



City of Winston-Salem

Term Sheet

July 26, 2018

BB&T Community Holdings Co. ("Owner") is pleased to submit the following summary of terms and conditions for discussion purposes only related to modifications to the 2015A Bonds, 2015B Bonds and 2015C Bonds (each as defined below). This term sheet is intended only as an outline of certain material terms of the proposed modifications and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in any definitive documentation for the proposed modifications and does not represent a commitment to advance funds.

Borrower:	City of Winston-Salem (the " <u>City</u> ")
Modifications:	<p>The Owner is willing to make the following modifications to the Series Indenture dated as of August 1, 2015 related to the City's Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015A (the "<u>2015A Bonds</u>"), the City's Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015B (the "<u>2015B Bonds</u>") and the City's Variable Rate Water and Sewer System Revenue Refunding Bonds, Series 2015C (the "<u>2015C Bonds</u>" and together with the 2015A Bonds and 2015B Bonds, collectively, the "<u>Bonds</u>"): </p> <ul style="list-style-type: none"><li>• Amend the definition of "One-Month LIBOR" to mean, during any Bank Bond Period, the average rate quoted by Bloomberg Finance L.P., or any quoting service or commonly available source utilized by the Owner, on the determination date for deposits in U.S. Dollars offered in the London interbank market for one month determined as of 11:00 am London time two (2) Business Days prior to the commencement of the applicable LIBOR Interest Period; provided that if the above method for determining One-Month LIBOR shall not be available, " One-Month LIBOR" shall be the rate quoted in <i>The Wall Street Journal</i>, or a rate determined by a substitute method of determination agreed on by the City and the Owner; provided, if such agreement is not reached within a reasonable period of time (in the Owner's sole judgement), a rate reasonably determined by the Owner in its discretion as a rate being paid, as of the determination date, by first class banking organizations (as determined by the Owner) in the London interbank market for U. S. Dollar deposits, and provided further that, for so long as One-Month LIBOR (determined as provided above) would be less than zero percent (0%), then One-Month LIBOR shall be deemed to be zero percent (0%) for such time.</li></ul>

	<ul style="list-style-type: none"> <li>• Amend the definition of “Applicable Factor” to change the percentage that is applied to LIBOR from “69%” to “79%”.</li> <li>• Amend the definition of “Spread” during the Initial Period to (1) .529% on the 2015A Bonds, (2) .553% on the 2015B Bonds and (3) .569% on the 2017C Bonds.</li> <li>• Amend the language in Section 2.06(e) to apply to both increases and decreases in the federal corporate income tax rate from the federal corporate income tax rate effective on the date of the modifications described herein.</li> </ul>
Upfront Fees:	None.
Conditions Precedent and Other Terms:	<ol style="list-style-type: none"> <li>1. <u>Bond Counsel Opinion</u>: An opinion of bond counsel related to the modifications to the Series Indenture in form and substance satisfactory to the Owner.</li> <li>2. <u>Expenses</u>: The City will pay the costs of the Owner associated with this transaction, including the Owner’s legal counsel, plus such counsel’s out-of-pocket expenses. Moore &amp; Van Allen PLLC will serve as bank counsel.</li> <li>3. <u>Documentation</u>: The documentation related to the modifications to the Bonds shall be in form and substance satisfactory to the Owner.</li> <li>4. <u>Other Items</u>: The Owner shall have received such other documents, instruments, approvals or opinions as the Owner may reasonably request.</li> </ol>
Confidentiality:	<p>The terms of this Term Sheet are confidential and, except for disclosure on a confidential basis to the City’s financial advisors, accountants, attorneys and other professional advisors retained by the City for use in connection with the proposed financing or as may be required by law, may not be disclosed in whole or in part by the City or any such financial advisors, accountants, attorneys or other professional advisors to any other person or entity without the Owner’s prior written consent. If this Term Sheet is being delivered to a financial advisor or person other than the City, by receipt and use by such advisor or other person in connection with the proposed transaction, such advisor or other person agrees to be bound by the confidentiality terms set forth above.</p>