

LAKE LURE TOWN COUNCIL REGULAR MEETING PACKET

Tuesday, August 30, 2011



Mayor Bob Keith

Commissioner Wayne Hyatt

Commissioner Mary Ann Silvey

Commissioner John Moore

Commissioner Linda Turner

**TOWN OF LAKE LURE
MARINA BOAT SLIPS
FINANCING PROPOSALS**

SOURCE OF PROPSAL	COLLATERAL REQUIREMENTS	TERM OF FINANCING (YEARS)	INTEREST TYPE	INTEREST RATE	ANNUAL DEBT SERVICE	TOTAL INTEREST	TOTAL COST INTEREST & UNDERWRITING	ESCROW INTEREST	OTHER INFORMATION
BB&T	FIRST LIEN ON PROPERTY	10	FIXED	2.31%	\$73,169.28	\$81,692.80	\$82,792.80 includes \$1,100 for underwriting	BB&T Escrow Account	Taxes, surveys, zoning, appraisals, permits, costs of environment studies, title ins., LGC fees, attorney fees and other costs shall be the responsibility of the town. Prepayment of principal balance with a 1% prepayment premium. Bank requests to be notified within 10 days of proposal (Sept.5 th ,2011)
TD BANK	FIRST LIEN ON PROPERTY	10	FIXED	2.329%	\$73,238.84	\$82,388.37	\$82,388.37 + Closing Cost Capped at \$6,500	Deposit Interest	Closing Costs capped at \$6,500. Town responsible as same as above. Prepayment allowed on any payment date with 1% of principal balance prepayment premiums. Bid valid October 31,2011
RBC	FIRST LIEN ON PROPERTY	10	FIXED						NO BID
ASHEVILLE SAVINGS BANK	FIRST LIEN ON PROPERTY	10	FIXED						NO BID
UNITED FINANCIAL (HOMETRUST BANK)	FIRST LIEN ON PROPERTY	10	FIXED	3.99%	\$79,465.38	\$144,653.76	\$144,653.76	Construction Escrow	No Closing Cost. Town is responsible as same as others. Proposal through November 1, 2011.

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

August 25, 2011

Sam A. Karr
Finance Director
Town of Lake Lure
2948 Memorial Highway
Lake Lure, North Carolina 28746

Dear Mr. Karr:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the Town of Lake Lure, North Carolina ("Town").

- (1) **Project:** Removal and Replacement of Existing Seawall and Wooden Dock
- (2) **Amount To Be Financed:** Not to Exceed \$650,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
10 years	2.31%

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 rate stated above is 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 \$1100.00. 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 rate assumes that the Town expects to borrow less than \$10,000,000 in calendar year 2011 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 provide 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

Resolution Approving Financing Terms

WHEREAS: The Town of Lake Lure ("Town") has previously determined to undertake a project for the removal and replacement of existing seawall and wooden dock structure (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 August 25, 2011. The amount financed shall not exceed \$650,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.31%, and the financing term shall not exceed ten (10) 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 Officer 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 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 forms 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 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 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 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 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.

Approved this day of _____, 2011.

By: _____
(Clerk)

By: _____
(Mayor)

SEAL

Town of Lake Lure, NC
Removal and replacement of existing seawall
and wooden dock structure

Compound Period : Semiannual

Nominal Annual Rate : 2.310 %

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	08/25/2011				650,000.00
1	02/25/2012	36,584.64	7,507.50	29,077.14	620,922.86
2012 Totals		36,584.64	7,507.50	29,077.14	
2	08/25/2012	36,584.64	7,171.66	29,412.98	591,509.88
3	02/25/2013	36,584.64	6,831.94	29,752.70	561,757.18
2013 Totals		73,169.28	14,003.60	59,165.68	
4	08/25/2013	36,584.64	6,488.30	30,096.34	531,660.84
5	02/25/2014	36,584.64	6,140.68	30,443.96	501,216.88
2014 Totals		73,169.28	12,628.98	60,540.30	
6	08/25/2014	36,584.64	5,789.05	30,795.59	470,421.29
7	02/25/2015	36,584.64	5,433.37	31,151.27	439,270.02
2015 Totals		73,169.28	11,222.42	61,946.86	
8	08/25/2015	36,584.64	5,073.57	31,511.07	407,758.95
9	02/25/2016	36,584.64	4,709.62	31,875.02	375,883.93
2016 Totals		73,169.28	9,783.19	63,386.09	
10	08/25/2016	36,584.64	4,341.46	32,243.18	343,640.75
11	02/25/2017	36,584.64	3,969.05	32,615.59	311,025.16
2017 Totals		73,169.28	8,310.51	64,858.77	
12	08/25/2017	36,584.64	3,592.34	32,992.30	278,032.86
13	02/25/2018	36,584.64	3,211.28	33,373.36	244,659.50
2018 Totals		73,169.28	6,803.62	66,365.66	
14	08/25/2018	36,584.64	2,825.82	33,758.82	210,900.68
15	02/25/2019	36,584.64	2,435.90	34,148.74	176,751.94
2019 Totals		73,169.28	5,261.72	67,907.56	
16	08/25/2019	36,584.64	2,041.48	34,543.16	142,208.78
17	02/25/2020	36,584.64	1,642.51	34,942.13	107,266.65
2020 Totals		73,169.28	3,683.99	69,485.29	
18	08/25/2020	36,584.64	1,238.93	35,345.71	71,920.94
19	02/25/2021	36,584.64	830.69	35,753.95	36,166.99
2021 Totals		73,169.28	2,069.62	71,099.66	

Town of Lake Lure, NC
Removal and replacement of existing seawall
and wooden dock structure

Date	Payment	Interest	Principal	Balance
20 08/25/2021	36,584.64	417.65	36,166.99	0.00
2022 Totals	36,584.64	417.65	36,166.99	
Grand Totals	731,692.80	81,692.80	650,000.00	



America's Most Convenient Bank®

TD Bank, N.A.
535 Greenville Highway
Hendersonville, NC 28792
T: 828-697-8569 F: 828-692-0674
www.tdbank.com

August 25, 2011

Mr. Sam A. Karr
Finance Director
Town of Lake Lure
P. O. Box 255
Lake Lure, NC 28746-0255

Dear Mr. Karr:

TD Bank, N.A., is pleased to be included in the Request for Proposal process for the Town of Lake Lure. We are confident that TD Bank can meet the requirements and exceed the expectations of the Town when it comes to providing the financing for the capital improvements to the marina and seawall.

In direct response to the RFP, TD Bank is offering the following for the Town's consideration:

Loan amount - \$650,000

Term - 10 years

Payment frequency - Semi-annual *2.329% ACM*

Interest rate - Fixed, tax equivalent ~~2.8980%~~ for term of the loan

Closing date - On or before 10/31/2011

Prepayment penalty - See attachment entitled "Prepayment Calculation"

Collateral - Deed of Trust securing real property associated with the marina operation, assignment of rents and leases related to operation of the marina and a UCC-1 perfected interest in the floating boat docks referenced in the RFP as to be constructed

Debt service schedule - See attachment entitled "Mortgage Loan Payments"

Closing costs - Capped at \$6,500. TD Bank will pursue the most cost effective measures related to documenting and closing the loan.

TD Bank, America's Most Convenient Bank, is committed to providing outstanding customer service. We pledge that our staff will be responsive to your needs and will deliver the quality of service you expect. TD Bank has been named the best bank for customer satisfaction by such notable organizations as J. D. Powers and Consumer Reports.

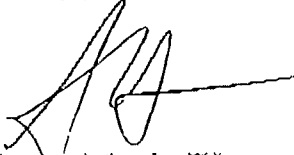
TD Bank also has received numerous accolades as one of the world's strongest financial institutions by such organizations as Forbes, Bloomberg and Global Finance. Our parent, TD Bank Financial Group, is one of a handful of banks to hold Moody's Aaa rating. At a time when many banks are reducing services, TD Bank continues to invest in innovative technology and the expansion of our branch network.

Government Banking has been an important line of business at TD Bank for many years. TD Bank manages over \$15 billion in public funds and is a leader in Government Banking in all

states from Maine to Florida. Our Government Banking business continues to grow in our newer markets of Florida, Maryland, Virginia, District of Columbia, North Carolina and South Carolina. TD Bank commits vast resources to provide an unparalleled banking experience to our public sector customers.

Thank you for the opportunity to present our proposal to the Town of Lake Lure. As one of the world's strongest financial institutions, TD Bank will be a safe and sound financial partner and will continue to be a supporter of the Lake Lure community. We look forward to your favorable response to our proposal.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'A. Morris', with a long horizontal line extending to the right.

Arthur C. Morris, IV
Commercial Relationship Manager
TD Bank, N.A. – “America’s Most Convenient Bank”
535 Greenville Highway
Hendersonville, NC 28792
p. 828-693-8941
arthur.morris@td.com

Pre-Payment Penalty Calculation:

This Note may be prepaid in whole or in part upon thirty (30) days prior written notice to the Bank. In the event of any prepayment of this Note, whether by voluntary prepayment, acceleration or otherwise, the Borrower shall, at the option of the Bank, pay a "fixed rate prepayment charge" equal to the greater of 1% of the principal balance being prepaid multiplied by the "Remaining Term," as hereinafter defined, in years or a "Yield Maintenance Fee" in an amount computed as follows:

The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the "Stated Interest Rate". If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number of days in the "Remaining Term" and divided by 360. The resulting amount is the "fixed prepayment charge" due to the Bank upon prepayment of the principal of this Note plus any accrued interest due as of the prepayment date and is expressed in the following calculation:

Yield Maintenance Fee = [Amount Being Prepaid x (Stated Interest Rate - Current Cost of Funds) x Days in the Remaining Term/360 days] + any accrued interest due

"Remaining Term" as used herein shall mean the shorter of the remaining term of this Note, or the remaining term of the then current fixed interest rate period.

"Stated Interest Rate" as used herein means the rate at which interest is accruing on the outstanding principal balance of this Note at the time of the calculation.

Mortgage Loan Payments

Enter Values	
Loan Amount:	\$ 650,000.00
Annual Interest Rate:	2.329%
Loan Period in Years:	10
Number of Payments Per Year:	2
Start Date of Loan:	10/1/2011
Optional Extra Payments:	\$ -

Loan Summary	
Scheduled Payment	\$ 36,619.42
Scheduled Number of Payments	20
Actual Number of Payments	20
Total Early Payments	\$ -
Total Interest	\$ 82,388.37

Lender Name:

DS (annually) \$ 439,433.02 Principal = \$ 371,818.91 Interest = 67,614.11

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	4/1/2012	\$ 650,000.00	\$ 36,619.42	-	\$ 36,619.42	\$ 29,050.17	\$ 7,569.25	\$ 620,949.83	\$ 7,569.25
2	10/1/2012	620,949.83	36,619.42	-	36,619.42	29,388.46	7,230.96	591,561.37	14,800.21
3	4/1/2013	591,561.37	36,619.42	-	36,619.42	29,730.69	6,888.73	561,830.69	21,688.94
4	10/1/2013	561,830.69	36,619.42	-	36,619.42	30,076.90	6,542.52	531,753.79	28,231.46
5	4/1/2014	531,753.79	36,619.42	-	36,619.42	30,427.15	6,192.27	501,326.64	34,423.73
6	10/1/2014	501,326.64	36,619.42	-	36,619.42	30,781.47	5,837.95	470,545.17	40,261.68
7	4/1/2015	470,545.17	36,619.42	-	36,619.42	31,139.92	5,479.50	439,405.25	45,741.18
8	10/1/2015	439,405.25	36,619.42	-	36,619.42	31,502.54	5,116.87	407,902.71	50,858.06
9	4/1/2016	407,902.71	36,619.42	-	36,619.42	31,869.39	4,750.03	376,033.32	55,608.08
10	10/1/2016	376,033.32	36,619.42	-	36,619.42	32,240.51	4,378.91	343,792.81	59,986.99
11	4/1/2017	343,792.81	36,619.42	-	36,619.42	32,619.42	4,003.47	311,176.85	63,990.46
12	10/1/2017	311,176.85	36,619.42	-	36,619.42	32,995.76	3,623.65	278,181.09	67,614.11
13	4/1/2018	278,181.09	36,619.42	-	36,619.42	33,380.00	3,239.42	244,801.09	70,853.53
14	10/1/2018	244,801.09	36,619.42	-	36,619.42	33,768.71	2,850.71	211,032.38	73,704.24
15	4/1/2019	211,032.38	36,619.42	-	36,619.42	34,161.95	2,457.47	176,870.43	76,161.71
16	10/1/2019	176,870.43	36,619.42	-	36,619.42	34,559.76	2,059.66	142,310.67	78,221.37
17	4/1/2020	142,310.67	36,619.42	-	36,619.42	34,962.21	1,657.21	107,348.46	79,878.58
18	10/1/2020	107,348.46	36,619.42	-	36,619.42	35,369.35	1,250.07	71,979.12	81,128.65
19	4/1/2021	71,979.12	36,619.42	-	36,619.42	35,781.22	838.20	36,197.89	81,966.85
20	10/1/2021	36,197.89	36,619.42	-	36,197.89	35,776.37	421.52	0.00	82,388.37