



JACKSON COUNTY ADMINISTRATION

County Manager: Don Adams

401 Grindstaff Cove Road, Suite A-207, Sylva, North Carolina 28779

Phone: 828-631-2295 • FAX: 828-631-2208

Email: donadams@jacksonnc.org

May 9, 2022

Tony Blalock
State and Local Government Finance Division
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, NC 27604

Dear Tony,

Jackson County, NC is considering the issuance of an approximately \$20,000,000 General Obligation Bond, Series 2022 (the "2022 GO Bond") to finance the renovation and expansion of the Jackson County Recreation Center, including an indoor pool facility, and pay related costs of issuance.

Ted Cole and Mitch Brigulio of Davenport & Company LLC will serve as Financial Advisor and Bob Jessup and Ashley Anderson of Sanford Holshouser LLP will serve as Bond Counsel.

The direct bank loan approach is more timely than a public sale given the volatile interest rate market and ability to lock in an interest rate for a mid-June closing under a direct bank loan.

The County received four interest rate proposals for the 2022 GO Bond, and has accepted a term sheet provided by Key Government Finance. Key Government Finance's proposal included a closing deadline of June 17, 2022. The County requests that the Local Government Commission consider approval at its June 7, 2022 meeting.

Additional details regarding the financing will be provided by Davenport & Company LLC under separate cover. Please let me know if you need any additional information at this time.

Sincerely,

Don Adams
County Manager
Jackson County, NC

cc: Jennifer Wimmer
Stephanie Bacik
Darlene Fox
Ted Cole, Mitch Brigulio, Carson Wiley
Bob Jessup, Ashley Anderson



Summary of Bids

Key Government Finance, Truist Bank and Capital One

A	B		C		D		E	
Lender	Key Government Finance		Webster Bank		Truist Bank		Capital One	
	KeyBank		WebsterBank		TRUIST		CapitalOne	
Term	15 Years	20 Years	15 Years	20 Years	15 Years	20 Years	15 Years	20 Years
1 Interest Rate	3.228% ¹	n/a	3.24%	3.47%	3.32%	3.43%	3.44% ²	3.59% ²
2 Bank Fees	\$0		\$0		\$7,500		\$0	
3 Prepayment Language	The Facility may be prepaid in whole, but not in part, any time at par plus accrued interest. Partial prepayment may be available upon request.		No call in years 1-5, prepayable with a 1% penalty in years 6-8, and callable at par thereafter.		Prepayable in whole at any time with a one percent prepayment penalty. Alternatively, the Borrower may elect for the transaction to be non-callable for the first half of the term and callable at par thereafter.		<ul style="list-style-type: none"> - 15-Year Term: No call until 06/01/30, thereafter in whole or in part at par on any date pro rata or inverse order at the Borrower's choice with 30 days' notice. - 20-Year term: No call until 06/01/32; thereafter in whole or in part at par on any date pro rata or inverse order at the Borrower's choice with 30 days' notice. 	
4 Credit Approval	Pre-screened, subject to final approval		Pre-screened, subject to final approval		Fully approved		Pre-screened, subject to final approval	
5 Acceptance / Rate Expiration	May 6th / June 17th		May 13th / June 17th		No acceptance deadline / June 27th		May 9th / June 3rd ²	
6 Escrow Requirements	All funds will be drawn down at closing		Proceeds shall be funded into an escrow account (the 'Escrow Fund'), with disbursements made as needed. The Escrow shall be set up with Webster Bank and will be collateralized as require by the State of North Carolina. Escrow Fund earnings shall accrue to the benefit of the Borrower.		The financing shall be fully funded at closing and allow for a maximum of four funding disbursements in the form of wires or checks.		No escrow will be required.	
7 Lender's Counsel	Kutak Rock LLP (Andrew Romshek & Bradley Nielsen)		Gilmore & Bell		Pope Flynn LLC (Matt Davis)		Pope Flynn LLC (Matt Davis)	
8 Other Considerations	- Bond Counsel will provide a Validity Opinion regarding the legality, validity, and enforceability of the Facility and a Tax Opinion regarding the tax-exempt nature of the interest earnings on the financing, if converted.		- Borrower shall provide an opinion of legal counsel attesting to the legal, valid, binding, and enforceable nature of the GO. The Lender will use Gilmore & Bell as counsel to review the documents.		- Lender shall also require the Borrower to provide an unqualified bond counsel opinion, a no litigation certificate, and evidence of IRS Form 8038 filing. Lender and its counsel reserve the right to review and approve all documentation before closing		- Other details may be required by the Lender, such as audited and unaudited financial statements, debt service coverage, tax base details, etc.	

¹ Key Government Finance offered an interest rate fixed through a closing on or before July 15th of 3.439%

² Capital One has offered to provide an interest rate "collar" for a June/July closing for their current bids based on the 10-year treasury for the financing. If the respective treasury rate is 5 basis points higher or lower than its current position as of the proposal of 2.89%, the rate will be held firm. If the respective treasury rate is above/below the collar rates (2.84%-2.94%), the interest rate proposal will be adjusted to reflect the amount higher or lower than the collar rates.



**Jackson County, NC
General Obligation Bond
Summary of Terms and Conditions
May 2, 2022**

This Financing proposal is provided for discussion purposes only and does not represent a commitment from Key Government Finance, Inc. ("KGF"). This proposal and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower's officers, directors, employees and advisors charged with reviewing and/or implementing the transactions contemplated hereby) without KGF's consent. This proposal is intended as an outline of certain material terms of the Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

Key Government Finance, Inc., ("Lender") is pleased to provide the following term sheet for a direct purchase financing structure to Jackson County, NC.

Lender:	Key Government Finance, Inc. ("Lender").
Borrower:	Jackson County, NC (the "County" or the "Borrower").
Issue:	General Obligation Bond, Series 2022 (the "2022 Bond").
Facility:	Direct Purchase of the 2022 Bond by the Lender.
Tax Treatment:	Tax-Exempt.
Amount:	~\$20,000,000.
Use of Proceeds:	The proceeds of the 2022 Bond will be used for (1) the construction of an indoor pool facility, and (2) to pay costs of issuance.
Drawdown:	All funds will be drawn down at closing.
Final Maturity Date:	June 1, 2037 → Option 1.
Repayment:	Principal due annually on June 1 commencing on June 1, 2023 until the Final Maturity Date. Principal amortized as shown in the RFP. Interest due semi-annually on June 1 and December 1 commencing on December 1, 2022.
Facility Term:	The anticipated closing date for this Facility is June 17, 2022. KGF will purchase the 2022 Bond through the Final Maturity Date.

Interest Rate Lock Option:

At the Borrower’s request, the Lender can provide an interest rate lock option (“Interest Rate Lock”) good through June 17, 2022 closing date. The Interest Rate Lock will require a two party e-mail confirmation between Lender and Borrower to confirm the terms of the Interest Rate Lock as provided by Lender, provided however, the Borrower will not be subject to any breakage fees if the Facility does not close for any reason. If the Interest Rate Lock confirmation is not received by Lender within the specified time, or the Facility closes after the agreed upon lock period, the final interest rate will be subject to index between the proposal date and the closing date based on the change in the KeyCorp Cost of Funds index.

Based on market conditions as of April 29, 2022, the Interest Rate Lock option is quoted below. Any revision to the amortization that increases the average life of the financing may result in a re-pricing of the Interest Rate Lock provided.

This Interest Rate Lock needs to be accepted by the Borrower no later than May 6, 2022 and would be valid for closing on or before June 17, 2022.

If Borrower needs more time to accept the Interest Rate Lock, please inform the Lender and we can request an extension to meet the new timeframe.

Interest Rate Lock			
	Maturity Date	Weighted Average Life (Months)	Tax-Exempt Interest Rate
2022 Bond	June 1, 2037	95	3.228%

Interest Day Count: 30/360

Up-Front Fee: \$0

Costs of Issuance: Lender plans to use Kutak Rock LLP as outside legal counsel. Lender’s Counsel fee to be paid by the Lender. Attorney contact information is provided below:

Andrew Romshek
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
(402) 231-8797
Andrew.Romshek@KutakRock.com

Bradley Nielsen
Kutak Rock LLP
650 Farnam Street
Omaha, NE 68102
(402) 231-8780
bradley.nielsen@KutakRock.com

Prepayment: The Facility may be prepaid in whole, but not in part, any time at par plus accrued interest. Partial prepayment may be available upon request.

Security: The 2022 Bond will be secured by a pledge of the full faith and credit and taxing power of the County.

Financial Reporting: Borrower shall provide directly to the Lender:
I. Annual audited financial statements including operating data within 270 days of Borrower’s fiscal year end.

Default Rate: 3% above the current interest rate for any outstanding payments in default, upon the occurrence of a payment default longer than 90 days, the default interest rate shall apply to all outstanding principal, until the payment default has been cured.

Event of Taxability and Gross-Up Rate:	An Event of Taxability will be based only on action or non-action of Authority. In the Event of Taxability, the tax-exempt interest rate would convert to the taxable interest rate of 4.086%.
Increased Cost:	No increased cost provisions will be required by the Lender.
Documents:	<p>All documents shall be attorney prepared and in form and substance acceptable to the Lender and its legal counsel, including legal opinions customary for transactions of this nature. Bond counsel will provide a Validity Opinion regarding the legality, validity, and enforceability of the Facility and a Tax Opinion regarding the tax-exempt nature of the interest earnings on the financing, if converted.</p> <p>No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Agreement shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.</p>
Credit Approval:	Lender has received a positive credit pre-screen for this transaction. The estimated amount of time required to obtain final credit approval is 1-3 business days after receipt of formal award assuming timely receipt of requested financial information, if any.
Conditions Precedent to Closing:	<p>Borrower's obligation will be subject to such terms and conditions that Lender may require with respect to this transaction, or as are customarily required with respect to similar credits and as set forth in the facility documents. Without limitation, such terms and conditions shall include:</p> <ol style="list-style-type: none"> 1. Absence of Default. 2. Accuracy of Representations and Warranties. 3. Negotiation and Execution of satisfactory closing documents. 4. Absence of material adverse change in financial condition of Borrower during the period from the date hereof to the Closing Date. 5. Formal credit approval by the Lender.
Firm Experience:	The Lender is a subsidiary of KeyBank, N.A. KGF's portfolio consists of over \$5 billion of tax-exempt and taxable leases, loans, and bonds for municipalities, not-for-profits, and manufacturers across the United States.
Other:	The Lender will make a loan by purchasing the 2022 Bond under the following additional conditions: (i) the 2022 Bond is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the 2022 Bond as one single debt instrument; (iii) no CUSIP numbers will be obtained for the 2022 Bond; (iv) no final official Statement has been prepared in connection with the private placement of the 2022 Bond; (v) the 2022 Bond will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the 2022 Bond is not listed on any stock or other securities exchange.
Expiration Date:	May 6, 2022.

Proposal Acceptance/Expiration

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. **IT IS NOT A COMMITMENT BY US TO ENGAGE IN THIS TRANSACTION.**

(a) Key Government Finance ("KGF") is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (b) KGF is acting for its own interests; and (c) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

KGF (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the KGF, is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Lender notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, as amended and supplemented) (the "Patriot Act"), that Lender is required to obtain, verify and record all information that identifies Borrower, which information includes the name and address of Borrower and other information that will assist Lender to identify Borrower in accordance with the Patriot Act."

Lender acknowledges that, in connection with Borrower's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), Borrower may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an "EMMA Notice"). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower's compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire on May 6, 2022 if we have not received an authorized signed copy on or before such date.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 315-470-5180.

Sincerely,

Key Government Finance, Inc.

By: 

David Zapata
VP & East Region Manager
201 South Warren Street, 4th Floor
Syracuse, NY 13202
David_Zapata@keybank.com

APPROVED THIS 3rd DAY OF May, 2022

Jackson County, NC

By: 

Print Name: Don Adams

Title: County Manager