



RBC Bank™

Public and Institutional Banking  
301 Fayetteville Street, Suite 1100  
Raleigh, NC 27601  
(919) 788-5795 phone  
(919) 788-5515 fax  
(888) 680-5064

May 23, 2011

Donna Rogers  
Town of Sunset Beach  
700 Sunset Beach Blvd North  
Sunset Beach, NC 28468

RE: Finance the Purchase of Land for Future Park

Dear Donna:

RBC Bank is pleased to respond to the Town of Sunset Beach's request to finance the purchase of 5.2 acres of land located on Sunset Blvd for the purpose of a future park. We are excited about the prospects of continuing a partnership with the Town.

If there are any questions related to the enclosed proposal, please do not hesitate to call me at (919) 788-5795. I look forward to hearing from you and working with you on this transaction.

Thank you in advance for your consideration.

Sincerely,

Marcus L. Smith  
Director  
Public & Institutional Banking

# INSTALLMENT FINANCING AGREEMENT PROPOSAL

Please accept this letter as confirmation of RBC Bank’s interest in providing financing to the Town of Sunset Beach for the below-referenced Project, based on the following terms and conditions:

- Borrowing Entity:** Town of Sunset Beach, North Carolina (the “Town”)
- Secured Party:** RBC Bank or its nominee (the “Bank”)
- Project Description:** To finance the purchase of 5.2 acres of land located on Sunset Blvd., along the Waterway and Mary’s Creek, for the purpose of a future park (the “Project”)
- Anticipated Funding Date:** August 23, 2011
- Total Amount to Finance:** Not to exceed \$2,100,000.00
- Term:** One hundred twenty (120) months
- Interest Rate:** 2.95%  
The rate is valid through July 7<sup>th</sup>, 2011 and will be repriced and locked 30 days prior to close.
- Payments:** \$210,000.00 Equal principal plus interest paid annually (in arrears) (Attached Schedule A)
- Prepayment Penalty:** The Town may prepay the Loan in whole or in part at its option at any time upon giving the Bank not less than thirty (30) days written notice thereof, subject to a payment premium equal to the Reinvestment Loss. “Reinvestment Loss” means the present value of the difference between (1) the amount that would have been realized by the Bank on the prepaid amount for the remaining term of the Contract at the Federal Reserve H.15 Statistical Release rate for the fixed-rate payers in the interest rate swaps for a term corresponding to the term of the Contract, interpolated to the nearest month, if necessary, that was in effect on the date of closing and (2) the amount that would be realized by the Bank by reinvesting such prepaid funds for the remaining term of the Contract at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps, interpolated to the nearest month, that was in effect on the date fixed for prepayment; both discounted at the same interest rate utilized in determining the applicable amount for clause (2) above. Notwithstanding the foregoing, any prepayment of the Loan, whether in whole or in part, will be subject to a minimum prepayment fee of 0.5% of the amount being prepaid. The Bank shall provide the Town with a written statement explaining the calculation of the premium due, which statement shall, in absence of manifest error, be conclusive and binding on the Town

**Type of Financing:** The Installment Financing Agreement will include language compliant with NC General Statute Section 160A-20.

**Non-Appropriation:** The Town will agree that an appropriation sufficient to satisfy the debt service will be included in its budgeting proposal process.

**Title and Security Interest:** Deed of Trust and/or Security Interest on the Project. RBC Bank will have a first lien position on the Project.

**Conditions:** In order for RBC Bank to provide financing for the Project, the following condition(s) must be met at or prior to closing:

1. All financing documentation, including, but not limited to, Deed of Trust, Certificates and Opinions will be subject to final satisfactory review and approval by the Bank and Bank’s Counsel. Drafts of the proposed documents will be provided to the Town once award of the bid has taken place.
2. Legal opinions from counsel satisfactory to the Bank concerning enforceability, validity and the tax-free nature of the transaction to the Bank shall be provided with all associated costs to be paid by the Town.
3. Satisfaction of the conditions detailed on the attached Addendum A.
4. Bank fee for RBC Bank to prepare documentation will be \$7,500.00. The Town shall also be responsible for all costs associated with obtaining or providing surveys, insurance, and title insurance.
5. Evidence of LGC approval.

June 3, 2011 **Proposal Expiration:** The Bank must be notified by 5:00 p.m. that our bid will be recommended to the governing body for approval.

June 15, 2011 **Proposal Acceptance:** The governing body must accept the proposal by this date. Upon acceptance, please return a signed copy of this letter to RBC Bank.

August 23, 2011 **Funding Date:** The interest rate will be repriced and locked 30 days prior to the Funding Date. If this loan is not closed by the Funding Date, the repriced interest rate and payments are subject to change based on current market conditions, unless extended by RBC Bank.

This letter expresses the willingness of RBC Bank to seek the additional approvals necessary for this transaction and is delivered to you with the understanding that its contents will be kept strictly confidential. RBC Bank will submit drafts of the Installment Finance Contract if awarded the winning bid.

**A final commitment will require the prior approval of RBC Bank's credit committee, documents in an acceptable form, and the negotiation of a definitive structure. Once this proposal is accepted by the governing body, please sign below and return this letter to RBC Bank.**

If you have any questions, please feel free to call or e-mail me at (919) 788-5795 or marcus.smith@rbc.com.

Sincerely,



Marcus L. Smith  
Director  
Public & Institutional Banking

*Proposal Accepted By:*

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Addendum A

### Real Property Requirements

If the Financing Proposal is committed by the Bank, the Town understands and agrees that the Bank shall require in form and content satisfactory to the Bank and its counsel the items marked in the following list:

- ☒ 1. **Deed of Trust** – The Installment Financing Agreement shall be secured by a first lien deed of trust (“the Deed of Trust”) on the Project and improvements to the Project. The description of the Project contained in or attached to the Deed of Trust shall conform to the survey referred to in paragraph 4 below (if required). The Deed of Trust shall specify, among other things, that the Bank shall have the right to inspect the premises on reasonable notice at reasonable times.
- ☒ 2. **UCC Financing Statements** – UCC financing Statements, properly recorded, providing a first lien on equipment and other items and types of personal property now owned or hereafter acquired and located upon the property and used or useable in the operation and maintenance of the improvements;
- ☒ 3. **Title Insurance** – A title insurance policy in an amount and issued by a company acceptable to the Bank insuring the Bank’s first lien position. The policy shall contain no matters objectionable to the Bank, including, without limitation, exceptions with respect to mechanics’ and materialmen’s liens, prior years’ taxes, matters of survey, deed restrictions, etc.
- ☒ 4. **Boundary Survey.** Prior to closing, a survey containing all setback and side lines, all existing or proposed buildings, and all streets, roads, rights-of-way, easements, encroachments, etc.
- ☒ 5. **Hazard Insurance** – A hazard insurance policy to include fire, vandalism and malicious mischief, and extended coverage. The insurance policy must be in an amount sufficient to avoid co-insurance liability and equal to at least the amount of the loan. The insurance policy shall be issued by a company licensed to do business in North Carolina or through the North Carolina Association of County Commissioners Risk Management Pools or North Carolina League of Municipalities Interlocal Risk Financing Fund of North Carolina and shall contain a standard mortgagee clause designating the Bank as loss payee. As soon as construction of the improvements is completed, the policy shall be converted to a permanent fire and hazard insurance policy and shall be in an amount sufficient to avoid co-insurance liability and equal to the total replacement value or the amount of the loan, whichever is greater.
- ☒ 6. **Flood Insurance** – A flood insurance policy if the property is located in a “special flood, mudslide, or erosion hazard area.” The flood insurance policy shall be in the amount of the loan or the maximum amount of coverage available, whichever is less, and shall contain a standard mortgagee clause designating the Bank as loss payee.
- ☒ 7. **Environmental** - The Town shall provide to the Bank a completed Environmental Questionnaire on the form provided by the Bank or, as deemed necessary by the Bank, a Phase I Environmental Survey.

Schedule A

---

Town of Sunset Beach

---

Compound Period            Annual  
 Nominal Annual Rate      2.95%

	Event	Start Date	Amount	Number	Period	End Date
1	Loan	23-Aug-11	2,100,000.00	1		
2	Payment	23-Aug-12	210,000.00	10	Annual	8/23/2021
	Fixed Payment (+ Interest)					

AMORTIZATION SCHEDULE - Normal Amortization 360 Day Year

#	Date	Payment	Interest	Principal	Balance
Loan	23-Aug-11				2,100,000.00
2012 Totals		0.00	0.00	0.00	
1	23-Aug-12	271,950.00	61,950.00	210,000.00	1,890,000.00
2013 Totals		271,950.00	61,950.00	210,000.00	
2	23-Aug-13	265,755.00	55,755.00	210,000.00	1,680,000.00
2014 Totals		265,755.00	55,755.00	210,000.00	
3	23-Aug-14	259,560.00	49,560.00	210,000.00	1,470,000.00
2015 Totals		259,560.00	49,560.00	210,000.00	
4	23-Aug-15	253,365.00	43,365.00	210,000.00	1,260,000.00
2016 Totals		253,365.00	43,365.00	210,000.00	
5	23-Aug-16	247,170.00	37,170.00	210,000.00	1,050,000.00
2017 Totals		247,170.00	37,170.00	210,000.00	
6	23-Aug-17	240,975.00	30,975.00	210,000.00	840,000.00
2018 Totals		240,975.00	30,975.00	210,000.00	
7	23-Aug-18	234,780.00	24,780.00	210,000.00	630,000.00
2019 Totals		234,780.00	24,780.00	210,000.00	
8	23-Aug-19	228,585.00	18,585.00	210,000.00	420,000.00
2020 Totals		228,585.00	18,585.00	210,000.00	
9	23-Aug-20	222,390.00	12,390.00	210,000.00	210,000.00
2021 Totals		222,390.00	12,390.00	210,000.00	
10	23-Aug-21	216,195.00	6,195.00	210,000.00	0.00
2022 Totals		216,195.00	6,195.00	210,000.00	
Grand Totals		2,440,725.00	340,725.00	2,100,000.00	