**INSTALLMENT PURCHASE AGREEMENT TERM SHEET**

Please accept this Term Sheet as confirmation of PNC Bank’s interest in providing financing to the Town for the below-referenced Purpose, based on the terms and conditions contained herein.

**Borrower:**

Town of Wake Forest (“Borrower” or “Town”)

**Lender:**

PNC Bank, National Association (“Bank”)

**Type of Credit Facility:**

Term Loan (the “Credit Facility”)

**Use of Proceeds:**

To finance the cost of South White Street construction from East Holding Avenue to Elm Avenue and East Owen Avenue from South White Street to Brooks Street (the “Project”).

**Principal Amount:**

Not to exceed $5,500,000

**Tenor:**

84 months

**Amortization:**

Principal on the Credit Facility shall amortize on a straight-line basis and shall be repaid in equal semi-annual installments.

**Interest Rate:**

**2.74% -** Rate held through May 7, 20XX Interest shall be paid on a semi-annual basis and will be calculated on a 30-day month/360-day year basis.

**Funding Date:**

On or before May 7, 20XX

**Security:**

Security interest in the Project.

**Tax Treatment:**

Interest on the Credit Facility shall be offered on a **bank-qualified** tax- exempt basis, subject to any applicable federal, state and/or local laws, rules, regulations and/or authorizations.

**Taxability:**

If for any reason an event of taxability or deductibility shall occur as the result of an action or failure to take action by the Borrower, then the interest rate charged on the outstanding principal balance of the Credit Facility shall, effective as of and after the date of the occurrence of such event, be increased to and calculated at the taxable equivalent rate.

**Non-Appropriation:**

The Borrower will agree that an appropriation sufficient to satisfy the debt service will be included in its budgeting proposal process.

**Prepayment/ Yield Protection**:

Upon at least thirty (30) business days prior written notice to the holder, the Borrower has the right to prepay all of the outstanding principal and interest hereunder. Notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the Borrower (whether voluntary, on default or otherwise), the Registered Owner may require, if it so elects, the Borrower to pay the Registered Owner as compensation for the costs of being prepaid an amount equal to the Cost of Prepayment. “Cost of Prepayment” means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15

(519) “Selected Interest Rates.” For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Costs of Prepayment shall also apply to any payments made after acceleration of the maturity of the Credit Facility.

**Margin Rate Factor:**

In the event of a change in the Lender’s corporate tax rate during any period where interest is accruing on a tax-exempt basis causes a reduction in the tax equivalent yield on the Credit Facility, the interest payable on the Credit Facility shall be increased to compensate for such change in the effective yield to a rate calculated by multiplying the interest rate on the Credit Facility by the ratio equal to (1 minus A) divided (1 minus B), where A equals the Lender’s corporate tax rate in effect as of the date of the corporate tax rate adjustment as announced by the IRS and B equals the Lender’s corporate tax rate in effect on the date of the original issuance of the Credit Facility.

**Default Rate:**

PNC Base Rate plus 3%.

**Expenses:**

If applicable, all costs and expenses incurred by the Bank shall be reimbursed by the Borrower at closing and otherwise on demand. The Borrower shall be responsible for Bank’s legal counsel fees, which will not exceed $7,500. This quote assumes that Bank Counsel, Jeff Poley with Parker Poe, will be responsible for drafting documents.

**Representations and Warranties:**

The Borrower will make representations and warranties customary to transactions of this type, including among other things: (a) the accuracy and completeness of its financial statements; (b) the absence of a material adverse change in its condition (financial or otherwise), business, properties, assets or prospects; (c) evidence of the Borrower’s authority to enter in to the Credit Facility and execute related documents and compliance with all statutes, rules and other laws applicable to Borrower; and (d) the absence of litigation, except as disclosed to the Bank.

**Conditions Precedent to Financing:**

Including, but not limited to, the following:

Satisfactory completion of due diligence regarding the Borrower and any Security.

Execution of all documentation as may be requested by the Bank relating to the Credit Facility in form and substance satisfactory to the Bank and its counsel;

Payment of all applicable fees and expenses by the Borrower.

Receipt of an opinion of counsel to the Borrower and any bond counsel, in form and substance satisfactory to the Bank and including without limitation, due authorization, enforceability, compliance with all applicable laws, and the tax-exempt status of the Credit Facility.

Receipt and satisfactory review by the Bank of all applicable resolutions and evidence of authority. Approval of the LGC.

**Reporting Covenants:**

Annual audited financial statements of the Borrower.

Other financial information or operating reports as requested by the Bank.

**Events of Default:**

Customary for transactions of similar size and type.

**Documentation:**

Loan Documents in form and substance satisfactory to the Bank must be executed and delivered containing representations, warranties, covenants, indemnities, conditions to lending, events of default and other provisions as are appropriate in the Bank’s opinion and specified by the Bank.

**Governing Law:**

North Carolina. Submission to North Carolina jurisdiction. Waiver of jury trial.

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

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

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

**Appendix 1: Debt Service Schedule**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Outstanding** | |  | **Principal** |  | **Inte re st** | **Debt Service** | |
| 4/30/2019 |  | $ | 5,500,000.00 | $ | - | $ | - | $ | - |
| 11/1/2019 |  | $ | 5,107,142.85 | $ | 392,857.15 | $ | 75,768.61 | $ | 468,625.76 |
| 5/1/2020 |  | $ | 4,714,285.70 | $ | 392,857.15 | $ | 69,967.86 | $ | 462,825.01 |
| 11/1/2020 |  | $ | 4,321,428.55 | $ | 392,857.15 | $ | 64,585.71 | $ | 457,442.86 |
| 5/1/2021 |  | $ | 3,928,571.40 | $ | 392,857.15 | $ | 59,203.57 | $ | 452,060.72 |
| 11/1/2021 |  | $ | 3,535,714.26 | $ | 392,857.14 | $ | 53,821.43 | $ | 446,678.57 |
| 5/1/2022 |  | $ | 3,142,857.12 | $ | 392,857.14 | $ | 48,439.29 | $ | 441,296.43 |
| 11/1/2022 |  | $ | 2,749,999.98 | $ | 392,857.14 | $ | 43,057.14 | $ | 435,914.28 |
| 5/1/2023 |  | $ | 2,357,142.84 | $ | 392,857.14 | $ | 37,675.00 | $ | 430,532.14 |
| 11/1/2023 |  | $ | 1,964,285.70 | $ | 392,857.14 | $ | 32,292.86 | $ | 425,150.00 |
| 5/1/2024 |  | $ | 1,571,428.56 | $ | 392,857.14 | $ | 26,910.71 | $ | 419,767.85 |
| 11/1/2024 |  | $ | 1,178,571.42 | $ | 392,857.14 | $ | 21,528.57 | $ | 414,385.71 |
| 5/1/2025 |  | $ | 785,714.28 | $ | 392,857.14 | $ | 16,146.43 | $ | 409,003.57 |
| 11/1/2025 |  | $ | 392,857.14 | $ | 392,857.14 | $ | 10,764.29 | $ | 403,621.43 |
| 5/1/2026 |  | $ | (0.00) | $ | 392,857.14 | $ | 5,382.14 | $ | 398,239.28 |
|  | TOTAL | | | $ | 5,500,000.00 | $ | 565,543.61 | $ | 6,065,543.61 |