

MAYOR
John J. Quinn

MAYOR PRO TEM
Jeffrey L. Goodall

TOWN MANAGER
Joseph A. Fivas



Town of
INDIAN TRAIL
north carolina

TOWN COUNCIL
Robert W. Allen
Gary J. D'Onofrio
John A. Hullinger
Darlene T. Luther

TOWN CLERK
Peggy S. Piontek

November 3, 2010

To: Town Council

From: Joseph A. Fivas, Town Manager
Marsha G. Sutton, Finance Director

RE: Recommendation of Financial Institution Services for Land Purchase
304 Matthews-Indian Trail Road
Community Park

Four Financial Institutions submitted responses to the Town regarding the RFP for installment loan financing for the purchase of land at 304 Matthews-Indian Trail Road to be used for the purposes of a community park.

After much analysis, the Town Manager along with Staff would like to recommend BB&T as the financial institution to handle this process based on the following.

- Rate – Current nontaxable rate is 3.39%. Because, the home on the proposed purchase property currently has renters with a lease that expires June 15, 2011, this rental income could possibly create a disqualifying event under IRS codes for nontaxable financing status. BB&T's Senior Vice President/Governmental Finance Manger and Bond Counsel reviewed this situation and found an IRS regulation regarding Private Use of Public Property. This regulation would allow the Town to qualify for nontaxable financing since the private use of public property is less than 10%. Also, there will be a requirement that the tenants vacate the property upon termination of the lease. Should the tenants fail to vacate the property within 12 months of closing, the town would lose nontaxable status and the entire loan would be considered taxable throughout the remaining life of the loan.
- Term – We would recommend a 15 year term. The 15 year versus 20 year proposal would save the Town several hundred thousand dollars over the life of the loan.
- Payment Schedule - BB&T uses a declining payment schedule (flat principal plus interest). This allows for a quicker reduction in the principal balance versus a level payment where the interest is taken first and the remaining is applied to principal.

The Town will need to appropriate the necessary funds for the repayment of this installment loan during the annual budgeting process each year.

We have spoken with Mr. Louis Lloyd, Senior Vice President/Governmental Finance Manager and Janet Graham, Vice President, Business Banker and find the quality of customer service and experience in this area excellent and look forward to our continued banking relationship.

Staff is asking that the attached resolution be approved, denied or modified by the Council.

RESOLUTION APPROVING FINANCING TERMS

WHEREAS: The Town of Indian Trail ("Town") has previously determined to undertake a project for the purchase of land and a building (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 Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated November 1, 2010. The amount financed shall not exceed \$1,750,000, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.39%, and the financing term shall not exceed fifteen, 15, 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 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 a Project Fund Agreement as BB&T may request.
3. The Finance Director 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 Director 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 forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Director shall approve, with the Finance Director'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 Town shall not take or omit to take any action the taking or omission of which shall cause its interest payments of 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 BB&T 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 cost 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.

Approved this _____ day of _____, 2010

BY: _____
(Clerk)

BY: _____
(Mayor)

Official Town Seal

5130 Parkway Plaza Boulevard
 Charlotte, North Carolina 28217
 (704) 954-1700
 Fax (704) 954-1799

November 1, 2010

Marsha G. Sutton
 Finance Director
 Town of Indian Trail
 Post Office Box 2430
 Indian Trail, North Carolina 28079

Dear Ms. Sutton:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the Town of Indian Trail ("Town").

- (1) **Project:** Purchase 51.125 Acres of Land and Building
- (2) **Amount To Be Financed:** Not to Exceed \$1,750,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
15 years	3.39%
20 years	4.40%

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

The financing proceeds shall be deposited on behalf of the Town in a project fund account with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the Town for use on Project costs or interest payments.

The interest rates stated above are valid for a closing not later than 45 days after today. A convenient date and time shall be mutually agreed upon for closing. Closing is contingent upon completing documentation acceptable to BB&T and upon the condition of the property acceptable to BB&T. BB&T shall provide a list of required documentation for closing should we be the successful proposer. At a minimum, BB&T shall require flood certification, if applicable, copies of the plans and specifications and an estimated expenditure budget two weeks in advance of closing for our review. Additionally, we shall review your most recent financial statements before funding this transaction.

Remuneration for our legal review expenses and underwriting for this financing transaction shall be \$1900.00. All applicable taxes, surveys, zoning, appraisals, permits, costs of environmental studies, title insurance premiums, LGC approval fees, costs of counsel for the Town and any other costs shall be the

Town's responsibility and separately payable by the Town. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The stated interest rates assume that the Town expects to borrow less than \$30,000,000 in calendar year 2010 and that the Town shall comply with IRS Code Sections 141, 148, 149(e) and Section 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Security:

This financing shall be secured by a first lien security interest on (a) all personal property acquired with financing proceeds, (b) all improvements to real estate that are constructed or improved with financing proceeds, and all associated real estate, and (c) all real estate acquired with financing proceeds.

(5) Financing Documents:

BB&T and its counsel shall prepare the deed of trust and all documentation for the Town. We shall provide a sample of those documents to you should BB&T be the successful proposer.

* * * * *

BB&T appreciates the opportunity to make this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

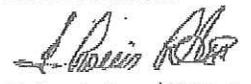
BB&T shall have the right to cancel this offer by notifying the Town of its election to do so (whether or not this offer has previously been accepted by the Town) if at any time prior to the closing there is a material adverse change in the Town's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Town 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 (704) 954-1700 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



F. Louis Loyd III/BAS
Senior Vice President

Enclosure

Marsha Sutton

From: Salamone, Barbara [BSalamone@BBandT.com]
Sent: Tuesday, November 09, 2010 2:51 PM
To: Marsha Sutton
Subject: Town of Indian Trail

Marsha, BB&T will give the Town of Indian Trail up to twelve (12) months to have the rental house vacant on your property.

We appreciate the opportunity to be of service and if you have any questions, please let me know. Thank you.

Barb Salamone
BB&T Governmental Finance
5130 Parkway Plaza Blvd.
Charlotte, North Carolina 28217
Telephone: (704) 954-1708
Fax: (704) 954-1799

Town of Indian Trail, NC
Purchase 51.125 Acres of Land and a Building
15 years - BQ

Compound Period : Semiannual

Nominal Annual Rate : 3.390 %

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	12/15/2010				1,750,000.00
1	06/15/2011	87,995.83	29,662.50	58,333.33	1,691,666.67
2011 Totals		87,995.83	29,662.50	58,333.33	
2	12/15/2011	87,007.08	28,673.75	58,333.33	1,633,333.34
3	06/15/2012	86,018.33	27,685.00	58,333.33	1,575,000.01
2012 Totals		173,025.41	56,358.75	116,666.66	
4	12/15/2012	85,029.58	26,696.25	58,333.33	1,516,666.68
5	06/15/2013	84,040.83	25,707.50	58,333.33	1,458,333.35
2013 Totals		169,070.41	52,403.75	116,666.66	
6	12/15/2013	83,052.08	24,718.75	58,333.33	1,400,000.02
7	06/15/2014	82,063.33	23,730.00	58,333.33	1,341,666.69
2014 Totals		165,115.41	48,448.75	116,666.66	
8	12/15/2014	81,074.58	22,741.25	58,333.33	1,283,333.36
9	06/15/2015	80,085.83	21,752.50	58,333.33	1,225,000.03
2015 Totals		161,160.41	44,493.75	116,666.66	
10	12/15/2015	79,097.08	20,763.75	58,333.33	1,166,666.70
11	06/15/2016	78,108.33	19,775.00	58,333.33	1,108,333.37
2016 Totals		157,205.41	40,538.75	116,666.66	
12	12/15/2016	77,119.58	18,786.25	58,333.33	1,050,000.04
13	06/15/2017	76,130.83	17,797.50	58,333.33	991,666.71
2017 Totals		153,250.41	36,583.75	116,666.66	
14	12/15/2017	75,142.08	16,808.75	58,333.33	933,333.38
15	06/15/2018	74,153.33	15,820.00	58,333.33	875,000.05
2018 Totals		149,295.41	32,628.75	116,666.66	
16	12/15/2018	73,164.58	14,831.25	58,333.33	816,666.72
17	06/15/2019	72,175.83	13,842.50	58,333.33	758,333.39
2019 Totals		145,340.41	28,673.75	116,666.66	
18	12/15/2019	71,187.08	12,853.75	58,333.33	700,000.06
19	06/15/2020	70,198.33	11,865.00	58,333.33	641,666.73
2020 Totals		141,385.41	24,718.75	116,666.66	

Town of Indian Trail, NC
 Purchase 51.125 Acres of Land and a Building
 15 years - BQ

Date	Payment	Interest	Principal	Balance
20 12/15/2020	69,209.58	10,876.25	58,333.33	583,333.40
21 06/15/2021	68,220.83	9,887.50	58,333.33	525,000.07
2021 Totals	137,430.41	20,763.75	116,666.66	
22 12/15/2021	67,232.08	8,898.75	58,333.33	466,666.74
23 06/15/2022	66,243.33	7,910.00	58,333.33	408,333.41
2022 Totals	133,475.41	16,808.75	116,666.66	
24 12/15/2022	65,254.58	6,921.25	58,333.33	350,000.08
25 06/15/2023	64,265.83	5,932.50	58,333.33	291,666.75
2023 Totals	129,520.41	12,853.75	116,666.66	
26 12/15/2023	63,277.08	4,943.75	58,333.33	233,333.42
27 06/15/2024	62,288.33	3,955.00	58,333.33	175,000.09
2024 Totals	125,565.41	8,898.75	116,666.66	
28 12/15/2024	61,299.58	2,966.25	58,333.33	116,666.76
29 06/15/2025	60,310.83	1,977.50	58,333.33	58,333.43
2025 Totals	121,610.41	4,943.75	116,666.66	
30 12/15/2025	59,322.08	988.65	58,333.43	0.00
2026 Totals	59,322.08	988.65	58,333.43	
Grand Totals	2,209,768.65	459,768.65	1,750,000.00	

Town of Indian Trail, NC
 Purchase 51.125 Acres of Land and a Building
 20 years - BQ

Compound Period : Semiannual

Nominal Annual Rate : 4.400 %

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	12/15/2010				1,750,000.00
1	06/15/2011	82,250.00	38,500.00	43,750.00	1,706,250.00
2011 Totals		82,250.00	38,500.00	43,750.00	
2	12/15/2011	81,287.50	37,537.50	43,750.00	1,662,500.00
3	06/15/2012	80,325.00	36,575.00	43,750.00	1,618,750.00
2012 Totals		161,612.50	74,112.50	87,500.00	
4	12/15/2012	79,362.50	35,612.50	43,750.00	1,575,000.00
5	06/15/2013	78,400.00	34,650.00	43,750.00	1,531,250.00
2013 Totals		157,762.50	70,262.50	87,500.00	
6	12/15/2013	77,437.50	33,687.50	43,750.00	1,487,500.00
7	06/15/2014	76,475.00	32,725.00	43,750.00	1,443,750.00
2014 Totals		153,912.50	66,412.50	87,500.00	
8	12/15/2014	75,512.50	31,762.50	43,750.00	1,400,000.00
9	06/15/2015	74,550.00	30,800.00	43,750.00	1,356,250.00
2015 Totals		150,062.50	62,562.50	87,500.00	
10	12/15/2015	73,587.50	29,837.50	43,750.00	1,312,500.00
11	06/15/2016	72,625.00	28,875.00	43,750.00	1,268,750.00
2016 Totals		146,212.50	58,712.50	87,500.00	
12	12/15/2016	71,662.50	27,912.50	43,750.00	1,225,000.00
13	06/15/2017	70,700.00	26,950.00	43,750.00	1,181,250.00
2017 Totals		142,362.50	54,862.50	87,500.00	
14	12/15/2017	69,737.50	25,987.50	43,750.00	1,137,500.00
15	06/15/2018	68,775.00	25,025.00	43,750.00	1,093,750.00
2018 Totals		138,512.50	51,012.50	87,500.00	
16	12/15/2018	67,812.50	24,062.50	43,750.00	1,050,000.00
17	06/15/2019	66,850.00	23,100.00	43,750.00	1,006,250.00
2019 Totals		134,662.50	47,162.50	87,500.00	
18	12/15/2019	65,887.50	22,137.50	43,750.00	962,500.00
19	06/15/2020	64,925.00	21,175.00	43,750.00	918,750.00
2020 Totals		130,812.50	43,312.50	87,500.00	

Town of Indian Trail, NC
 Purchase 51.125 Acres of Land and a Building
 20 years - BQ

Date	Payment	Interest	Principal	Balance
20 12/15/2020	63,962.50	20,212.50	43,750.00	875,000.00
21 06/15/2021	63,000.00	19,250.00	43,750.00	831,250.00
2021 Totals	126,962.50	39,462.50	87,500.00	
22 12/15/2021	62,037.50	18,287.50	43,750.00	787,500.00
23 06/15/2022	61,075.00	17,325.00	43,750.00	743,750.00
2022 Totals	123,112.50	35,612.50	87,500.00	
24 12/15/2022	60,112.50	16,362.50	43,750.00	700,000.00
25 06/15/2023	59,150.00	15,400.00	43,750.00	656,250.00
2023 Totals	119,262.50	31,762.50	87,500.00	
26 12/15/2023	58,187.50	14,437.50	43,750.00	612,500.00
27 06/15/2024	57,225.00	13,475.00	43,750.00	568,750.00
2024 Totals	115,412.50	27,912.50	87,500.00	
28 12/15/2024	56,262.50	12,512.50	43,750.00	525,000.00
29 06/15/2025	55,300.00	11,550.00	43,750.00	481,250.00
2025 Totals	111,562.50	24,062.50	87,500.00	
30 12/15/2025	54,337.50	10,587.50	43,750.00	437,500.00
31 06/15/2026	53,375.00	9,625.00	43,750.00	393,750.00
2026 Totals	107,712.50	20,212.50	87,500.00	
32 12/15/2026	52,412.50	8,662.50	43,750.00	350,000.00
33 06/15/2027	51,450.00	7,700.00	43,750.00	306,250.00
2027 Totals	103,862.50	16,362.50	87,500.00	
34 12/15/2027	50,487.50	6,737.50	43,750.00	262,500.00
35 06/15/2028	49,525.00	5,775.00	43,750.00	218,750.00
2028 Totals	100,012.50	12,512.50	87,500.00	
36 12/15/2028	48,562.50	4,812.50	43,750.00	175,000.00
37 06/15/2029	47,600.00	3,850.00	43,750.00	131,250.00
2029 Totals	96,162.50	8,662.50	87,500.00	
38 12/15/2029	46,637.50	2,887.50	43,750.00	87,500.00
39 06/15/2030	45,675.00	1,925.00	43,750.00	43,750.00
2030 Totals	92,312.50	4,812.50	87,500.00	
40 12/15/2030	44,712.50	962.50	43,750.00	0.00
2031 Totals	44,712.50	962.50	43,750.00	
Grand Totals	2,539,250.00	789,250.00	1,750,000.00	