

Mark A. Jannetty  
Regions Equipment Finance  
150 4<sup>th</sup> Avenue North  
Nashville, TN 37219  
(615) 748-2034 (O)  
(615) 440-0168 (C)

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February 19, 2019

Ms. Paula Roach  
Finance Director  
County of Rutherford, North Carolina  
289 N. Main Street  
Rutherfordton, NC 28139

Dear Ms. Roach,

Regions Equipment Finance Corporation is pleased to furnish the following tax-exempt lease proposal for your review and consideration for the Rutherford County Bid RFP Submission.

Lessor:	Regions Equipment Finance Corporation, or its Assignee.
Lessee:	County of Rutherford, North Carolina
Facility:	Equipment Lease – Purchase Agreement as allowed by N.C.G.S. 160A-20.
Equipment:	Various Equipment and Vehicles as outlined in the RFP.
Equipment Cost:	\$866,000.00
Facility Closing:	Funding is anticipated to be on or before March 15, 2019.
Payment Frequency:	Monthly payments, starting on approximately April 15, 2019.
Term:	36 Months
Tax Exempt Rate:	2.65%
Principal Amortization:	Please see the attached Amortization Schedule, calculated on a 360-day basis.
Prepayment:	Borrower may prepay in full all principal and interest obligations hereunder on a day when a Payment is due by paying to Regions an amount equal to the current outstanding lease balance plus any accrued but unpaid interest ("Outstanding Lease Balance") of all Equipment as of such date, plus a premium equal to the following (the "Prepayment Premium"): (1) if during the first year of the Base Term, three percent (3%) of the Outstanding Lease Balance, (2) if during the second year of the Base Term, two percent (2%) of the Outstanding Lease Balance, (3) if during the third year of the Base Term, one percent (1%) of the Outstanding Lease Balance and (4) zero percent (0%) thereafter.

Payment Method:	Lessee agrees that all rent, and other payments, will be made by automatic funds withdrawal (ACH), and Lessee will execute documentation satisfactory to Lessor to facilitate such payments.
Rate Adjustment:	The Tax-Exempt Rate presented in this proposal is based on current market conditions and Regions Cost of Funds on February 15, 2019. After March 15, 2019, the Tax-Exempt Rate as quoted in this proposal can be adjusted upward or downward to maintain Lessor's economic yield as exists at this date.
Funding Reimbursement:	Funding will be into an escrow account controlled by Regions Bank. With submittal of acceptable Invoices and Proof of Payment (cancelled checks, ACH records, etc.) Lessor agrees to reimburse Lessee for payments made prior to close of this Lease.
Lease Commencement:	The Base Term shall commence on the date of closing and delivery and acceptance of the Equipment. The first monthly rental shall be due on April 15, 2019. Remaining rental payments shall be due monthly thereafter. All payments shall be subject to any state and local sales/use taxes, if applicable.
Bank Qualified:	It is anticipated that this transaction will be bank qualified. The interest rate stated above assumes that the Lease will be a bank qualified tax-exempt obligation. Section 265(b)3 of the Internal Revenue Code of 1986 exempts certain tax-exempt obligations (bank qualified), not more than \$10,000,000.00 per year, from the 100% preference tax disallowance applicable to banks, provided that the reasonably anticipated amount of qualified tax-exempt obligations to be issued by the issuing authority during the calendar year does not exceed \$10,000,000.00. If the issuing authority reasonably anticipates that it will issue \$10,000,000.00 or less in qualified tax-exempt obligations during the calendar year, the lease will be designated as a non-bank qualified tax-exempt obligation.
Opinion of Counsel:	As an additional condition precedent to the Lessor, the Lessee shall provide, among other things, the following opinions to the Lessor: an opinion of bond counsel in form and substance satisfactory to the Lessor and its counsel in all respects, which shall include opinions to the effect that (a) the Lessee has the authority under the laws of the State of North Carolina to issue the Lease Financing Instrument and execute and deliver the Lease Documents, (b) that the Lease Financing Instrument has been duly issued and each of the Lease Financing Instruments and the other Documents to which the Lessor is a party has been duly authorized, executed and delivered by the Lessor, (c) that each of the Lease Financing Instruments and the other Documents to which the Lessee is a party is a valid and binding obligation of the Lessee, duly enforceable in accordance with its terms, (d) that interest on the Lease Financing Instrument is (i) excludable from gross income of the holders thereof for federal income tax purposes and (ii) is exempt from present income taxation in the State of North Carolina.

Net Lease:	The Lease will be a "net lease" with Lessee responsible for all expenses, including (a) maintenance costs, liability and physical damage insurance satisfactory to Lessor and (b) taxes relating to the purchase, lease, possession and use of the Equipment (some of which may be added to the cost of the Equipment or collected as the gross rentals as appropriate under state law), excluding taxes based solely on the net income of Lessor. Lessor is not responsible for the selection, suitability or performance of the Equipment and Lessee will be responsible for all payments and performance irrespective of any defect in the Equipment.
Purchase - End of Term:	At the expiration of the Lease Term, and upon payment of all rentals, so long as no default exists thereunder and the Lease has not been earlier terminated, Lessee shall have the option to purchase all (but not less than all) of the Equipment on an AS IS, WHERE IS BASIS for one dollar (\$1.00).
Documentation:	<b>Lessor will provide documentation required to close the Lease and will prepare and file the subsequent 8038G for the IRS.</b> Any additional modifications requested by Lessee must be approved by Lessor. <b>Any associated legal fees will be reimbursed to Lessor by Lessee.</b>
Transactional Costs:	No documentation or filing fees will be required. Lessee will be responsible for all legal fees but Lessor will cap those fees at \$3,500.00. Lessee will be responsible for all costs it incurs.
Insurance:	Lessee will purchase and maintain liability insurance coverage equal to \$1,000,000.00 naming Lessor as Additional Insured and physical damage insurance coverage with a deductible of no more than \$5,000.00 naming Lessor as Loss Payee. Lessee will furnish satisfactory evidence of such insurance prior to funding.
Contingencies:	<b>This proposal is not and should not be construed as a commitment to fund.</b> The terms and provisions presented herein are subject to among other things (1) Lessor's credit review and approval of Lessor's investment in the Equipment and the economics of the proposed transaction, at Lessor's sole discretion, and (2) execution of all documentation in form and substance satisfactory to all parties to the transaction. Lessor makes no representation as to the legal, tax or accounting treatment of the Lease. Lessor shall not have any obligation whatsoever under this proposal and shall only be obligated under and as provided in the documentation referred to in clause (2) above. No notice of approval or other communication from Lessor or anyone claiming to act on its behalf shall waive or modify the limitations contained in this paragraph.
Role of Lessor:	The Lessor and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Proposal

and any other information, materials or communications provided by the Lessor: (a) the Lessor and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lessor and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Proposal, information, materials or communications; (c) the Lessor and its representatives are acting for their own interests; and (d) the Issuer and the Lessee have been informed that the Issuer and the Lessee should discuss this Proposal and any such other information, materials or communications with any and all internal and external advisors and experts that the Issuer and the Lessee, respectively, deem appropriate before acting on this Proposal or any such other information, materials or communications.

Lessee hereby authorizes Lessor to pre-file UCC financing statements naming Lessee, as debtor, and Lessor, as secured party, and describing the collateral therein by specific reference to the Equipment or by general reference to all equipment financed by Lessor (or words similar to the effect), provided that our doing so shall not obligate Lessee or Lessor to enter into the proposed financing, and provided further that if the proposed financing is not extended for any reason Lessor will terminate any such UCC financing statements Lessor has filed at Lessee's request.

Federal law requires all financial institutions to obtain, verify, and record information regarding customers. Lessor has or will obtain and keep on file information complying with 31 CFR Part 103.121 regarding Lessee, including Lessee's name, address and copies of various identifying documents.

By acceptance of this proposal, Lessee requests Lessor to take all actions necessary to evaluate the transactions contemplated hereby, including ordering credit reports and (if desired by Lessor) appraisals of the Equipment. This proposal shall expire as of the close of business on Monday March 4, 2019, unless extended in writing by Lessor. This proposal may not be modified, supplemented or otherwise changed except in a writing signed by an officer of Lessor, subject to the further limitations expressed above.

We look forward to your early review and acceptance of this proposal. If there are any questions, please do not hesitate to contact me directly at (615) 748-2034.

Sincerely,



**Mark A. Jannetty**  
**Senior Vice President**  
Regions Equipment Finance  
150 4<sup>th</sup> Avenue North  
Nashville, TN 37219  
(615) 748-2034 (O)  
(615) 440-0168 (C)

PROPOSAL ACCEPTED:

By: \_\_\_\_\_

Title: \_\_\_\_\_

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

**Confidentiality.** This Term Sheet contains confidential and proprietary structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with this financing or as may be required by law, the contents of this Term Sheet may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed borrowing as required to comply with applicable Federal income tax rules relating to such disclosure.

**No Fiduciary Role.** The Lessee acknowledges and agrees that: (i) information contained in this document regarding the Tax-exempt Lease is for discussion purposes only in anticipation of engaging in arm's length commercial transactions with Lessee in which the Lessor would be acting solely as a principal, and not as a municipal advisor, financial advisor or fiduciary to Lessee or any other person or entity regardless of whether the Lessor or an affiliate has or is currently acting as such on a separate transaction; (ii) the Lessor has not assumed any advisory or fiduciary responsibility to the Lessee with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lessor or its affiliates have provided other services or are currently providing other services to the Lessee on other matters); (iii) the only obligations the Lessor has to the Lessee with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (iv) the Lessee has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**Privately Negotiated Lease.** The Lessor acknowledges and agrees that the instant transaction is a privately negotiated Lease with Lessor and in that connection the Lease shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

**US Patriot Act.** The Lessee represents and warrants to the Lessor that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Lessee further represents and warrants to the Lessor that the Lessee and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

CC: William Ingram, Jeremy Fisher

Exhibit A  
Amortization Schedule

Rate: 2.65%

Date	Funding	Payment	Interest	Principal	Balance
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3/15/2019	\$866,000.00				\$866,000.00
4/15/2019		\$25,050.97	\$1,912.42	\$23,138.55	\$842,861.45
5/15/2019		\$25,050.97	\$1,861.32	\$23,189.65	\$819,671.80
6/15/2019		\$25,050.97	\$1,810.11	\$23,240.86	\$796,430.93
7/15/2019		\$25,050.97	\$1,758.78	\$23,292.18	\$773,138.75
8/15/2019		\$25,050.97	\$1,707.35	\$23,343.62	\$749,795.13
9/15/2019		\$25,050.97	\$1,655.80	\$23,395.17	\$726,399.96
10/15/2019		\$25,050.97	\$1,604.13	\$23,446.84	\$702,953.12
11/15/2019		\$25,050.97	\$1,552.35	\$23,498.62	\$679,454.50
12/15/2019		\$25,050.97	\$1,500.46	\$23,550.51	\$655,904.00
1/15/2020		\$25,050.97	\$1,448.45	\$23,602.52	\$632,301.48
2/15/2020		\$25,050.97	\$1,396.33	\$23,654.64	\$608,646.84
3/15/2020		\$25,050.97	\$1,344.10	\$23,706.87	\$584,939.97
4/15/2020		\$25,050.97	\$1,291.74	\$23,759.23	\$561,180.74
5/15/2020		\$25,050.97	\$1,239.27	\$23,811.70	\$537,369.04
6/15/2020		\$25,050.97	\$1,186.69	\$23,864.28	\$513,504.76
7/15/2020		\$25,050.97	\$1,133.99	\$23,916.98	\$489,587.78
8/15/2020		\$25,050.97	\$1,081.17	\$23,969.80	\$465,617.99
9/15/2020		\$25,050.97	\$1,028.24	\$24,022.73	\$441,595.26
10/15/2020		\$25,050.97	\$975.19	\$24,075.78	\$417,519.48
11/15/2020		\$25,050.97	\$922.02	\$24,128.95	\$393,390.53
12/15/2020		\$25,050.97	\$868.74	\$24,182.23	\$369,208.30
1/15/2021		\$25,050.97	\$815.33	\$24,235.63	\$344,972.66
2/15/2021		\$25,050.97	\$761.81	\$24,289.16	\$320,683.51
3/15/2021		\$25,050.97	\$708.18	\$24,342.79	\$296,340.71
4/15/2021		\$25,050.97	\$654.42	\$24,396.55	\$271,944.16
5/15/2021		\$25,050.97	\$600.54	\$24,450.43	\$247,493.74
6/15/2021		\$25,050.97	\$546.55	\$24,504.42	\$222,989.31
7/15/2021		\$25,050.97	\$492.43	\$24,558.54	\$198,430.78
8/15/2021		\$25,050.97	\$438.20	\$24,612.77	\$173,818.01
9/15/2021		\$25,050.97	\$383.85	\$24,667.12	\$149,150.89

10/15/2021		\$25,050.97	\$329.37	\$24,721.60	\$124,429.29
11/15/2021		\$25,050.97	\$274.78	\$24,776.19	\$99,653.10
12/15/2021		\$25,050.97	\$220.07	\$24,830.90	\$74,822.20
1/15/2022		\$25,050.97	\$165.23	\$24,885.74	\$49,936.46
2/15/2022		\$25,050.97	\$110.28	\$24,940.69	\$24,995.77
3/15/2022		\$25,050.97	\$55.20	\$24,995.77	\$0.00
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	\$866,000.00	\$901,834.92	\$35,834.92	\$866,000.00	