

Resolution Approving Financing Terms

WHEREAS: The City of Morgantown, West Virginia (“City”) has previously determined to undertake a project for the lease purchase of a new fire truck, vehicles and other equipment, and City Administration has now presented a proposal for financing of such Project.

NOW, THEREFORE, BE IT RESOLVED by the City of Morgantown this ____ day of _____, 2012, 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 October 24, 2012, attached hereto. The amount financed shall not exceed \$1,000,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.79%, and the financing term shall not exceed 8 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 Deed of Trust and a Project Fund Agreement as BB&T may request.
3. The City Manager 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 City Manager 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 City Manager shall approve, with the City Manager’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.
7. This financing shall be completed in full compliance with the State of West Virginia Code Section 8-12-11 *Lease Agreements for equipment or materials with option to cancel or renew for one year authorized*. All documents and agreements regarding this financing shall meet with the referenced code section and documents that contradict these requirements shall be deemed void to the extent of the conflict.

Mayor

City Clerk

October 24, 2012

J.R. Sabatelli
Finance Director
City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1653
Fax (304) 340-4702

Dear Mr. Sabatelli:

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

- (1) **Project:** Lease purchase of a new fire truck, vehicles and other equipment
- (2) **Amount To Be Financed:** up to \$1,000,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Term</u>	<u>Rate</u>
3 years	1.32%
5 years	1.52%
7 years	1.79%
10 years	2.15%

Payments shall be monthly or annual in arrears with the first payment due July 5, 2013, as requested. More than one of the above terms may be chosen to coincide with the useful life equipment being financed. See attached amortization schedules for information on payments.

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 45 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T and upon the condition of the property being acceptable to BB&T.

Remuneration for our legal expenses, preparation of documentation and for providing the project fund services for this financing transaction shall be \$0. 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 a scheduled payment date without a prepayment premium.

The stated interest rates assume that the City expects to borrow less than \$10,000,000 in calendar year 2012 and that the City shall comply with IRS Code Sections 141, 148 and 149. BB&T reserves the

right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not qualified tax-exempt financing for the purpose of IRS Code Section 265(b)(3).

(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.

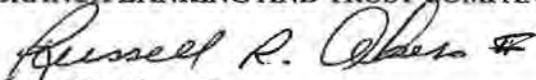
BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances 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