

352 State Route 34  
Hurricane, WV 25526  
(304) 353-1635  
Fax (304) 757-2768

November 5, 2018

Jim Tom Trent  
Mayor  
City of Morehead  
314 Bridge Street  
Morehead, KY 40351

Dear Mayor Trent:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the City of Morehead, Kentucky ("City").

- (1) **Project:** Lease purchase a new dump truck
- (2) **Amount To Be Financed:** up to \$105,650.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
3 years	3.44%

Payments shall be semi-annual in arrears, as requested. See the attached amortization schedule(s) for information on payments.

If needed, the financing proceeds shall be deposited on behalf of the City in a project fund account 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 rates stated above are valid for a closing not later than December 22, 2018. Closing of the financing is contingent upon completing documentation acceptable to BB&T and upon the title and condition of the property being acceptable to BB&T. We shall review your most recent financial statements before funding this transaction. BB&T will require audited financial statements to be delivered within 270 days after the conclusion of each fiscal year end throughout the term of the financing.

Remuneration for our legal expenses, preparation of documentation and for providing the project fund services for this financing transaction shall be \$250.00. All applicable taxes, permits, costs of lawyers 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 any date without a prepayment premium.

The stated bank qualified interest rate assumes that the City expects to borrow no more than \$10,000,000 in the calendar year of closing and that the financing shall qualify as qualified tax-exempt financing under the Internal Revenue Code. The financing documents shall include provisions that will outline

appropriate changes to be implemented in the event that this transaction is determined to be taxable in accordance with Kentucky Commonwealth Statutes or the Internal Revenue Service code.

**(4) Financing Documents:**

BB&T proposes to use its standard form financing contracts and related documents for this installment financing. 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 make this financing proposal and requests to be notified within five days of this proposal should BB&T be the successful proposer.

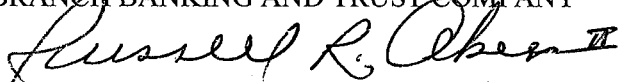
BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances 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 (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Russell R. Akers, II  
Vice President

Enclosure

**Resolution Approving Financing Terms**

**WHEREAS:** The City of Morehead, Kentucky ("City") has previously determined to undertake a project for the lease purchase of a new dump truck, 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 November 5, 2018. The amount financed shall not exceed \$105,650.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.44%, and the financing term shall not exceed (3) three 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 \_\_\_\_\_, 2018

\_\_\_\_\_  
(Clerk)

\_\_\_\_\_  
(Mayor/Manager)

SEAL

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City of Morehead, Kentucky (DRAFT)

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Compound Period ..... : Semiannual

Nominal Annual Rate .... : 3.440 %

## CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	11/05/2018	105,650.00	1		
2 Payment	05/05/2019	18,683.42	6	Semiannual	11/05/2021

## AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	11/05/2018				105,650.00
2018 Totals		0.00	0.00	0.00	
1	05/05/2019	18,683.42	1,817.18	16,866.24	88,783.76
2	11/05/2019	18,683.42	1,527.08	17,156.34	71,627.42
2019 Totals		37,366.84	3,344.26	34,022.58	
3	05/05/2020	18,683.42	1,231.99	17,451.43	54,175.99
4	11/05/2020	18,683.42	931.83	17,751.59	36,424.40
2020 Totals		37,366.84	2,163.82	35,203.02	
5	05/05/2021	18,683.42	626.50	18,056.92	18,367.48
6	11/05/2021	18,683.42	315.94	18,367.48	0.00
2021 Totals		37,366.84	942.44	36,424.40	
Grand Totals		112,100.52	6,450.52	105,650.00	