

Charles T. Maguire
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Banc of America Public Capital Corp
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June 4, 2018

Jay Toland
City of Fayetteville, NC

Re: Installment Financing Agreement – Vehicles and Equipment

Dear Mr. Toland,

Banc of America Public Capital Corp ("BAPCC") on behalf of Bank of America, N.A. is pleased to submit to you ("Borrower") the Loan financing proposal (the "Proposed Transaction") described in the attached Summary of Terms and Conditions (the "Term Sheet").

This letter and the Term Sheet (collectively, the "Proposal" or "Proposal Letter") include only a brief description of the principal terms of the Proposed Transaction, and are intended for discussion purposes only. This Proposal Letter is not intended to and does not create any binding legal obligation on the part of either party. THIS PROPOSAL LETTER IS NOT, AND IS NOT TO BE CONSTRUED AS, A COMMITMENT OR OFFER BY BAPCC OR ANY RELATED ENTITY TO ENTER INTO THE PROPOSED TRANSACTION. BAPCC will not be obligated to provide any financing until the satisfactory completion of its credit, legal and investment approval process. The terms and conditions of this Proposal Letter shall be superseded by and shall no longer be effective upon the execution and delivery of final legal documentation with respect to this Proposed Transaction.

This Proposal must be accepted on or before **June 11, 2018** in order for BAPCC to proceed with its consideration of the Proposed Transaction. To accept this proposal, please sign the enclosed copy of this letter and return it, by no later than June 11th to:

Banc of America Public Capital Corp
1111 E. Main Street, 18th Floor
Richmond, VA 23832
P - 804-489-5044
F – 804-788-3432

We appreciate this opportunity to present Bank of America.

Very truly yours,

BANC OF AMERICA PUBLIC CAPITAL CORP

Charles T. Maguire

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Senior Vice President

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The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lender, its successors and assigns, any information relating to the business or financial condition of Borrower or its affiliates, and authorizes Lender, Bank of America N.A. and their affiliates to disclose to, discuss with and distribute such information (and any information they may already have) to any other affiliates or proposed assignees or successors of Lender.

City of Fayetteville, NC

By: _____

Title: _____

Date: _____

Please provide Federal ID No.: _____

This proposal is submitted in response to your Request for Proposals dated May 17, 2018. The contents of this proposal and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to any municipal financial product or issuance of municipal securities, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules (the "Rules") of the Securities and Exchange Commission (240 CFR 15Ba1-1 et seq.).

The Staff of the SEC's Office of Municipal Securities has issued guidance which provides that, in order for a request for proposals to be consistent with this exemption, it must (a) identify a particular objective, (b) be open for not more than a reasonable period of time (up to six months being generally considered as reasonable), and (c) involve a competitive process (such as by being provided to at least three reasonably competitive market participants) or by being publicly posted to your official website. In submitting this proposal, we have relied upon your compliance with this guidance.

In submitting this proposal, we are not undertaking to act as a "municipal advisor" to you or any other person within the meaning of the Rules. In connection with this proposal and the transactions described herein, we are not subject to, and we hereby disclaim, any fiduciary duty to you or to any other person. We understand that you will consult with and rely on the advice of your own municipal, financial, tax, legal and other advisors as and to the extent you deem necessary in connection with your evaluation of this proposal and the transactions described herein.

The transaction described in this document is an arm's length, commercial transaction between you and Banc of America Public Capital Corp or one of its subsidiaries or affiliates (collectively, "BAPCC") in which: (i) BAPCC is acting solely as a principal (i.e., as a lender or lessor) and for its own interest; (ii) BAPCC is not acting as a municipal advisor or financial advisor to you; (iii) BAPCC has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether BAPCC or any of its affiliates has provided other services or is currently providing other services to you on other matters); (iv) the only obligations BAPCC has to you with respect to this transaction are set forth in the definitive transaction agreements between us; and (v) BAPCC is not recommending that you take an action with respect to the transaction described in this document, and before taking any action with respect to the this transaction, you should discuss the information contained herein with your own legal, accounting, tax, financial and other advisors, as you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity.

SUMMARY OF TERMS AND CONDITIONS

Date: June 4, 2018

Borrower: City of Fayetteville, NC. ("Borrower")

Lender: Banc of America Public Capital Corp (BAPCC), or its designee ("Lender")

Project: Purchase of vehicles and equipment as described in the City's RFP.

Loan Structure: Installment Financing Agreement (NC G.S. 160A-20) in an amount up to \$4,898,812. This financing is intended as a **BANK QUALIFIED** secured transaction; all tax benefits will remain with Borrower; the installment financing will be a net financial agreement, and all expenses, including (but not limited to) insurance, maintenance, and taxes, will be for the account of Borrower.

Security: BAPCC will have a security interest in the equipment financed, but will not have notation on title.

Term: 48 Months

Maximum Funding: \$4,898,812.

Rates: 2.9051%.

The current rates are locked from the date of this Term Sheet until July 3, 2018 and will be honored so long as the transaction is funded before such date. After July 3, 2018, Lender may adjust the rate upward depending on changes in interest rates between July 3, 2018 and the date the final pricing is determined.

In order to lock the rate, the City must notify (email is fine) BAPCC of acceptance of the rates within 5 business days from the issuance of this proposal.

Payments: Semi-annually in arrears (See amortization schedule).

Insurance: Borrower may be required to provide, at its expense, casualty insurance (with such deductibles as Lender may approve) Lender has the ability, if necessary, to obtain and provide any insurance certificate required.

Prepayment: Borrower may prepay the Installment Agreement at par on any payment date (with 30 days notice) after half the term has elapsed.

Governmental Entity Loan: The Base Rent installments are calculated on the assumptions, and Borrower will represent, that Borrower is a state or political subdivision of a state within the meaning of Section 103(c) of the Internal Revenue Code (the "Code"), that this transaction will constitute an obligation of Borrower within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code. Borrower shall provide Lender with such evidence as Lender may request to substantiate and maintain such tax status.

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Borrower will indemnify Lender only as to the actions or omissions of the Borrower, on an after-tax basis, against any loss of Federal income tax exemption of the interest portion of the rentals and against any penalties and interest imposed by the Internal Revenue Service on Lender in connection therewith on a lump-sum basis.

Non-Appropriation

Termination: Borrower affirms that funds are available for the current fiscal year and reasonably believes that sufficient funds can be obtained to make all rental payments during each subsequent fiscal year. Borrower will regularly budget for and otherwise use its best efforts to obtain funds for the continuation of the rentals in this transaction.

Expenses: Borrower and Lender will each be responsible for its own expenses incurred in connection with the preparation, negotiation and closing of the Loan documentation. There are no other fees or costs associated with this transaction.

Escrow

Account: Lender will allow borrower to take control of funds and place them in an account with the NC Capital Management Trust (NCCMT). Lender will require its normal disbursement process as well as copies of monthly statements from the NCCMT.

Documents: Loan documents in form and substance satisfactory to Lender and its local counsel must be executed and delivered. If Lender requests, Borrower will also furnish duly executed landlord and mortgage waivers and supporting information. Borrower will also provide board resolutions, incumbency certificates and other documentation required by Lender.

Private

Placement: The proposed transaction is a private placement that will not require (i) any additional public ongoing disclosure requirements, (ii) any additional public offering document generation requirements, or (iii) any underwriting or related fees.

Market

Disruption: Notwithstanding anything contained herein to the contrary, in the event any material change shall occur in the financial markets after the date of this Proposal Letter, including but not limited to any governmental action or other event which materially adversely affects the extension of credit by banks, leasing companies or other lending institutions, the Lessor may modify the indicative pricing described above.

USA Patriot Act

Compliance: The Lessee acknowledges that pursuant to the requirements of the USA Patriot Act, as amended from time to time (including as amended by the USA Freedom Act of 2015) (the "Patriot Act"), the Lessor is required to obtain, verify and record information that identifies the Lessee, which information includes the name and address of the Lessee and other information that will allow the Lessor to identify the Lessee in accordance with the Patriot Act.

Credit Due

Diligence: In order to complete its credit due diligence, Banc of America Public Capital Corp Credit Administration will need you to provide:

1. Most recent fiscal year's Budget;
2. Last three years financial statements
3. Insurance Certificate

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48 Month Loan Amortization:

date	funding	payment	interest	principal	balance
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6/28/2018	\$ 4,898,812.00				\$ 4,898,812.00
12/28/2018		\$ 653,050.97	\$ 71,157.69	\$ 581,893.28	\$ 4,316,918.72
6/28/2019		\$ 653,050.97	\$ 62,705.40	\$ 590,345.57	\$ 3,726,573.15
12/28/2019		\$ 653,050.97	\$ 54,130.33	\$ 598,920.64	\$ 3,127,652.51
6/28/2020		\$ 653,050.97	\$ 45,430.71	\$ 607,620.26	\$ 2,520,032.26
12/28/2020		\$ 653,050.97	\$ 36,604.73	\$ 616,446.24	\$ 1,903,586.01
6/28/2021		\$ 653,050.97	\$ 27,650.54	\$ 625,400.43	\$ 1,278,185.58
12/28/2021		\$ 653,050.97	\$ 18,566.28	\$ 634,484.69	\$ 643,700.89
6/28/2022		\$ 653,050.97	\$ 9,350.08	\$ 643,700.89	\$ (0.00)
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	\$ 4,898,812.00	\$ 5,224,407.76	\$ 325,595.76	\$ 4,898,812.00	

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