide this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the City or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to BB&T. If your board adopts this resolution, then BB&T shall not require any further board action prior to closing the transaction.

Please call me at (336) 376-0254 or Louis Loyd at (704) 954-1700 with your questions and comments. We look forward to hearing from you.

Sincerely,

**BRANCH BANKING AND TRUST COMPANY**



Alison W. Peeler  
Senior Vice President

Enclosure

**Resolution Approving Financing Terms**

**WHEREAS:** The City of Eden, North Carolina (the "City") has previously determined to undertake a project for the refurbishment of a 1991 Aerial Ladder Truck (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project.

**BE IT THEREFORE RESOLVED, as follows:**

1. The City hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated January 5, 2012. The amount financed shall not exceed \$258,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.83%, and the financing term shall not exceed five (5) years from closing.

2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and a Project Fund Agreement as BB&T may request.

3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The City intends that the adoption of this resolution will be a declaration of the City's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The City intends that funds that have been advanced, or that may be advanced, from the City's general fund, or any other City fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SEAL

City of Eden, North Carolina

Compound Period: Annual

Nominal Annual Rate: 1.830%

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	1/31/2012				258,000.00
1	6/1/2012	53,819.96	1,600.03	52,219.93	205,780.07
2	6/1/2013	53,819.96	3,765.78	50,054.18	155,725.89
3	6/1/2014	53,819.96	2,849.78	50,970.18	104,755.71
4	6/1/2015	53,819.96	1,917.03	51,902.93	52,852.78
5	6/1/2016	53,819.96	967.18	52,852.78	0.00
Grand Totals		269,099.80	11,099.80	258,000.00	