

Ryan Hinton  
202 S. 40<sup>th</sup> Ave  
Hattiesburg, MS 39402  
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Fax: 601-261-4353  
Ryan.hinton@regions.com

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December 10<sup>th</sup>, 2018

City of Laurel  
Att: Mary Ann  
401 N 5<sup>th</sup> Ave  
Laurel, MS 39441

Dear Mary Ann,

Regions Equipment Finance Corporation is pleased to furnish the following tax exempt lease proposal for your review and consideration.

Lessor:	Regions Equipment Finance Corporation, or its Assignee
Lessee:	City of Laurel, Mississippi
Equipment:	Caterpillar 420F2 Backhoe, Caterpillar Excavator 304E2, Kubota tractor with attachment
Equipment Cost:	\$258,686.81
Delivery / Facility Term:	Delivery date to be determined, but prior to February 28 <sup>th</sup> , 2019. Once we have received all documentation sufficient to close this lease and all other closing requirements have been satisfied, the funds will be disbursed directly to the vendor for payment. Upon commencement, the lease will have a 5 year term.
Base Term:	5 Years
Implicit Rate:	3.11%
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 30 days in arrears. Remaining equal annual rental payments shall be due on the same day of each consecutive year thereafter. All payments shall be subject to any applicable state and local sales/use taxes.
Rental Factor Adjustment:	The Implicit Rate presented in this proposal is based on current market conditions and the prevailing like term swap rate of 2.88% as quoted by <u>Regions Bank (via Bloomberg)</u> on 12-10-2018. The Implicit Rate as quoted on this proposal shall be adjusted upward or downward in order to maintain Lessor's economic yield as exists at this date. Payments shall be fixed at closing.
Bank Qualified:	It is anticipated that this transaction will be bank qualified. The Implicit 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 in excess of \$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:**

Prior to closing the Lease, Lessor must be provided with an opinion of Lessee's counsel, at Lessee's expense, satisfactory to Lessor and its counsel, which shall include opinions that the Lease and related documentation are duly authorized, executed and delivered by Lessee, that the parties have complied with all applicable state laws, including laws regulating bidding or government contracts and that rents payable under the Lease will be exempt from state and federal income taxes.

**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 At End Of Term:**

At the expiration of the Base Term, 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:**

Lessor will provide all documentation required to close the Lease. Any modifications requested by Lessee must be approved by Lessor. Any associated legal fees will be reimbursed to Lessor by Lessee.

**Transactional Costs:**

Unless otherwise agreed in writing, Lessee will be responsible for all closing costs including, without limitation, appraisal fees, attorney's fees and disbursements, and recording fees. A minimum documentation fee of \$150 will be added to the foregoing. Lessee will be responsible for all costs it incurs.

**Insurance:**

Lessee will be responsible to 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:**

**This proposal is not and should not be construed as a commitment to fund.** 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.

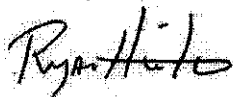
Lessee hereby authorizes Lessor to pre-file UCC financing statements naming Lessee, as debtor, and Lessor, as secured party, and describing the collateral therein by specific reference to the Equipment or by general reference to all equipment financed by Lessor (or words similar to the effect), provided 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 January 10<sup>th</sup>, 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 601-264-8248.

Sincerely,



Ryan Hinton  
Vice President

PROPOSAL ACCEPTED:

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

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

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

# ***SOUTHLAKE CAPITAL, LLC***

December 10, 2018

***City of Laurel, Ms.***

Mary Ann Hess

We are pleased to submit this following PROPOSAL subject to the following terms and conditions:

**LESSEE:**

***City of Laurel, Ms.***

**LESSOR:**

***Southlake Capital / Baystone Government Financing***

**EQUIPMENT:**

Backhoe, Mini-Excavator, Tractor

**FUNDING AMOUNT:**

Estimated Cost: \$258,686.81

**TERM:**

60 months

**First payment due at lease closing**

**MONTHLY PAYMENT**

60 Months @ \$4,813.00

**END OF TERM OPTION:**

\$1.00

**INSURANCE, MAINTENANCE  
AND TAXES:**

Responsibility of Lessee.

**EXPIRATION DATE:**

This proposal is good until December 30, 2018 unless extended in writing.

Sincerely,  
***Southlake Capital, LLC***

*John F. Rogers*

John F. Rogers  
V.P. Sales & Marketing

ACCEPTED & AGREED:

X \_\_\_\_\_

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



Kelly Lawson  
Vice President  
415 N Magnolia Street  
Laurel, MS 39440  
(601) 428-6240 PHONE  
(601) 428-6208 FAX  
www.trustmark.com

December 7, 2018

Mary Ann Hess, City Clerk  
City of Laurel  
Laurel MS 39440

Dear Mary Ann:

Thank you for the opportunity to provide a lease purchase financing quote to the City of Laurel. For the requested financing of **one (1) new Caterpillar Backhoe Loader, one (1) new Mini Excavator and one (1) new tractor in the total amount of \$258,686.81**, Trustmark is pleased to offer the following **Federal and State Tax-Exempt, Bank Qualified interest rate:**

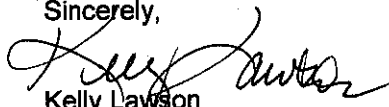
<u>Term</u>	<u>Interest Rate</u>
<b>5 years: monthly, semi-annual or annual principal &amp; interest payments</b>	<b>3.24%</b>

The offer is subject to the following general terms and conditions:

- 1. AUTHORITY:** The Lease and other documentation will be authorized and entered into in accordance with State law. **An opinion of counsel regarding the legality of the transaction will be required subject to Trustmark's satisfaction.** Further, this transaction must be designated by a resolution or order of the Council as a **"qualified tax exempt obligation"** pursuant to **Section 265 of the Internal Revenue Code.**
- 2. DOCUMENTATION:** Trustmark will provide the Lease-Purchase Agreement needed to undertake this transaction at no cost to the City. The City agrees to provide to Trustmark other customary documentation for this type transaction including, but not limited to, an opinion of counsel to the effect that the interest payments are exempt from all federal and state taxation. The City, through its Council Members, (the Council) agrees to enter into such documentation, pending the Council attorney's approval. The City will also complete an IRS Form 8038-G/GC in a timely manner and provide a copy to Trustmark.
- 3. EXPIRATION of RATE and NOTICE of FUNDING:** The aforementioned quote will expire at midnight, **January 24, 2019**, unless funded prior to then by the City or extended by mutual agreement between Trustmark and the City.

We hope the above information is to your satisfaction. If you have any questions, please call me at (601) 428-6240.

Sincerely,

  
Kelly Lawson  
Vice President

*People you trust.*  
*Advice that works.*