

A RESOLUTION APPROVING FINANCING TERMS
Resolution No. 179/2009-10

WHEREAS: The Town of Carrboro (“Town”) has previously determined to undertake a project for various vehicles and equipment (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 Town hereby determines to finance the Project through SunTrust Banks, Inc. (“SunTrust”), in accordance with the proposal dated June 2, 2010. The amount financed shall not exceed \$617,955.00, the annual interest rate (in the absence of default in tax status) shall not exceed 2.235%, and the financing term shall not exceed five (5) years from June 23, 2010.
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. The Financing Documents shall include a Financing Agreement and Deed of Trust and Project Fund Agreement as SunTrust may request.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the deliver 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 terms 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 on the Documents 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 RBC financing described above. The Town intends that funds that have been advanced, or that may be advanced, from the Town’s general 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.

VEHICLES & EQUIPMENT 5-year amortization

| BID PROPOSAL CALLED FOR: | SunTrust Option 1 | SunTrust Option 2 | BB&T | RBC | RBC - BAB Program | Harrington Bank |
|------------------------------|---|---|--|---|--|--|
| INTEREST RATE | 2.235% | 2.435% | 2.91% | 2.99%** | 1.9435% | 3.23% |
| LOAN TERM | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years |
| PRINCIPAL | \$ 617,955.00 | \$ 617,955.00 | \$ 617,955.00 | \$ 617,955.00 | \$ 617,955.00 | \$ 617,955.00 |
| INTEREST | \$ 27,615.85 | \$ 30,085.70 | \$ 35,950.10 | \$ 36,937.60 | \$ 24,009.44 | \$ 38,605.78 |
| LOAN TOTAL | \$ 645,570.85 | \$ 648,040.70 | \$ 653,905.10 | \$ 654,892.60 | \$ 641,964.44 | \$ 656,560.78 |
| ADDITIONAL COST, ESTIMATED | \$ 750.00 | \$ 750.00 | \$ - | \$ 750.00 | \$ 750.00 | \$ - |
| TOTAL COST | \$ 646,320.85 | \$ 648,040.70 | | \$ 655,642.60 | | \$ 656,560.78 |
| Escrow Account with interest | Yes | Yes | Yes | Yes | Yes | Yes |
| Bank prepares documentation | Yes, \$500 bank document fees, \$250 escrow set up fee plus UCC fees. | Yes, \$500 bank document fees, \$250 escrow set up fee plus UCC fees. | Yes | Yes | Yes | Yes |
| CLOSING DATE (NO LATER THAN) | 07/15/10 | #REF! | 07/02/10 | 06/23/10 | 06/23/10 | 06/30/10 |
| PREPAYMENT PENALTY | The Town will have the ability to prepay on any payment date at 103% of Par. In addition, SunTrust is willing to work with the Town regarding waiving penalty fees for excess purchase proceeds depending on the excess amount. | Prepayment will be allowed on any payment date at par. In addition, SunTrust is willing to work with the Town regarding waiving penalty fees for excess purchase proceeds depending of the excess amount. | 1%-- However, BB&T shall allow the Town to prepay the principal balance from excess loan proceeds without premium. | Prepayment of the loan will be subject to a yield maintenance fee equal to the present value of the daily lost cash flow to RBC based upon the difference between the interest rate under the Installment Financing Agreement and the rate on a new loan of similar amount with the same remaining maturity to a similar borrower and subject to a minimum fee of .5% | In the event that the Federal Government terminates the Build America Bonds Program and discontinues interest rebate payments to the Town, the Bank will allow prepayment of the Bond at a penalty of 1% of the outstanding principal balance. | There is no penalty or fee for paying off loan prior to maturity date, including prepayment from excess purchase proceeds. |

NOTE:
 **RBC under the Build America Bonds (BAB) Program, the Town is entitled to receive a rebate from the Federal Government in an amount equal to 35% of the interest paid on the Bond.