



March 26, 2021

INSTALLMENT PURCHASE CONTRACT PROPOSAL FOR:

Town of Nags Head
PO Box 99
Nags Head, North Carolina 27959
ATTN: Brooke Norris, Deputy Finance Officer

OFFERED BY:

Southern Bank & Trust Company
121 East Main Street
PO Box 729
Mount Olive NC 28365

TYPE OF CONTRACT: A municipal installment purchase contract structure with the Town responsible for all expenses related to the use of the vehicles and equipment including taxes, insurance, and maintenance.

LOAN PURPOSE: To finance the purchase of vehicles and equipment for various departments as outlined in the Request for Proposal dated March 15, 2021.

LOAN AMOUNT: \$312,008.

TYPE OF LOAN: Term Loan

INTEREST RATE: Interest will accrue on the outstanding principal balance of the loan at the rate of 1.25% per annum.

TERMS OF REPAYMENT: The loan will be payable in three (3) annual fixed principal payments of \$104,002.67 plus accrued interest. The first payment will be due at origination, and each subsequent payment will be due on that same day every year until the loan matures at which time all unpaid principal and accrued interest will be due and payable.

LOAN ORIGINATION FEE: None.

PREPAYMENT PENALTY: The loan may be prepaid in part or in full at any time without penalty.

LATE CHARGES: We will assess a late payment charge of 4% of the unpaid balance of any payment which is at least 15 days past due.

ESCROW FUNDING: Advance funding is available to allocate funding for the Vendors/Contractors before the delivery of equipment or as progress payments on construction projects. The Bank would pay the proceeds to an escrow and appoint Southern Bank as Escrow Agent to invest installment proceeds at money market rates. Interest proceeds would be paid to the Town monthly, quarterly, semiannually or annually by the Escrow Agent or accumulated in escrow.

NON-APPROPRIATION/EARLY TERMINATION: The Town shall exercise its best efforts to obtain annual appropriations to meet fiscal year installment sale payments. The contract may be terminated without penalty, in the event of non-appropriations.

QUALIFIED TAX EXEMPT OBLIGATION: The Town will certify that the contract will be designed as a qualifying obligation under the \$10,000,000 small issue exemption as described within Section 265b3 of the Tax Reform Act of 1986.

NORTH CAROLINA GENERAL STATUTE: The contract / installment sale will conform to the requirements of North Carolina General Statute 159, article 8, 160A-20.

LOAN DOCUMENTS: The closing of the loan is contingent upon the proper execution and delivery of all of the loan documents the Bank believes are reasonably appropriate or required for this loan transaction (the "Loan Documents"). The Bank, in its sole discretion, will determine the form, terms and conditions of the Loan Documents. The Loan Documents routinely used in connection with loan closings include the note, security instruments (to include deeds of trust, security agreements, pledges, assignments, financing statements, etc.) and various verifications/certifications. At the present time, the Bank has not identified all of the Loan Documents which it may require in connection with this loan transaction.


FEES AND EXPENSES TO TOWN: All attorneys' fees including local counsel, bond counsel and Bank's counsel, stamps, taxes, recording fees, survey, appraisal, environmental impact certification and expenses will be the Town's responsibility.

LOAN CLOSING COSTS: The Town will be responsible for the payment of all costs and expenses incurred in connection with the closing of this loan, regardless of whether the loan actually closes.

PROPOSAL AND CONDITIONS: This is a proposal and not a commitment to provide funding. The closing of the transaction must occur on or before May 31, 2021. If the transaction is not closed on or before that date, our obligation to fund the transaction will terminate. If, prior to the closing of the transaction, there is a material adverse change in your financial condition, or if we discover adverse circumstances of which we are currently unaware, we may rescind this proposal and will have no obligation to fund the transaction. Final and full approval is subject to the approval of the Executive Management of Southern Bank & Trust Company.

This proposal will expire unless it is accepted in writing and the acceptance is received by the undersigned on or before April 8, 2021.

Southern Bank & Trust Company

By: 
Suzanne M. Burrows, Vice President

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

Town of Nags Head

By: _____

Title: _____

Date: _____