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2 **2019-042 (2ND READING): AUTHORIZING THE CITY OF MYRTLE BEACH, SOUTH**
3 **CAROLINA, TO EXECUTE AND DELIVER AN ADDENDUM TO A MASTER LEASE**
4 **AGREEMENT IN AN AMOUNT NOT EXCEEDING \$1,825,000 BETWEEN THE CITY AND**
5 **THE LESSOR THEREOF TO DEFRAY THE COST OF ACQUIRING CONVENTION CENTER**
6 **HVAC EQUIPMENT AND CERTAIN ITEMS OF HEAVY EQUIPMENT FOR SOLID WASTE**
7 **MANAGEMENT; AND OTHER MATTERS RELATING THERETO.**

8
9 **Applicant/Purpose:** Staff/to finance acquisition of heavy equipment for convention
10 center & solid waste management.

11
12 **Brief:**

- 13 • Proposed ordinance approves City's entering into a 10-year lease-purchase
14 agreement at an interest rate to be determined by competitive bids.
- 15 • The amortization schedule will be supplied upon acceptance of proposals.
- 16 • The total equipment package totals \$1,825,000 including:
 - 17 • HVAC system for the Convention Center (\$625,000).
 - 18 • 30 compactors (\$900,000).
- 19 • Since 1st reading, the compaction unit specifications have been changed to add
20 ozone units, increasing the total cost to \$1,200,000.
- 21 • Upon reassessing the total costs of the equipment originally proposed and the
22 timing of its potential receipt and placement into service, the CFO recommends
23 splitting the issue into 2 leases, this one to close in 2019, and the other in 2020.
- 24 • The 2020 lease will include 4 knuckleboom trucks (\$600,000) & 2 rear Loaders
25 (\$480,000).

26
27 **Issues:**

- 28 • Resolution R2019-041 (approved August 27, 2019) established the City's intention
29 to finance the equipment purchase.
- 30 • This declaration of intent protects the tax exempt status of the lease agreement
31 in the event that expenditures are incurred prior to closing on the agreement.

32
33 **Public Notification:** Normal meeting notification.

34
35 **Alternatives:**

- 36 • Do not adopt ordinance. Look for other financing options.
- 37 • Do not acquire this equipment.

38
39 **Financial Impact:**

- 40 • This expense was anticipated in the current budget & capital improvement plans.
- 41 • The proposal ensures that this agreement can be priced to reflect the lower tax-
42 exempt interest rates.

43
44 **Manager's Recommendation:**

- 45 • I recommend 1st reading (8/27/19).
- 46 • I recommend approval (11/12/19).

47
48 **Attachment(s):** Lessee's Proposal.

CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

AUTHORIZING THE CITY OF MYRTLE BEACH, SOUTH CAROLINA, TO EXECUTE AND DELIVER AN ADDENDUM TO A MASTER LEASE AGREEMENT IN AN AMOUNT NOT EXCEEDING \$1,825,000 BETWEEN THE CITY AND THE LESSOR THEREOF TO DEFRAY THE COST OF ACQUIRING CONVENTION CENTER HVAC EQUIPMENT AND CERTAIN ITEMS OF HEAVY EQUIPMENT FOR SOLID WASTE MANAGEMENT; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MYRTLE BEACH, SOUTH CAROLINA, IN COUNCIL DULY ASSEMBLED, AS FOLLOWS:

SECTION 1. The City Council of the City of Myrtle Beach, South Carolina (the "Council"), hereby finds and determines:

(a) The City of Myrtle Beach, South Carolina (the "City"), is an incorporated municipality located in Horry County, South Carolina (the "County"), and as such has all powers granted to municipalities by the Constitution and general laws of this State.

(b) Section 5-7-40 of the Code of Laws of South Carolina 1976, as amended, empowers all municipalities to own and possess real and personal property and such municipalities may lease any such property.

(c) On February 15, 2015, the City entered into a Master Lease-Purchase Agreement (the "Agreement") with Bank of America Public Capital Corporation ("BAPCC"), a division of Bank of America Corporation (the "Lessor"), for the purpose of acquiring certain public safety equipment (Schedule A) and a rear loader (Schedule B).

(d) On April 4, 2015, the City entered into an addendum to the Agreement for the purpose of financing the acquisition and installation of network infrastructure and camera units for a system of surveillance cameras (Schedule C).

(e) The City now desires to enter into a further addendum to the Master Lease Agreement with BAPCC (the "Lessor"), for the purposes of financing the purchase of certain equipment, to wit: installation of an HVAC System at the Myrtle Beach Convention Center; and thirty (30) Compactors with Glacier Ozone Units for Solid Waste Management operations (collectively, the "Schedule D Equipment").

(f) The Lease Agreement will be subject to annual appropriation by the Council.

(g) Pursuant to a Request for Proposals for the above named equipment distributed to various vendors, the City received responsive proposals regarding the request and capital leasing of the Equipment authorized by this Ordinance. The winning proponent's financing offer was put forward by BAPCC. A total of nine (9) responsive proposals were timely received. BAPCC quoted a

1 rate of 1.9573% per annum for ten (10) years. Rates quoted by the other proponents ranged from
2 a low of 2.2200% to a high of 3.0600%, all on a similar ten-year schedule.

3 (h) It is in the best interest of the City to acquire the Equipment by entering into the
4 Lease Agreement with the Lessor. The Lease Agreement will enable the City to purchase the
5 Equipment for use by departments of City government, which Equipment is necessary to the proper
6 functioning of the City.

7
8 SECTION 2. Acceptance of Proposal. The proposal of the Lessor, dated November 4, 2019,
9 a copy of which is attached hereto as Exhibit B, providing for, among other things, the terms of
10 the lease/purchase transaction authorized by this Ordinance, is hereby approved and accepted.
11 The Lease Agreement shall be in an amount not exceeding \$1,825,000. The City Manager is hereby
12 authorized to execute such lease agreement on behalf of the City.

13
14 SECTION 3. Approval of Transaction. The Council does hereby approve leasing the
15 Equipment by the City from the Lessor pursuant to the Lease Agreement.

16
17 SECTION 4. Approval of Lease Agreement. The form, terms and provisions of the Lease
18 Agreement be and hereby are approved and all of the terms, provisions and conditions thereof are
19 hereby incorporated herein by reference as if the Lease Agreement were set out in this Ordinance
20 in its entirety. A copy of the Lease Agreement shall be filed with the minutes of the meeting of
21 City Council at which this Ordinance was enacted. The City Manager is hereby authorized,
22 empowered and directed to execute, acknowledge and deliver, and the City Clerk is hereby
23 authorized, empowered and directed to attest the Lease Agreement in the name and on behalf of
24 the City. The Lease Agreement is to be in substantially the form now before this meeting and
25 hereby approved, or with such changes therein as shall be approved by the execution thereof by
26 the City Manager and the City Clerk, to constitute conclusive evidence of approval of any and all
27 changes or revisions therein from the form of Lease Agreement now before this meeting.

28
29 SECTION 5. Authorization. The Mayor, the City Manager, the Chief Financial Officer and
30 the City Clerk, for and on behalf of the City, are fully empowered and authorized to take such
31 further action and to execute and deliver such additional documents as may be necessary to effect
32 the execution and delivery of the Lease Agreement in accordance with the terms and conditions
33 therein set forth, and the transactions contemplated hereby and thereby, and the action of such
34 officers in executing and delivering any of such documents, in such form as the City Manager shall
35 approve, is hereby fully authorized.

36
37 SECTION 6. Federal Tax Covenant. The City, as lessee, agrees and covenants that it will
38 not take any action which will, or fail to take any action which failure will, cause the interest
39 portion of the Base Payments (as defined in the Lease Agreement) under the Lease Agreement to
40 become includable in the gross income of the Lessor for federal income tax purposes pursuant to
41 the provisions of the Code and regulations promulgated thereunder in effect on the date of original
42 issuance of the Lease Agreement and that it will comply with all applicable provisions of Section
43 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"),
44 and any regulations promulgated thereunder, to maintain the exclusion from gross income for
45 federal income tax purposes of the interest portion of the Base Payments and to that end the City
46 shall:

47

1 (a) establish such funds, make such calculations and pay such amounts in the manner
2 and at the times required in order to comply with the requirements of the Code
3 relating to required rebates of certain amounts to the United States; and
4

5 (b) make such reports of such information at the times and places required by the
6 Code.
7

8 SECTION 7. Bank Deduction Eligible. The City covenants that, in accordance with the
9 provisions of the Code, the Lease Agreement is designated as a “qualified tax-exempt obligation,”
10 as defined in the Code. The City and all subordinate entities thereof do not anticipate to issue
11 more than \$10,000,000 in tax-exempt bonds or other tax-exempt obligations in 2019 (other than
12 private activity bonds) except for qualified 501(c)(3) bonds. The City represents that the sum of
13 all tax-exempt obligations (other than private activity bonds) issued by the City and all subordinate
14 entities thereof during calendar year 2019 is not reasonably expected to exceed \$10,000,000.
15

16 SECTION 8. Filings with Central Repository. In compliance with Section 11-1-85 of the
17 South Carolina Code, the City covenants that it will file or cause to be filed with a central
18 repository for further availability in the secondary bond market when requested: (a) a copy of the
19 annual audit of the City within thirty (30) days of the City’s receipt thereof; and (b) within thirty
20 (30) days of the occurrence thereof, relevant information of an event which, in the opinion of the
21 City, adversely affects more than five (5%) of the City’s revenue or its tax base.
22

23 SECTION 9. Effective Date. The provisions of this Ordinance shall be effective upon its
24 adoption.
25
26
27
28
29

30 _____
BRENDA BETHUNE, MAYOR

31 (SEAL)

32
33
34 _____
JENNIFER STANFORD, CLERK

35
36
37
38 1st Reading: 8-27-19

39 2nd Reading: 11-12-2019

EXHIBIT A

The Schedule D Equipment

Schedule of Equipment to be leased/purchased under the Agreement

Item	Quantity	Unit Price	Total
Convention Center HVAC	1	\$ 625,000	\$ 625,000
Compactors with Glacier Ozone Units	30	40,000	<u>1,200,000</u>
Grand Total			\$1,825,000

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Exhibit B

PROPOSAL OF THE LESSOR,
INCLUDING FINANCING TERMS AND AMORTIZATION SCHEDULE



Charles T. Maguire
Senior Vice President

Government Finance Group
1111 E. Main Street, 18th FL. VA2-300-18-02
Richmond, VA 23219
T 804.489.5044 F 804.262.8344 M 804.432.9572
Charles.maguire@BofA.com

November 4, 2019

Michael Shelton
City of Myrtle Beach
921 Oak Street
Myrtle Beach, SC 29577

Dear Mr. Shelton,

Banc of America Public Capital Corp (“BAPCC”), on behalf of Bank of America, National Association, is pleased to submit to you (“Lessee”) the lease 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. BAPCC will not be obligated to provide any financing until the satisfactory execution of all documents and terms of term sheet. 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 **November 12, 2019** 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 November 12, 2019 to:

Banc of America Public Capital Corp
1111 E. Main Street, 18th Floor
Richmond, VA 23832
P - 804-489-5044
F – 804-262-8344

We appreciate this opportunity to present Bank of America.

Charles T. Maguire

Charles T. Maguire
Senior Vice President
Government Finance Group

The transaction described in this document is an arm's length, commercial transaction between you and Banc of America Public Capital Corp (“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.

Page 2

The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lessor, its successors and assigns, any information relating to the business or financial condition of Lessee or its affiliates, and authorizes Lessor, Bank of America, National Association, 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 Lessor.

Myrtle Beach, SC

By: _____

Title: _____

Date: _____

This proposal is submitted in response to your Request for Proposal for a Lease Purchase agreement. 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 ("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:** November 4, 2019
- Lessee:** Myrtle Beach, SC
- Lessor:** Banc of America Public Capital ("BAPCC") or its assignee or designee ("Lessor")
- Equipment:** Essential use equipment per RFP.
- Security:** BAPCC will have a security interest in the Equipment.
- Structure:** The Lease will be structured as a **BANK QUALIFIED TAX-EXEMPT** transaction. This is a lease intended as security transaction; all tax benefits will remain with Lessee; the lease will be a net financial lease, and all expenses, including (but not limited to) insurance, maintenance, and taxes, will be for the account of Lessee.
- Term:** 10 years.
- Maximum Funding:** Not to exceed \$1,825,000
- Rate:** 1.9573%, see attached amortization.

The current rates are locked until December 4, 2019, and will be honored so long as the transaction is funded before such date. After December 4, 2019, Lessor may adjust the rate upward depending on changes in interest rates between December 4, 2019 and the date the final pricing is determined.

In order to lock the rate, the Lessee must notify (email is fine) BAPCC of acceptance of the rates within 7 business days from the issuance of this proposal.

- Payments:** Payments will be in accordance with the attached amortization schedule. Please note if alternative payment frequencies (i.e. quarterly, semiannual or annual) or changes to the principal amounts due on each payment date are requested, this may be accommodated but any changes to the average life may also impact the rate quoted herein.
- Insurance:** Lessee may be required to provide, at its expense, casualty insurance (with such deductibles as Lessor may approve) Lessor has the ability, if necessary, to obtain and provide any insurance certificate required.
- Prepayment:** Pre-payable in whole on any payment at par after half the initial term has expired.

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Expenses: Lessee and Lessor will each be responsible for their own legal and closing costs.

Escrow

Account: *Lessee may deposit*, subject to compliance with applicable regulations under the Internal Revenue Code, including, but not limited to arbitrage regulations, the proceeds of the Lease in an escrow acceptable to Lessor for a term not to exceed 3 years, and disbursements made therefrom to pay for the Project upon the execution and delivery of an acceptance certificate (and related documents) by Lessee and approved by Lessor.

Governmental

Entity Lease: The Base Rent installments are calculated on the assumptions, and Lessee will represent, that Lessee 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 Lessee within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code. Lessee shall provide Lessor with such evidence as Lessor may request to substantiate and maintain such tax status.

Lessee will pay Lessor only as to the actions or omissions of the lessee, 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 Lessor in connection therewith on a lump-sum basis.

Non-Appropriation

Termination: Lessee 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. Lessee will regularly budget for and otherwise use its best efforts to obtain funds for the continuation of the rentals in this transaction.

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

Investment

Letter: We can sign an Investor Letter in form and substance as the lease we executed earlier this year, or we can replace the last sentence in Section 6 with: "The Lessor has not requested, and has no current intention to request, that CUSIP numbers be assigned to the Lease Agreement".

Disclaimer: Many of the terms and conditions contained in the RFP and its attachments are not applicable to a financing transaction such as is contemplated by the RFP and this

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proposal response. Consequently, the terms and conditions contained in the final lease agreement negotiated and executed by and between the parties shall govern the relationship. Unless a provision is expressly included in that final lease agreement or its related documentation, said provision will not apply.

SEC Disclosure: Lessee acknowledges and agrees that, if, in connection with its efforts to comply with the requirements of SEC Rule 15c2-12(b)(5) of the Securities and Exchange Act of 1934, Lessee decides to file any documentation related to the proposed transaction to EMMA (the “*Disclosed Documents*”), such Disclosed Documents shall be filed with redactions that will be mutually agreed upon by the parties to ensure that there is no confidential information of Lessor included in the posted documents (i.e. account information, names of signatories).

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.

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 the following:

- Three years of most recent audited financial statements;
- Most recent fiscal year’s Budget
- Insurance Certificate
- W-9

Lease Amortization:

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date	funding	payment	interest	principal	balance
12/4/2019	\$ 1,825,000.00				\$ 1,825,000.00
12/1/2020		\$ 202,684.84	\$ 35,423.05	\$ 167,261.79	\$ 1,657,738.21
12/1/2021		\$ 202,684.84	\$ 32,446.90	\$ 170,237.94	\$ 1,487,500.27
12/1/2022		\$ 202,684.84	\$ 29,114.84	\$ 173,570.00	\$ 1,313,930.27
12/1/2023		\$ 202,684.84	\$ 25,717.55	\$ 176,967.29	\$ 1,136,962.98
12/1/2024		\$ 202,684.84	\$ 22,253.77	\$ 180,431.07	\$ 956,531.91
12/1/2025		\$ 202,684.84	\$ 18,722.20	\$ 183,962.64	\$ 772,569.27
12/1/2026		\$ 202,684.84	\$ 15,121.50	\$ 187,563.34	\$ 585,005.92
12/1/2027		\$ 202,684.84	\$ 11,450.32	\$ 191,234.52	\$ 393,771.40
12/1/2028		\$ 202,684.84	\$ 7,707.29	\$ 194,977.55	\$ 198,793.85
12/1/2029		\$ 202,684.84	\$ 3,890.99	\$ 198,793.85	\$ 0.00
	\$ 1,825,000.00	\$ 2,026,848.40	\$ 201,848.40	\$ 1,825,000.00	

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Charles T. Maguire
Senior Vice President

Government Finance Group
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Charles.maguire@BofA.com

November 4, 2019

Michael Shelton
City of Myrtle Beach
921 Oak Street
Myrtle Beach, SC 29577

Dear Mr. Shelton,

Banc of America Public Capital Corp (“BAPCC”), on behalf of Bank of America, National Association, is pleased to submit to you (“Lessee”) the lease 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. BAPCC will not be obligated to provide any financing until the satisfactory execution of all documents and terms of term sheet. 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 **November 12, 2019** 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 November 12, 2019 to:

Banc of America Public Capital Corp
1111 E. Main Street, 18th Floor
Richmond, VA 23832
P - 804-489-5044
F – 804-262-8344

We appreciate this opportunity to present Bank of America.

Charles T. Maguire

Charles T. Maguire
Senior Vice President
Government Finance Group

Page 2

The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lessor, its successors and assigns, any information relating to the business or financial condition of Lessee or its affiliates, and authorizes Lessor, Bank of America, National Association, 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 Lessor.

Myrtle Beach, SC

By: _____

Title: _____

Date: _____

This proposal is submitted in response to your Request for Proposal for a Lease Purchase agreement. 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 ("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

<u>Date:</u>	November 4, 2019
<u>Lessee:</u>	Myrtle Beach, SC
<u>Lessor:</u>	Banc of America Public Capital ("BAPCC") or its assignee or designee ("Lessor")
<u>Equipment:</u>	Essential use equipment per RFP.
<u>Security:</u>	BAPCC will have a security interest in the Equipment.
<u>Structure:</u>	The Lease will be structured as a BANK QUALIFIED TAX-EXEMPT transaction. This is a lease intended as security transaction; all tax benefits will remain with Lessee; the lease will be a net financial lease, and all expenses, including (but not limited to) insurance, maintenance, and taxes, will be for the account of Lessee.
<u>Term:</u>	10 years.
<u>Maximum Funding:</u>	Not to exceed \$1,825,000
<u>Rate:</u>	1.9573%, see attached amortization.

The current rates are locked until December 4, 2019, and will be honored so long as the transaction is funded before such date. After December 4, 2019, Lessor may adjust the rate upward depending on changes in interest rates between December 4, 2019 and the date the final pricing is determined.

In order to lock the rate, the Lessee must notify (email is fine) BAPCC of acceptance of the rates within 7 business days from the issuance of this proposal.

<u>Payments:</u>	Payments will be in accordance with the attached amortization schedule. Please note if alternative payment frequencies (i.e. quarterly, semiannual or annual) or changes to the principal amounts due on each payment date are requested, this may be accommodated but any changes to the average life may also impact the rate quoted herein.
<u>Insurance:</u>	Lessee may be required to provide, at its expense, casualty insurance (with such deductibles as Lessor may approve) Lessor has the ability, if necessary, to obtain and provide any insurance certificate required.
<u>Prepayment:</u>	Pre-payable in whole on any payment at par after half the initial term has expired.
<u>Expenses:</u>	Lessee and Lessor will each be responsible for their own legal and closing costs.
<u>Escrow Account:</u>	<i>Lessee may deposit</i> , subject to compliance with applicable regulations under the Internal Revenue Code, including, but not limited to arbitrage regulations, the proceeds of the Lease in an escrow acceptable to Lessor for a term not to exceed 3 years, and disbursements made therefrom to pay for the Project upon the execution and delivery of an acceptance certificate (and related documents) by Lessee and approved by Lessor.

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**Governmental
Entity Lease:**

The Base Rent installments are calculated on the assumptions, and Lessee will represent, that Lessee 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 Lessee within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code. Lessee shall provide Lessor with such evidence as Lessor may request to substantiate and maintain such tax status.

Lessee will pay Lessor only as to the actions or omissions of the lessee, 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 Lessor in connection therewith on a lump-sum basis.

Non-Appropriation

Termination:

Lessee 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. Lessee will regularly budget for and otherwise use its best efforts to obtain funds for the continuation of the rentals in this transaction.

Documents:

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

Investment

Letter:

We can sign an Investor Letter in form and substance as the lease we executed earlier this year, or we can replace the last sentence in Section 6 with: "The Lessor has not requested, and has no current intention to request, that CUSIP numbers be assigned to the Lease Agreement".

Disclaimer:

Many of the terms and conditions contained in the RFP and its attachments are not applicable to a financing transaction such as is contemplated by the RFP and this proposal response. Consequently, the terms and conditions contained in the final lease agreement negotiated and executed by and between the parties shall govern the relationship. Unless a provision is expressly included in that final lease agreement or its related documentation, said provision will not apply.

SEC Disclosure:

Lessee acknowledges and agrees that, if, in connection with its efforts to comply with the requirements of SEC Rule 15c2-12(b)(5) of the Securities and Exchange Act of 1934, Lessee decides to file any documentation related to the proposed transaction to EMMA (the "Disclosed Documents"), such Disclosed Documents shall be filed with redactions that will be mutually agreed upon by the parties to ensure that there is no confidential information of Lessor included in the posted documents (i.e. account information, names of signatories).

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.

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.

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Credit Due**Diligence:**

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

- Three years of most recent audited financial statements;
- Most recent fiscal year's Budget
- Insurance Certificate
- W-9

Lease Amortization:

<u>date</u>	<u>funding</u>	<u>payment</u>	<u>interest</u>	<u>principal</u>	<u>balance</u>
12/4/2019	\$ 1,825,000.00				\$ 1,825,000.00
12/1/2020		\$ 202,684.84	\$ 35,423.05	\$ 167,261.79	\$ 1,657,738.21
12/1/2021		\$ 202,684.84	\$ 32,446.90	\$ 170,237.94	\$ 1,487,500.27
12/1/2022		\$ 202,684.84	\$ 29,114.84	\$ 173,570.00	\$ 1,313,930.27
12/1/2023		\$ 202,684.84	\$ 25,717.55	\$ 176,967.29	\$ 1,136,962.98
12/1/2024		\$ 202,684.84	\$ 22,253.77	\$ 180,431.07	\$ 956,531.91
12/1/2025		\$ 202,684.84	\$ 18,722.20	\$ 183,962.64	\$ 772,569.27
12/1/2026		\$ 202,684.84	\$ 15,121.50	\$ 187,563.34	\$ 585,005.92
12/1/2027		\$ 202,684.84	\$ 11,450.32	\$ 191,234.52	\$ 393,771.40
12/1/2028		\$ 202,684.84	\$ 7,707.29	\$ 194,977.55	\$ 198,793.85
12/1/2029		\$ 202,684.84	\$ 3,890.99	\$ 198,793.85	\$ 0.00
	\$ 1,825,000.00	\$ 2,026,848.40	\$ 201,848.40	\$ 1,825,000.00	

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City of Myrtle Beach, South Carolina

2019 Equipment Lease-Purchase Financing

Summary of Bids Received

November 5, 2019

Bank	Rate	Total D/S ¹	Avg. Ann. D/S ¹	Prepayment	Bank Fees	Additional Terms
Bank of America	1.9573%	\$2,026,891	\$202,689	In whole on any payment date after the 1st half of the term at par	\$0	Must be accepted by November 12th City may be required to maintain satisfactory insurance Loan proceeds may be deposited into an escrow account at closing Subject to taxable gross up provisions due to actions or inactions of the City Subject to final credit approval
BB&T	2.2200%	\$2,054,765	\$205,477	In whole at any time at par	\$0	Loan proceeds will be deposited into an account held by BB&T pending disbursement Requires the City to retain Bond Counsel Subject to gross up provisions in the event that the loan becomes Non-Bank Qualified and/or taxable Audited financial statements within 270 days of FYE
Key Government Finance	2.2250%	\$2,055,394	\$205,539	In whole at any time at: 101% (Years 1-3); 100% (Thereafter)	\$0	Must be accepted by November 12th Loan proceeds may be deposited into an escrow account at closing Audited financial statements within 180 days of FYE Bank may modify indicative pricing in the event of a market disruption
Sterling National Bank	2.3300%	\$2,066,453	\$206,645	In whole or in part on any payment date at: 101% (Years 4-6); 100% (Thereafter)	\$0	Loan proceeds may be deposited into a Sterling National Bank escrow account at closing City may be required to maintain satisfactory insurance Must be accepted by November 15th Subject to final credit approval
SunTrust	2.3410%	\$2,067,733	\$206,773			
US Bank	2.3640%	\$2,070,166	\$207,017			
Capital One	2.4400%	\$2,078,340	\$207,834			
Pinnacle Public Finance	2.5200%	\$2,086,949	\$208,695			
United Financial	3.0600%	\$2,145,376	\$214,538			

¹ Assumes a \$1,825,000 borrowing plus additional bank fees (if any).