

## A RESOLUTION APPROVING FINANCING TERMS

**WHEREAS:** The Town of Pittsboro (the "Town") has previously determined to undertake a project for the purchase of vehicles and equipment, (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project. The names and titles of authorized signatories are as follows:

<u>Name</u>	<u>Title</u>
1. Bryan Gruesbeck	Town Manager
2. Heather E.R. Meacham	Finance Officer

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

1. The Town hereby determines to finance the Project through First-Citizens Bank & Trust Company ("First Citizens"), in accordance with the proposal dated June 6, 2016. The amount financed shall not exceed \$370,000.00, the annual interest rate shall not exceed 1.86%, and the financing term shall not exceed 48 months 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 Town 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.

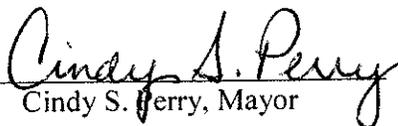
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by Town 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 Town 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 Town 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 Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the First Citizen financing described above. The Town intends that funds that have been advanced, or that may be advanced, from the Town's general fund or enterprise fund, or any other Town fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of Town 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.

Adopted this 25<sup>th</sup> day of July, 2016.

  
Cindy S. Perry, Mayor

ATTEST:

  
Alice F. Lloyd, CMC, NCCMC  
Town Clerk



June 6, 2016

**Installment Financing Agreement Proposal for:**

Town of Pittsboro (the "Town")  
635 East St.  
Pittsboro, NC 27312

**Offered By:**

First-Citizens Bank & Trust Company (the "Bank")  
1230 Main Street  
Columbia, SC 29201

**To:** Heather Meacham, Finance Director

**Type of Contract:** A municipal installment financing agreement (the "Loan") with the Town responsible for all expenses related to the use of the vehicles and equipment including taxes and maintenance. The Town shall also be responsible for selecting the vehicles and equipment and the vendors.

**Description of Project:** To finance the purchase of vehicles and equipment as indicated per your request with the total amount financed not to exceed \$370,000.00.

**Financing Terms & Rate:** First Citizens will provide a bank qualified tax exempt fixed rate of 1.86% for a term of forty-eight (48) months with interest on the basis of a 360-day year of twelve 30-day months. Installment payments are to be made annually in arrears, with the first payment due one year after the loan closing. There will not be an origination fee due at closing. While the Bank will provide draft closing documents, the Town will be responsible for its own legal fees to include validity and tax status opinions.

**Escrow Account:** Advance funding is available to allocate funding for the vendors before the delivery of vehicles. In the event that an escrow agreement is to be entered into, there will not be an escrow agent fee due at closing. The Bank would deposit the proceeds in an escrow account to be held by the Bank as Escrow Agent. Disbursements will be made directly to the Town and limited to two per month.

**Non-Appropriation:** The Town shall exercise its best efforts to obtain annual appropriations to meet fiscal year installment sale payments.

**Prepayment:** The Loan may be terminated early by paying principal in full at any time, together with accrued interest, without penalty. Prepayment in full may be made upon thirty (30) days advance written notice to the Bank.

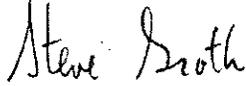
**North Carolina General Statute:** The installment sale will conform to the requirements of North Carolina General Statute 159, Article 8 and 160A-20.

**Security:** Financing shall be secured by a first lien security interest on all personal property acquired with financing proceeds.

**Tax Status:** This Loan will be bank-qualified under Section 265 of the Internal Revenue Code of 1986, as amended. The Town or its advisors will be responsible for preparing and filing Form 8038G or any other IRS filing.

**Funding Date:** If the Loan is not closed within forty-five (45) days of the Proposal Date, the quoted interest rate and payments are subject to change based on current market conditions, unless extended by the Bank.

**First-Citizens Bank & Trust Company**



By: Steve Groth  
Director of Government & Institutional Banking

The foregoing proposal is  
accepted and approval of  
rate and funding is requested:

**Town of Pittsboro, NC**

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

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

Date: \_\_\_\_\_

EXHIBIT B

**PAYMENT SCHEDULE**

Installment Purchase Contract Date: August 3, 2016

Borrower: Town of Pittsboro

Purchase Price: \$370,000

The interest rate is 1.86% per annum. Interest is calculated and imposed on the unpaid balance of the Purchase Price, based on the payment schedule described herein. The Purchase Price plus interest shall be repaid by Issuer to the Bank in annual payments of \$95,941.97, beginning on January 30, 2017 and continuing on the same day every year thereafter, until paid in full.

**Town of Pittsboro 2016 IPC**

Amount	370,000.00
Rate	1.86%
Date	8/3/16
Payment	95,941.97
Structure	Annual P&I

Date	Payment	Interest	Principal	Balance
1/30/17	95,941.97	3,383.65	92,558.32	277,441.68
1/30/18	95,941.97	5,160.42	90,781.55	186,660.13
1/30/19	95,941.97	3,471.88	92,470.09	94,190.03
1/30/20	95,941.97	1,751.93	94,190.04	0.00
	383,767.88	13,767.88	370,000.00	

Issuer: Town of Pittsboro

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

Name: \_\_\_\_\_

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

Date: August 3, 2016