



November 22, 2022

Debbie Hall, Finance Director  
Town of Carolina Beach  
1121 N Lake Park Blvd.  
Carolina Beach NC 28428

Re: Installment Financing Agreement RFP for funding not exceeding \$2,000,000 to finance the purchase of land to be used by the Town for future expansion of the Municipal Complex, facilities, and infrastructure.

Dear Ms. Hall:

SouthState Bank, National Association (the "Bank") is pleased to provide our response to Request for Proposal 2022 (the "RFP") for funding not exceeding \$2,000,000 for The Town of Carolina Beach, North Carolina with an Installment Financing Agreement (the "Agreement") as more fully described in the RFP, which is attached and, by reference, hereby made a part of this bid. The Bank agrees to the contract specifications set forth in Part B of the RFP.

**Terms and Payment:** Issue date is to be no later than January 13, 2023, with ten (10) annual level principal and interest payments over a ten-year period.

**Rate:** Tax-exempt, bank qualified fixed interest rate equaling 3.69% per annum. Rate shall be fixed for the duration of the term and be calculated based on a 30-day month over a 360-day year. Rate is guaranteed until January 13, 2023.

**Fees:** No bank fees.

**Documentation:** All legal and closing documents will be prepared by Bank Counsel.

**Security:** A first priority lien on the site of the real property financed, together with all improvements and fixtures now or hereafter located thereon.

A title insurance policy on the real property security in an amount equal to the original principal amount of the loan and otherwise in form and substance satisfactory to the Bank and Bank Counsel will be required.

We understand that NC law precludes the Town from pledging its full faith and credit and taxing power for the Agreement.

**Prepayment:** Allowed, in whole or in part, at any time, with 15 days prior written notice to the Bank, at 100% of the principal amount to be prepaid, together with accrued interest thereon to the prepayment date. Any partial prepayments shall be applied to the outstanding principal of the Agreement in inverse order of maturity.

**Events of Default:** Standard and customary for transactions of this type, with customary notice and cure periods; and standard and customary remedies for transactions of this type, including, without limitation, acceleration.

**Financial/Other Covenants:** Standard and customary for transactions of this type.

**Other Requirements:** The Bank shall receive a written opinion of Town Counsel, in form and substance satisfactory to the Bank and Bank's Counsel, as to (1) the existence of the Town; (2) the due enactment of all ordinances or resolutions relating to the issuance of the Agreement; (3) the due authorization, execution, validity, and enforceability of the Agreement and the related financing documents; (4) the absence of litigation against the Town relating to its existence or powers, or the proceedings for the authorization and issuance of the Agreement, (5) the obtaining of all consents, approvals, authorizations and orders in connection with the issuance of the Agreement; and (6) such other matters as the Bank may reasonably request, in form and substance satisfactory to the Bank and Bank's Counsel.

The Bank shall also receive one or more written opinions of Bank Counsel, in form and substance satisfactory to the Bank that (a) the interest on the Agreement is excludable from gross income for federal income and State of North Carolina

income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and (b) that the Agreement is a "qualified tax-exempt obligation" as defined in Section 265 (b)(3) of the Code.

**No Advisory or Fiduciary Role:** The Town acknowledges and agrees that: (i) information contained in this proposal regarding the proposed Agreement is for discussion purposes only in anticipation of engaging in an arm's length commercial transaction with the Town in which the Bank would be acting solely as a principal to make the proposed Agreement to the Town, and not as a municipal advisor, financial advisor or fiduciary to the Town or any other person or entity regardless of whether the Bank or an affiliate has or is currently acting as such on a separate transaction; (ii) the Bank has not assumed any advisory or fiduciary responsibility to the Town with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or its affiliates have provided other services or are currently providing other services to the Town on other matters); (iii) the only obligations the Bank has to the Town with respect to the transaction contemplated hereby expressly are or will be set forth in this term sheet or the related financing documents; and (iv) the Town has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

We acknowledge that the Town may reject all proposals as well as negotiate with the lowest responsible proposer. We acknowledge that we may not alter, modify, or withdraw our bid after we have submitted it to the Town.

Respectfully submitted,

*A. Mark Tyler*

A. Mark Tyler  
Senior Vice President and Relationship Manager  
SouthState Bank, National Association  
(910) 508-7858

Accepted this \_\_\_\_ day of \_\_\_\_\_, 2022.

**Town of Carolina Beach:**

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

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

Loan Amount	\$ 2,000,000.00
Disbursement Date	1/13/2023
First Payment Date	1/13/2024
Payment Frequency	Annual
Number of Interest Only Payments	
Rate During Interest Only Period	
Number of Amortizing Payments	10
Amortization Period	
Rate During Amortization	3.6900%
Principal Payment	\$ 200,000.00
Accrual Method	365/365

Amortization schedule assumes closing date of 1/13/2023. If payment dates are different then interest due will vary. Loan is a 30/360 based loan.

	Date	Days In Period	Rate	Interest Due	Principal Due	Ending Principal Balance	Payment Amount	Balloon
	January 13, 2023		3.6900%			\$ 2,000,000.00		
1	January 13, 2024	365.00	3.6900%	\$ 73,800.00	\$ 200,000.00	\$ 1,800,000.00	\$ 273,800.00	\$ 2,073,800.00
2	January 13, 2025	365.00	3.6900%	\$ 66,420.00	\$ 200,000.00	\$ 1,600,000.00	\$ 266,420.00	\$ 1,866,420.00
3	January 13, 2026	365.00	3.6900%	\$ 59,040.00	\$ 200,000.00	\$ 1,400,000.00	\$ 259,040.00	\$ 1,659,040.00
4	January 13, 2027	365.00	3.6900%	\$ 51,660.00	\$ 200,000.00	\$ 1,200,000.00	\$ 251,660.00	\$ 1,451,660.00
5	January 13, 2028	365.00	3.6900%	\$ 44,280.00	\$ 200,000.00	\$ 1,000,000.00	\$ 244,280.00	\$ 1,244,280.00
6	January 13, 2029	365.00	3.6900%	\$ 36,900.00	\$ 200,000.00	\$ 800,000.00	\$ 236,900.00	\$ 1,036,900.00
7	January 13, 2030	365.00	3.6900%	\$ 29,520.00	\$ 200,000.00	\$ 600,000.00	\$ 229,520.00	\$ 829,520.00
8	January 13, 2031	365.00	3.6900%	\$ 22,140.00	\$ 200,000.00	\$ 400,000.00	\$ 222,140.00	\$ 622,140.00
9	January 13, 2032	365.00	3.6900%	\$ 14,760.00	\$ 200,000.00	\$ 200,000.00	\$ 214,760.00	\$ 414,760.00
10	January 13, 2033	365.00	3.6900%	\$ 7,380.00				\$ 207,380.00