

P.O. Box 714  
Columbia, S.C. 29202  
(803) 251-1328  
Fax (803) 251-1329

June 29, 2016

Ms. Jan Smith  
Finance Director  
City of Dunnellon  
20750 River Dr.  
Dunnellon, Fl 34431

Dear Ms. Smith:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the City of Dunnellon ("City").

- (1) **Project:** Refunding of Unit 00001, Water/Sewer Revenue Note
- (2) **Amount To Be Financed:** \$5,470,000
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

This proposal addresses the refunding of the remaining principal of \$5,470,000 from the City's 2011 Water and Sewer Revenue Note. Currently, there is a balloon payment due on December 1, 2016. We propose to refinance that principal amount over a ten year period at a rate of 2.54%. The City will continue to make interest payments each June 1 and December 1 and will make principal payments each December 1, commencing December 1, 2016. The schedule of principal amounts proposed by the City in its letter of June 13, 2016 is satisfactory to the Bank. At closing of the refunding, the City will pay any interim interest that accrued since the last payment.

The interest rate stated above is valid for a closing not later than 45 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T and its counsel. If the transaction does not close in the 45 day time frame, the rate may change to reflect market movement.

Our legal review fee for this financing transaction shall be \$5,000 and may be added to the principal amount borrowed. All applicable costs of counsel for the City and any other costs shall be the City's responsibility and separately payable by the City.

This Bond will be prepayable in whole on any payment date without penalty.

The financing documents shall include provisions that will outline appropriate changes to be implemented in the event that this transaction is determined to be taxable or non-bank qualified in accordance with Florida State Statutes or the Internal Revenue Service code. These provisions must be acceptable to BB&T. In addition, any amount due hereunder not paid when due shall bear interest at a default rate equal to the interest rate on the Series 2016 Note plus 2% per annum from and after five (5) days after the date due.

The stated interest rate assumes that the City expects to borrow less than \$10,000,000 in calendar year 2016 and that the financing shall comply with the IRS Code Sections 141, 148, 149(e) and 265(b)(3). The

Bonds shall comply with all Florida State statutes. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

**(4) Financing Documents:**

It shall be the responsibility of the City to retain and compensate counsel to appropriately structure the Bonds. BB&T shall also require the City to provide an unqualified bond counsel opinion. BB&T and its counsel reserve the right to review and approve all documentation before closing.

**(5) Security:**

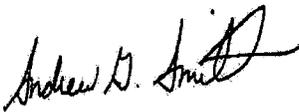
The Bonds shall be secured by a parity revenue pledge on the System revenues as well as grant fund revenues that may be received. Our security interest will remain the same as in the original documentation.

BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the City or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (803) 251-1328 with your questions and comments.

We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew G. Smith". The signature is fluid and cursive, with a large initial "A" and "S".

Andrew G. Smith  
Sr. Vice President