

\$9,000,000*
City of Fayetteville, North Carolina
2022 Installment Financing Agreement

Bids due by: Monday, May 2, 2022 @ 12:00 pm

The City of Fayetteville, North Carolina (the “City”), is requesting proposals from financial institutions with respect to a commercial loan to be evidenced by its \$9,000,000* Installment Financing Agreement (the “Agreement”). Your response to the RFP would be greatly appreciated. The following key assumptions are to be utilized in preparing your proposal:

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| <i>Issuer:</i> | City of Fayetteville, North Carolina |
| <i>Use of Proceeds:</i> | The proceeds of the Agreement will be used to pay the costs of constructing and equipping a new 18,000+ square foot fire station (the “Project”) and pay costs of issuance. |
| <i>Tax Treatment:</i> | Tax-Exempt. |
| <i>Bank Qualified:</i> | No. |
| <i>Audit:</i> | The City’s budgets and audited financial statements are available on the City’s website at the following links: https://www.fayettevillenc.gov/city-services/budget-evaluation https://www.fayettevillenc.gov/city-services/finance/comprehensive-annual-financial-report-cafr |
| <i>Security:</i> | The obligations of the City under the Agreement will be secured by a deed of trust on the site of Project, together with any improvements or fixtures located or to be located thereon. The payment of the installment payments under the Agreement will be subject to annual appropriation. The City’s obligations under the Agreement will not be secured by the faith and credit or taxing power of the City. |
| <i>Authorization:</i> | The City is entering into the Agreement under the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The City Council is expected to authorize the execution and delivery of the Agreement at its meeting on May 23, 2022 . It is anticipated that the Local Government Commission (the “LGC”) will approve this transaction at its meeting on June 7, 2022 . The execution and delivery of the Agreement is subject to the approvals by the City Council and the LGC. |
| <i>Rating:</i> | No rating is expected to be obtained for the Agreement. The City currently maintains General Obligation Bond credit ratings of Aa1 / AA+ from Moody’s and S&P, respectively. |
| <i>Issue Size:</i> | \$9,000,000* |
| <i>Debt Structure:</i> | The City has provided two preliminary amortizations below which should be used in preparation of your bid. Please note that bidders are not required to submit a bid for each option. The City reserves the right to lower the borrowing amount or adjust the principal structures to generate its desired principal structure. <u>A single fixed rate for the entire term of the amortization is required.</u> |

| Maturity Date | Option A | Option B |
|---------------------|--------------------|---------------------|
| 5/1/2022 | \$ 600,000 | \$ 450,000 |
| 5/1/2023 | 600,000 | 450,000 |
| 5/1/2024 | 600,000 | 450,000 |
| 5/1/2025 | 600,000 | 450,000 |
| 5/1/2026 | 600,000 | 450,000 |
| 5/1/2027 | 600,000 | 450,000 |
| 5/1/2028 | 600,000 | 450,000 |
| 5/1/2029 | 600,000 | 450,000 |
| 5/1/2030 | 600,000 | 450,000 |
| 5/1/2031 | 600,000 | 450,000 |
| 5/1/2032 | 600,000 | 450,000 |
| 5/1/2033 | 600,000 | 450,000 |
| 5/1/2034 | 600,000 | 450,000 |
| 5/1/2035 | 600,000 | 450,000 |
| 5/1/2036 | 600,000 | 450,000 |
| 5/1/2037 | - | 450,000 |
| 5/1/2038 | - | 450,000 |
| 5/1/2039 | - | 450,000 |
| 5/1/2040 | - | 450,000 |
| 5/1/2041 | - | 450,000 |
| Total | \$9,000,000 | \$9,000,000 |
| Average Life | 7.894 Years | 10.394 Years |

Note: Estimated; subject to change

- Principal Payments:** Annual principal payments on May 1, commencing May 1, 2023.
- Interest Payments:** Semi-annual interest payments (calculated on a 30/360 basis) on May 1 and November 1, commencing November 1, 2022.
- Optional Redemption:** The City is seeking flexibility with respect to redemption provisions. Please specify the redemption structure(s) that would provide the City with flexibility at the lowest cost of funds. Proposals with multiple redemption options are permitted.
- Bond Counsel/ Documents:** The Charleston Group will serve as special counsel to the City in connection with the Agreement and will prepare the necessary legal documentation, subject to the review and approval by the winning bidder (and its counsel). By submitting a proposal, the bidder waives any conflict of interest with respect to The Charleston Group serving as special counsel to the City in connection with the Agreement.
- Closing Costs:** None anticipated to be paid to or on behalf of the bank. Please specify any exceptions.
- Annual/Ongoing Costs:** None anticipated to be paid to or on behalf of the bank. Please specify any exceptions.
- Increased Cost:** The City will not consider any proposals that include future interest rate adjustments relating to the bank's increased costs, changes in tax rate, capital adequacy, capital requirements, etc.
- Conditions:** Please specify any conditions to the closing of the transaction (other than finalizing acceptable documents), any real estate related requirements (i.e. title insurance, environmental, survey, etc.) and any rights reserved to withdraw the proposal.

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| <i>Closing:</i> | Closing is anticipated to take place on or about June 9, 2022 . <u>The interest rate bid must be held firm until this date.</u> |
| <i>Ongoing Disclosure:</i> | In accordance with its customary practice, the City will post its annual financial statements to its website when available. The City will also provide these documents in electronic format to the bank upon request. |
| <i>Award:</i> | The City reserves the right to request additional information from the bidders and to waive any irregularity or informality and to negotiate provisions and covenants directly with any bidder. The City also reserves the right to reject all proposals for any reason. Although the selection will be based substantially on lowest total financing cost (including both interest cost and upfront fees and expenses), the City reserves the right to select the bidder that best meets the needs of the City. Final award is subject to the approval of the City Council and the LGC. |
| <i>Delivery:</i> | The Agreement is expected to be delivered on or about June 9, 2022 . The purchase price then due must be paid in federal funds or other immediately available funds. All proceeds from the purchase of the Agreement will be disbursed to the City at closing. |
| <i>Representations:</i> | The winning bidder will be required to execute a letter to the City acknowledging, among other things, that (1) no official statement or other offering material has been furnished other than the Request for Proposals; (2) the winning bidder had an opportunity to make inquiries of, and receive answers from such officials, employees, agents and attorneys of the City; (3) the winning bidder has knowledge and experience in financial and business matters and that it is capable of evaluating the merits and risks of making the loan to be evidenced by the Agreement and is financially able to bear the economic risk of holding the Agreement; (4) the winning bidder is acquiring the Agreement as a vehicle for making a commercial loan and without a present view to the distribution or resale thereof (subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be under its control) within the meaning of the Federal securities laws; and (5) the winning bidder is acquiring the Agreement solely for its own account and no other person now has any direct or indirect beneficial ownership or interest therein. |
| <i>LOAN TREATMENT:</i> | BY SUBMITTING A BID IN RESPONSE TO THIS RFP, EACH BIDDER ACKNOWLEDGES AND REPRESENTS TO THE CITY AND ITS FINANCIAL ADVISOR THAT (1) NO OFFICIAL STATEMENT OR OTHER OFFERING MATERIAL WILL BE FURNISHED OTHER THAN THIS RFP; (2) THE BIDDER HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS AND THAT IT IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF MAKING THE COMMERCIAL LOAN TO BE EVIDENCED BY THE AGREEMENT AND IS FINANCIALLY ABLE TO BEAR THE ECONOMIC RISK OF HOLDING THE AGREEMENT; (3) NO CUSIP NUMBER WILL BE OBTAINED FOR THE AGREEMENT; AND (4) THE BIDDER INTENDS TO ACQUIRE THE AGREEMENT SOLELY FOR ITS OWN ACCOUNT AS A VEHICLE FOR MAKING A COMMERCIAL LOAN AND WITH NO PRESENT INTENTION TO DISTRIBUTE OR RESALE THE AGREEMENT OR ANY PORTION THEREOF. |

To be considered, a proposal must be received by 12:00pm on **Monday, May 2, 2022**. Email submission of the proposal to the following persons is preferred.

JayToland@fayettevillenc.gov
jcharleston@charlestongroup.com
cbamba@charlestongroup.com
dcheatwood@firsttryon.com
chabliston@firsttryon.com

Questions may be addressed to the City through its bond counsel and/or financial advisor:

Bond Counsel

Catherine Bamba
The Charleston Group
201 Hay Street, Suite 2000
Fayetteville, NC 28302
(910) 485-2500
cbamba@charlestongroup.com

Financial Advisor

David Cheatwood
First Tryon Advisors
6101 Carnegie Blvd., Suite 210
Charlotte, NC 28209
(704) 926-2457
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