

REQUEST FOR BOARD ACTION

**HENDERSON COUNTY
BOARD OF COMMISSIONERS**

MEETING DATE: October 2, 2006

SUBJECT: FINANCING - MUD CREEK PHASE 1 SANITARY SEWER LINE PROJECT

ATTACHMENTS: District Revenues and Expenditures
Summary of Financing Rates Received
Annual Debt Service Requirements
Bank of America Public Capital Corporation Proposal
Draft Financing Resolution and Notice of Public Hearing

SUMMARY OF REQUEST:

Included in the current fiscal year budget are funds to pay debt service for financing the Phase I construction of the Mud Creek Sanitary Sewer Line Project in the Cane Creek Water and Sewer District. Staff has requested proposals from financial institutions to finance this project and to also refinance the District's outstanding Rural Development loan. Attached is a summary of the proposals received and a copy of the lowest responsive proposal from Bank of America Public Capital Corporation.

Staff is presenting a resolution to the Board of Commissioners for consideration concerning the proposed installment purchase contract financing for the Project and the refinancing. First, the resolution authorizes Staff to begin the negotiation of an installment purchase financing contract with Bank of America to finance \$3,178,000 over a 10-year term at a 3.73 annual interest rate to fund the design and construction of the Phase I Project at a total cost of \$2 million and to refinance the outstanding Rural Development loan principal balance of \$1,178,000. Refinancing this loan will save the District \$549,434 in interest expense. There is no prepayment penalty for paying the loan off in full at any time.

Second, the resolution makes the necessary findings to undertake and finance the Project and authorizes Staff to submit an application to the Local Government Commission for its required approval of the installment purchase contract financing.

And third, the resolution calls for a required public hearing on the financing documents to be held on the Board of Commissioner's October 18, 2006 meeting date at 11:00 a.m. and directs the Clerk to the Board to cause a notice of the public hearing to be published in a local newspaper with general circulation.

COUNTY MANAGER'S RECOMMENDATION/BOARD ACTION REQUESTED:

It would be appropriate for the Board to approve the attached resolution at today's meeting which will authorize the necessary actions to be taken to carry out the financing and set the required public hearing for the Board's October 18th meeting at 11:00 a.m.

**CANE CREEK WATER & SEWER DISTRICT
 SCHEDULE OF REVENUES AND EXPENDITURES
 FY2003 THROUGH FY2006**

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>
Revenues:	\$ 904,093	\$ 912,025	\$ 949,002	\$ 1,332,359
Expenditures:	<u>(440,536)</u>	<u>(488,738)</u>	<u>(543,041)</u>	<u>(564,176)</u>
Revenues over Expenditures	463,557	423,287	405,961	768,183
Less: Depreciation	<u>(214,499)</u>	<u>(201,589)</u>	<u>(202,088)</u>	<u>(205,272)</u>
Net income from operations	\$ 258,108	\$ 221,698	\$ 203,873	\$ 562,911
Retained Earnings	\$ 1,934,959	\$ 2,494,171	\$ 3,341,683	\$ 3,904,594
# of Customers	1,676	1,889	2,073	2,210

CANE CREEK WATER & SEWER DISTRICT

Mud Creek Sewer Phase I Project

2006 Financing Proposals

Summary of Rates Received

September 26, 2006

<u>Financial Institution:</u>	<u>10-Yr Interest Rate</u>	<u>15-Yr Interest Rate</u>
Bank of America	3.73%	3.77%
RBC Centura	4.29%	4.52%
Suntrust	4.35%	4.44%
BB&T	4.36%	4.56%

CANE CREEK WATER & SEWER DISTRICT

**Mud Creek Phase I Sewer Line Project
Annual Debt Service
Rural Development Loan Refinance Savings**

<u>Annual Debt Service on \$3,178,000:</u>	<u>10 Yrs</u>	<u>15 Yrs</u>
Annual P&I payment	\$431,958	\$328,598
Less: Rural Dev. P&I already in budget	<u>(90,900)</u>	<u>(90,900)</u>
Additional P&I required for new loan payment	\$341,058	\$237,698
<u>Rural Development Loan Refinance:</u>	<u>10 Yrs</u>	<u>15 Yrs</u>
Interest expense remaining on current loan (23 years remaining)	\$774,750	\$774,750
Less: Interest expense on new loan from refinancing principal bal. of \$1,178,000	<u>(225,316)</u>	<u>(338,388)</u>
Interest savings	\$549,434	\$436,362



Ann E. Fries
Senior Vice President

Banc of America Public Capital Corp
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September 25, 2006

Mr. J. Carey McLelland
Finance Director
Henderson County Finance Department
Historic Courthouse Annex
113 N. Main Street
Hendersonville, NC 28792

**Re: Henderson County 2006 Cane Creek Water & Sewer District Financing
Proposal**

Dear Mr. McLelland:

Banc of America Public Capital Corp ("Lender" or "BAPCC") is pleased to submit our proposal (the "Proposed Transaction") to enter in to an Installment Financing under G.S. 160A-20 (the "Loan"), as described in the attached Summary of Terms and Conditions (the "Term Sheet"). Please review the Term Sheet and contact me if you have any questions.

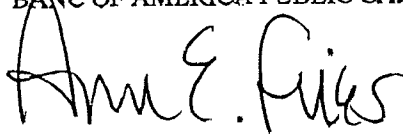
Since BAPCC has previously entered in to installment financings with the County, we would propose using that Installment Purchase document as the basis for this transaction, if awarded to BAPCC.

This proposal letter and the Term Sheet include only a brief description of the principal terms of the Proposed Transaction. Please understand that this proposal is not a commitment or offer to finance, and does not create any obligation for Lender. Lender will not be responsible or liable for any damages, consequential or otherwise, that may be incurred or alleged by any person or entity, including Henderson County as Borrower, as a result of this proposal letter. Lender will notify you in writing of its decision if Lender agrees to proceed with the Proposed Transaction after completing its review and analysis.

To accept this proposal, please sign the enclosed copy of this letter and return it, by no later than October 15, 2006, to Banc of America Public Capital Corp, 1201 6th Avenue West, Bradenton, FL 34205. If you have any questions concerning this Term Sheet, please do not hesitate to give me a call at (941) 745-3014. We look forward to having the opportunity of working with the County again.

Very truly yours,

BANC OF AMERICA PUBLIC CAPITAL CORP



By: Ann E. Fries
Title: Senior Vice President

The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lender, its successors and assigns, any information relating to the business or financial condition of Lender or its affiliates, and authorizes Lender, Bank of America NT&SA 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 Lender..

Henderson County, NC

By: _____

Title: _____

Date: _____

Please provide the following:

Federal ID No.: _____

Insurance Information:

Carrier: _____

Contact: _____

Telephone No. () _____

Cc: Dana Alligood
Brooks Scurry

SUMMARY OF TERMS AND CONDITIONS

Henderson County 2006 Cane Creek Water & Sewer District Financing Proposal

Date: September 25, 2006
Borrower: Henderson County, NC ("Borrower")
Lender: Banc of America Public Capital Corp ("Lender")

Equipment Description: Sanitary sewer lines.
 (individually "Unit" and collectively "Equipment")

Maximum Advance: The lower of \$3,178,000 and the fair market value of the Equipment, which may with Lender's prior consent include soft costs such as freight, installation and taxes paid up front by Lender not to exceed a percentage of the Maximum Advance approved by Lender.

In addition to financing new sewer lines in the amount of \$2,000,000, Borrower may also refinance the original sewer line financing in the amount of \$1,178,000, subject to satisfactory review by Lender.

Term: **Loan Commencement Date:** Not later than November 30, 2006.

Loan Term: The Loan Term for the Equipment will either be 10 years or 15 years at Borrower's discretion from the Loan Commencement Date (the date of funding). A November 15, 2006 funding and commencement date has been assumed for purposes of preparing the sample amortizations, attached.

Tax-Exempt Interest Rates:

TENOR	Payment Periodicity	Average Life Treasury	ALT x .65	+ Spread	Tax-exempt Rate as of 9-25-06
120months	Quarterly	4.54%* (8yr)	2.951	78bp	3.7321%
180months	Quarterly	4.56%* (9yr)	2.964	80bp	3.7673%

* interpolated

Payment: Payments will be quarterly in arrears, level principal payments. The above interest rates will be locked for a maximum of 65 days from September 26, 2006. Subsequently, the rates will be fixed at funding according to the formulas delineated

above, namely, respective Bloomberg Average Life Term Treasury (interpolated) x .65, plus the spread.

Index: The indexes for calculating the annual fixed interest rates are based on the bond-equivalent yields per annum for the Average Life U.S. Treasury obligations as reported in Bloomberg. As of September 25, 2006, the 6-Year Treasury was 4.54% (interpolated) and the 9-Year Treasury was 4.56% (interpolated) as reported in Bloomberg.

Loan Structure: The Loan will be an installment financing under G.S. 160A-20. Borrower will be responsible for all expenses, including (but not limited to) insurance, maintenance, and taxes with respect to the project. The Loan will be subject to non-appropriation and North Carolina Law. There will not be a non-substitution clause.

Collateral: First priority security interest in the Equipment, evidenced by a UCC filing in favor of Lender.

Governmental Entity Loan : The Loan installments are calculated on the assumptions, and Borrower will represent, that Borrower 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 Borrower within the meaning of Section 103(a) of the Code, notwithstanding Section 103(b) of the Code. Borrower shall provide Lender with such evidence as Lender may request to substantiate and maintain such tax status. Borrower shall comply with the filing requirements of Section 149 (e) of the Code.

Early Termination: Other than for non-appropriation, the Borrower may early terminate by paying accrued interest, outstanding principal on any loan repayment date, without penalty.

Assignment: Lender shall be entitled to assign its right, title and interest in the Loan and to the equipment under the Loan on a private placement basis. In addition, Lender shall be entitled to assign its right, title and interest in the Loan to a trustee for the purpose of issuing certificates of participation or other forms of certificates evidencing an undivided interest in such Loan, provided such certificates are sold only on a private placement basis (and not pursuant to any "public offering") to a purchaser(s) who represent that (i) such purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment (ii) such purchaser understands neither the Loan or certificates will be registered under the Securities Act of 1933, (iii) such purchaser is either an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, or a qualified institutional buyer within the meaning of Rule 144A, and (iv) that it is the intention of such purchaser to acquire such certificates (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933.

Escrow Account: If Borrower so desires, subject to compliance with applicable regulations under the Internal Revenue Code, including, but not limited to arbitrage reporting, the proceeds of the Loan may be deposited in an escrow acceptable to Lender, and disbursements made therefrom to pay for Equipment upon the execution and delivery of an acceptance certificate (and related documents) by Borrower and approved by Lender.

Loan**Documents:**

Loan documents in form and substance satisfactory to Lender must be executed and delivered.

Opinion of Counsel:

Borrower's counsel shall deliver an opinion to Lender at closing in form and substance satisfactory to Lender. The opinion of counsel will provide that counsel has examined, approved and attached the text of the approving resolution of Borrower's governing body-authorizing Borrower to enter into the Loan. Borrower will also provide board resolutions, incumbency certificates and other documentation as required by Lender. Lender may obtain and pay for an Opinion of Counsel with respect to the interest received under the Loan, if Lender so desires.

Expenses:

Lender will be responsible for its own costs of legal review and documentation, and Borrower will be responsible for its own costs of legal review and documentation in the drafting and execution of the Loan Documents. There are no other fees associated with this financing.

Credit Due Diligence:

In order to complete its credit due diligence, Banc of America Public Capital Credit Administration will need you to provide:

- Three years of your most recent audited financial statements, to the extent not already in Lender's possession
- Most recent fiscal year's Budget
- Insurance Certificate

Utilization Period**Expiration Date:**

The latest date for any funding will be October 30, 2007.

10-Year Amortization Schedule \$2.0 Million

**BankAmerica Leasing & Capital Group
MUNI Equivalent
Amortization Schedule**

Borrower Henderson County
 Prepared Sep-25-2006 19:57 by your name goes here
 Parameter filename Henderson County 10 year \$2MM LevPrin F 9-25-06
 Parameter path c:\ivory\prms\
 Average life 5.125 years
 Average rate 3.73209380%

Date	debt service number	interest 3.73%	principal	debt service	balance
11/15/2006	0	\$0.00	\$0.00	\$0.00	\$2,000,000.00
2/15/2007	1	\$18,660.47	\$50,000.00	\$68,660.47	\$1,950,000.00
5/15/2007	2	\$18,193.96	\$50,000.00	\$68,193.96	\$1,900,000.00
8/15/2007	3	\$17,727.45	\$50,000.00	\$67,727.45	\$1,850,000.00
11/15/2007	4	\$17,260.93	\$50,000.00	\$67,260.93	\$1,800,000.00
2/15/2008	5	\$16,794.42	\$50,000.00	\$66,794.42	\$1,750,000.00
5/15/2008	6	\$16,327.91	\$50,000.00	\$66,327.91	\$1,700,000.00
8/15/2008	7	\$15,861.40	\$50,000.00	\$65,861.40	\$1,650,000.00
11/15/2008	8	\$15,394.89	\$50,000.00	\$65,394.89	\$1,600,000.00
2/15/2009	9	\$14,928.38	\$50,000.00	\$64,928.38	\$1,550,000.00
5/15/2009	10	\$14,461.86	\$50,000.00	\$64,461.86	\$1,500,000.00
8/15/2009	11	\$13,995.35	\$50,000.00	\$63,995.35	\$1,450,000.00
11/15/2009	12	\$13,528.84	\$50,000.00	\$63,528.84	\$1,400,000.00
2/15/2010	13	\$13,062.33	\$50,000.00	\$63,062.33	\$1,350,000.00
5/15/2010	14	\$12,595.82	\$50,000.00	\$62,595.82	\$1,300,000.00
8/15/2010	15	\$12,129.30	\$50,000.00	\$62,129.30	\$1,250,000.00
11/15/2010	16	\$11,662.79	\$50,000.00	\$61,662.79	\$1,200,000.00
2/15/2011	17	\$11,196.28	\$50,000.00	\$61,196.28	\$1,150,000.00
5/15/2011	18	\$10,729.77	\$50,000.00	\$60,729.77	\$1,100,000.00
8/15/2011	19	\$10,263.26	\$50,000.00	\$60,263.26	\$1,050,000.00
11/15/2011	20	\$9,796.75	\$50,000.00	\$59,796.75	\$1,000,000.00
2/15/2012	21	\$9,330.23	\$50,000.00	\$59,330.23	\$950,000.00
5/15/2012	22	\$8,863.72	\$50,000.00	\$58,863.72	\$900,000.00
8/15/2012	23	\$8,397.21	\$50,000.00	\$58,397.21	\$850,000.00
11/15/2012	24	\$7,930.70	\$50,000.00	\$57,930.70	\$800,000.00
2/15/2013	25	\$7,464.19	\$50,000.00	\$57,464.19	\$750,000.00
5/15/2013	26	\$6,997.68	\$50,000.00	\$56,997.68	\$700,000.00

8/15/2013	27	\$6,531.16	\$50,000.00	\$56,531.16	\$650,000.00
11/15/2013	28	\$6,064.65	\$50,000.00	\$56,064.65	\$600,000.00
2/15/2014	29	\$5,598.14	\$50,000.00	\$55,598.14	\$550,000.00
5/15/2014	30	\$5,131.63	\$50,000.00	\$55,131.63	\$500,000.00
8/15/2014	31	\$4,665.12	\$50,000.00	\$54,665.12	\$450,000.00
11/15/2014	32	\$4,198.61	\$50,000.00	\$54,198.61	\$400,000.00
2/15/2015	33	\$3,732.09	\$50,000.00	\$53,732.09	\$350,000.00
5/15/2015	34	\$3,265.58	\$50,000.00	\$53,265.58	\$300,000.00
8/15/2015	35	\$2,799.07	\$50,000.00	\$52,799.07	\$250,000.00
11/15/2015	36	\$2,332.56	\$50,000.00	\$52,332.56	\$200,000.00
2/15/2016	37	\$1,866.05	\$50,000.00	\$51,866.05	\$150,000.00
5/15/2016	38	\$1,399.54	\$50,000.00	\$51,399.54	\$100,000.00
8/15/2016	39	\$933.02	\$50,000.00	\$50,933.02	\$50,000.00
11/15/2016	40	\$466.51	\$50,000.00	\$50,466.51	\$0.00
TOTAL	820	\$382,539.61	\$2,000,000.00	\$2,382,539.61	\$41,000,000.00

10-Year Amortization Schedule \$3.178 Million

**BankAmerica Leasing & Capital Group
MUNI Equivalent
Amortization Schedule**

Borrower Henderson County
 Prepared Sep-25-2006 20:00 by your name goes here
 Parameter filename .. Henderson County 10 year \$3 178MM LevPrin F 9-25-06 (2)
 Parameter path c:\ivory\prms\
 Average life 5.125 years
 Average rate 3.73209380%

Date	debt service number	interest 3.73%	principal	debt service	balance
11/15/2006	0	\$0.00	\$0.00	\$0.00	\$3,178,000.00
2/15/2007	1	\$29,651.49	\$79,450.00	\$109,101.49	\$3,098,550.00
5/15/2007	2	\$28,910.20	\$79,450.00	\$108,360.20	\$3,019,100.00
8/15/2007	3	\$28,168.91	\$79,450.00	\$107,618.91	\$2,939,650.00
11/15/2007	4	\$27,427.62	\$79,450.00	\$106,877.62	\$2,860,200.00
2/15/2008	5	\$26,686.34	\$79,450.00	\$106,136.34	\$2,780,750.00
5/15/2008	6	\$25,945.05	\$79,450.00	\$105,395.05	\$2,701,300.00
8/15/2008	7	\$25,203.76	\$79,450.00	\$104,653.76	\$2,621,850.00
11/15/2008	8	\$24,462.48	\$79,450.00	\$103,912.48	\$2,542,400.00
2/15/2009	9	\$23,721.19	\$79,450.00	\$103,171.19	\$2,462,950.00
5/15/2009	10	\$22,979.90	\$79,450.00	\$102,429.90	\$2,383,500.00
8/15/2009	11	\$22,238.61	\$79,450.00	\$101,688.61	\$2,304,050.00
11/15/2009	12	\$21,497.33	\$79,450.00	\$100,947.33	\$2,224,600.00
2/15/2010	13	\$20,756.04	\$79,450.00	\$100,206.04	\$2,145,150.00
5/15/2010	14	\$20,014.75	\$79,450.00	\$99,464.75	\$2,065,700.00
8/15/2010	15	\$19,273.47	\$79,450.00	\$98,723.47	\$1,986,250.00
11/15/2010	16	\$18,532.18	\$79,450.00	\$97,982.18	\$1,906,800.00
2/15/2011	17	\$17,790.89	\$79,450.00	\$97,240.89	\$1,827,350.00
5/15/2011	18	\$17,049.60	\$79,450.00	\$96,499.60	\$1,747,900.00
8/15/2011	19	\$16,308.32	\$79,450.00	\$95,758.32	\$1,668,450.00
11/15/2011	20	\$15,567.03	\$79,450.00	\$95,017.03	\$1,589,000.00
2/15/2012	21	\$14,825.74	\$79,450.00	\$94,275.74	\$1,509,550.00
5/15/2012	22	\$14,084.46	\$79,450.00	\$93,534.46	\$1,430,100.00
8/15/2012	23	\$13,343.17	\$79,450.00	\$92,793.17	\$1,350,650.00
11/15/2012	24	\$12,601.88	\$79,450.00	\$92,051.88	\$1,271,200.00
2/15/2013	25	\$11,860.59	\$79,450.00	\$91,310.59	\$1,191,750.00
5/15/2013	26	\$11,119.31	\$79,450.00	\$90,569.31	\$1,112,300.00
8/15/2013	27	\$10,378.02	\$79,450.00	\$89,828.02	\$1,032,850.00
11/15/2013	28	\$9,636.73	\$79,450.00	\$89,086.73	\$953,400.00
2/15/2014	29	\$8,895.45	\$79,450.00	\$88,345.45	\$873,950.00
5/15/2014	30	\$8,154.16	\$79,450.00	\$87,604.16	\$794,500.00
8/15/2014	31	\$7,412.87	\$79,450.00	\$86,862.87	\$715,050.00

11/15/2014	32	\$6,671.58	\$79,450.00	\$86,121.58	\$635,600.00
2/15/2015	33	\$5,930.30	\$79,450.00	\$85,380.30	\$556,150.00
5/15/2015	34	\$5,189.01	\$79,450.00	\$84,639.01	\$476,700.00
8/15/2015	35	\$4,447.72	\$79,450.00	\$83,897.72	\$397,250.00
11/15/2015	36	\$3,706.44	\$79,450.00	\$83,156.44	\$317,800.00
2/15/2016	37	\$2,965.15	\$79,450.00	\$82,415.15	\$238,350.00
5/15/2016	38	\$2,223.86	\$79,450.00	\$81,673.86	\$158,900.00
8/15/2016	39	\$1,482.57	\$79,450.00	\$80,932.57	\$79,450.00
11/15/2016	40	\$741.29	\$79,450.00	\$80,191.29	\$0.00
TOTAL	820	\$607,855.45	\$3,178,000.00	\$3,785,855.45	\$65,149,000.00

15-Year Amortization Schedule \$2.0 Million

**BankAmerica Leasing & Capital Group
MUNI Equivalent
Amortization Schedule**

Borrower Henderson County
 Prepared Sep-25-2006 20:03 by your name goes here
 Parameter filename Henderson County 15 year \$2MM LevPrin F 9-25-06 (2)
 Parameter path c:\ivory\prms\
 Average life 7.625 years
 Average rate 3.76729661%

Date	debt service number	interest 3.77%	principal	debt service	balance
11/15/2006	0	\$0.00	\$0.00	\$0.00	\$2,000,000.00
2/15/2007	1	\$18,836.48	\$33,333.33	\$52,169.82	\$1,966,666.67
5/15/2007	2	\$18,522.54	\$33,333.33	\$51,855.87	\$1,933,333.33
8/15/2007	3	\$18,208.60	\$33,333.33	\$51,541.93	\$1,900,000.00
11/15/2007	4	\$17,894.66	\$33,333.33	\$51,227.99	\$1,866,666.67
2/15/2008	5	\$17,580.72	\$33,333.33	\$50,914.05	\$1,833,333.33
5/15/2008	6	\$17,266.78	\$33,333.33	\$50,600.11	\$1,800,000.00
8/15/2008	7	\$16,952.83	\$33,333.33	\$50,286.17	\$1,766,666.67
11/15/2008	8	\$16,638.89	\$33,333.33	\$49,972.23	\$1,733,333.33
2/15/2009	9	\$16,324.95	\$33,333.33	\$49,658.29	\$1,700,000.00
5/15/2009	10	\$16,011.01	\$33,333.33	\$49,344.34	\$1,666,666.67
8/15/2009	11	\$15,697.07	\$33,333.33	\$49,030.40	\$1,633,333.33
11/15/2009	12	\$15,383.13	\$33,333.33	\$48,716.46	\$1,600,000.00
2/15/2010	13	\$15,069.19	\$33,333.33	\$48,402.52	\$1,566,666.67
5/15/2010	14	\$14,755.25	\$33,333.33	\$48,088.58	\$1,533,333.33
8/15/2010	15	\$14,441.30	\$33,333.33	\$47,774.64	\$1,500,000.00
11/15/2010	16	\$14,127.36	\$33,333.33	\$47,460.70	\$1,466,666.67
2/15/2011	17	\$13,813.42	\$33,333.33	\$47,146.75	\$1,433,333.33
5/15/2011	18	\$13,499.48	\$33,333.33	\$46,832.81	\$1,400,000.00
8/15/2011	19	\$13,185.54	\$33,333.33	\$46,518.87	\$1,366,666.67
11/15/2011	20	\$12,871.60	\$33,333.33	\$46,204.93	\$1,333,333.33
2/15/2012	21	\$12,557.66	\$33,333.33	\$45,890.99	\$1,300,000.00
5/15/2012	22	\$12,243.71	\$33,333.33	\$45,577.05	\$1,266,666.67
8/15/2012	23	\$11,929.77	\$33,333.33	\$45,263.11	\$1,233,333.33
11/15/2012	24	\$11,615.83	\$33,333.33	\$44,949.16	\$1,200,000.00
2/15/2013	25	\$11,301.89	\$33,333.33	\$44,635.22	\$1,166,666.67
5/15/2013	26	\$10,987.95	\$33,333.33	\$44,321.28	\$1,133,333.33
8/15/2013	27	\$10,674.01	\$33,333.33	\$44,007.34	\$1,100,000.00
11/15/2013	28	\$10,360.07	\$33,333.33	\$43,693.40	\$1,066,666.67
2/15/2014	29	\$10,046.12	\$33,333.33	\$43,379.46	\$1,033,333.33
5/15/2014	30	\$9,732.18	\$33,333.33	\$43,065.52	\$1,000,000.00
8/15/2014	31	\$9,418.24	\$33,333.33	\$42,751.57	\$966,666.67

11/15/2014	32	\$9,104.30	\$33,333.33	\$42,437.63	\$933,333.33
2/15/2015	33	\$8,790.36	\$33,333.33	\$42,123.69	\$900,000.00
5/15/2015	34	\$8,476.42	\$33,333.33	\$41,809.75	\$866,666.67
8/15/2015	35	\$8,162.48	\$33,333.33	\$41,495.81	\$833,333.33
11/15/2015	36	\$7,848.53	\$33,333.33	\$41,181.87	\$800,000.00
2/15/2016	37	\$7,534.59	\$33,333.33	\$40,867.93	\$766,666.67
5/15/2016	38	\$7,220.65	\$33,333.33	\$40,553.99	\$733,333.33
8/15/2016	39	\$6,906.71	\$33,333.33	\$40,240.04	\$700,000.00
11/15/2016	40	\$6,592.77	\$33,333.33	\$39,926.10	\$666,666.67
2/15/2017	41	\$6,278.83	\$33,333.33	\$39,612.16	\$633,333.33
5/15/2017	42	\$5,964.89	\$33,333.33	\$39,298.22	\$600,000.00
8/15/2017	43	\$5,650.94	\$33,333.33	\$38,984.28	\$566,666.67
11/15/2017	44	\$5,337.00	\$33,333.33	\$38,670.34	\$533,333.33
2/15/2018	45	\$5,023.06	\$33,333.33	\$38,356.40	\$500,000.00
5/15/2018	46	\$4,709.12	\$33,333.33	\$38,042.45	\$466,666.67
8/15/2018	47	\$4,395.18	\$33,333.33	\$37,728.51	\$433,333.33
11/15/2018	48	\$4,081.24	\$33,333.33	\$37,414.57	\$400,000.00
2/15/2019	49	\$3,767.30	\$33,333.33	\$37,100.63	\$366,666.67
5/15/2019	50	\$3,453.36	\$33,333.33	\$36,786.69	\$333,333.33
8/15/2019	51	\$3,139.41	\$33,333.33	\$36,472.75	\$300,000.00
11/15/2019	52	\$2,825.47	\$33,333.33	\$36,158.81	\$266,666.67
2/15/2020	53	\$2,511.53	\$33,333.33	\$35,844.86	\$233,333.33
5/15/2020	54	\$2,197.59	\$33,333.33	\$35,530.92	\$200,000.00
8/15/2020	55	\$1,883.65	\$33,333.33	\$35,216.98	\$166,666.67
11/15/2020	56	\$1,569.71	\$33,333.33	\$34,903.04	\$133,333.33
2/15/2021	57	\$1,255.77	\$33,333.33	\$34,589.10	\$100,000.00
5/15/2021	58	\$941.82	\$33,333.33	\$34,275.16	\$66,666.67
8/15/2021	59	\$627.88	\$33,333.33	\$33,961.22	\$33,333.33
11/15/2021	60	\$313.94	\$33,333.33	\$33,647.27	\$0.00
TOTAL	1830	\$574,512.73	\$2,000,000.00	\$2,574,512.73	\$61,000,000.00

15-Year Amortization Schedule \$3.178 Million

**BankAmerica Leasing & Capital Group
MUNI Equivalent
Amortization Schedule**

Borrower Henderson County
 Prepared Sep-25-2006 20:05 by your name goes here
 Parameter filename .. Henderson County 15 year \$3 178MM LevPrin F 9-25-06 (2)
 Parameter path c:\livory\prms\
 Average life 7.625 years
 Average rate 3.76729661%

Date	debt service number	interest 3.77%	principal	debt service	balance
11/15/2006	0	\$0.00	\$0.00	\$0.00	\$3,178,000.00
2/15/2007	1	\$29,931.17	\$52,966.67	\$82,897.84	\$3,125,033.33
5/15/2007	2	\$29,432.32	\$52,966.67	\$82,398.99	\$3,072,066.67
8/15/2007	3	\$28,933.47	\$52,966.67	\$81,900.13	\$3,019,100.00
11/15/2007	4	\$28,434.61	\$52,966.67	\$81,401.28	\$2,966,133.33
2/15/2008	5	\$27,935.76	\$52,966.67	\$80,902.43	\$2,913,166.67
5/15/2008	6	\$27,436.91	\$52,966.67	\$80,403.57	\$2,860,200.00
8/15/2008	7	\$26,938.05	\$52,966.67	\$79,904.72	\$2,807,233.33
11/15/2008	8	\$26,439.20	\$52,966.67	\$79,405.87	\$2,754,266.67
2/15/2009	9	\$25,940.35	\$52,966.67	\$78,907.02	\$2,701,300.00
5/15/2009	10	\$25,441.50	\$52,966.67	\$78,408.16	\$2,648,333.33
8/15/2009	11	\$24,942.64	\$52,966.67	\$77,909.31	\$2,595,366.67
11/15/2009	12	\$24,443.79	\$52,966.67	\$77,410.46	\$2,542,400.00
2/15/2010	13	\$23,944.94	\$52,966.67	\$76,911.60	\$2,489,433.33
5/15/2010	14	\$23,446.08	\$52,966.67	\$76,412.75	\$2,436,466.67
8/15/2010	15	\$22,947.23	\$52,966.67	\$75,913.90	\$2,383,500.00
11/15/2010	16	\$22,448.38	\$52,966.67	\$75,415.05	\$2,330,533.33
2/15/2011	17	\$21,949.53	\$52,966.67	\$74,916.19	\$2,277,566.67
5/15/2011	18	\$21,450.67	\$52,966.67	\$74,417.34	\$2,224,600.00
8/15/2011	19	\$20,951.82	\$52,966.67	\$73,918.49	\$2,171,633.33
11/15/2011	20	\$20,452.97	\$52,966.67	\$73,419.63	\$2,118,666.67
2/15/2012	21	\$19,954.11	\$52,966.67	\$72,920.78	\$2,065,700.00
5/15/2012	22	\$19,455.26	\$52,966.67	\$72,421.93	\$2,012,733.33
8/15/2012	23	\$18,956.41	\$52,966.67	\$71,923.08	\$1,959,766.67
11/15/2012	24	\$18,457.56	\$52,966.67	\$71,424.22	\$1,906,800.00
2/15/2013	25	\$17,958.70	\$52,966.67	\$70,925.37	\$1,853,833.33
5/15/2013	26	\$17,459.85	\$52,966.67	\$70,426.52	\$1,800,866.67
8/15/2013	27	\$16,961.00	\$52,966.67	\$69,927.66	\$1,747,900.00
11/15/2013	28	\$16,462.14	\$52,966.67	\$69,428.81	\$1,694,933.33
2/15/2014	29	\$15,963.29	\$52,966.67	\$68,929.96	\$1,641,966.67
5/15/2014	30	\$15,464.44	\$52,966.67	\$68,431.11	\$1,589,000.00
8/15/2014	31	\$14,965.59	\$52,966.67	\$67,932.25	\$1,536,033.33

11/15/2014	32	\$14,466.73	\$52,966.67	\$67,433.40	\$1,483,066.67
2/15/2015	33	\$13,967.88	\$52,966.67	\$66,934.55	\$1,430,100.00
5/15/2015	34	\$13,469.03	\$52,966.67	\$66,435.69	\$1,377,133.33
8/15/2015	35	\$12,970.17	\$52,966.67	\$65,936.84	\$1,324,166.67
11/15/2015	36	\$12,471.32	\$52,966.67	\$65,437.99	\$1,271,200.00
2/15/2016	37	\$11,972.47	\$52,966.67	\$64,939.14	\$1,218,233.33
5/15/2016	38	\$11,473.62	\$52,966.67	\$64,440.28	\$1,165,266.67
8/15/2016	39	\$10,974.76	\$52,966.67	\$63,941.43	\$1,112,300.00
11/15/2016	40	\$10,475.91	\$52,966.67	\$63,442.58	\$1,059,333.33
2/15/2017	41	\$9,977.06	\$52,966.67	\$62,943.72	\$1,006,366.67
5/15/2017	42	\$9,478.20	\$52,966.67	\$62,444.87	\$953,400.00
8/15/2017	43	\$8,979.35	\$52,966.67	\$61,946.02	\$900,433.33
11/15/2017	44	\$8,480.50	\$52,966.67	\$61,447.17	\$847,466.67
2/15/2018	45	\$7,981.65	\$52,966.67	\$60,948.31	\$794,500.00
5/15/2018	46	\$7,482.79	\$52,966.67	\$60,449.46	\$741,533.33
8/15/2018	47	\$6,983.94	\$52,966.67	\$59,950.61	\$688,566.67
11/15/2018	48	\$6,485.09	\$52,966.67	\$59,451.75	\$635,600.00
2/15/2019	49	\$5,986.23	\$52,966.67	\$58,952.90	\$582,633.33
5/15/2019	50	\$5,487.38	\$52,966.67	\$58,454.05	\$529,666.67
8/15/2019	51	\$4,988.53	\$52,966.67	\$57,955.20	\$476,700.00
11/15/2019	52	\$4,489.68	\$52,966.67	\$57,456.34	\$423,733.33
2/15/2020	53	\$3,990.82	\$52,966.67	\$56,957.49	\$370,766.67
5/15/2020	54	\$3,491.97	\$52,966.67	\$56,458.64	\$317,800.00
8/15/2020	55	\$2,993.12	\$52,966.67	\$55,959.78	\$264,833.33
11/15/2020	56	\$2,494.26	\$52,966.67	\$55,460.93	\$211,866.67
2/15/2021	57	\$1,995.41	\$52,966.67	\$54,962.08	\$158,900.00
5/15/2021	58	\$1,496.56	\$52,966.67	\$54,463.23	\$105,933.33
8/15/2021	59	\$997.71	\$52,966.67	\$53,964.37	\$52,966.67
11/15/2021	60	\$498.85	\$52,966.67	\$53,465.52	\$0.00
TOTAL	1830	\$912,900.73	\$3,178,000.00	\$4,090,900.73	\$96,929,000.00



RESOLUTION OF THE HENDERSON COUNTY BOARD OF COMMISSIONERS AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO AND MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH

I. UNDERTAKINGS

WHEREAS, the Board of Commissioners (the "Board") desires to provide for the construction of sanitary sewer lines (the "Facilities") for the Mud Creek Phase I Project in the Cane Creek Water and Sewer District (the "District") to serve new sewer customers at a total project cost of \$2,000,000; and

WHEREAS, the Board desires to refinance the outstanding principal balance (\$1,178,000) of a Rural Development loan used to fund the initial sanitary sewer lines of the District to shorten the remaining term and save interest expense; and

WHEREAS, the Board proposes to finance the construction of the Facilities and to refinance the outstanding Rural Development loan through an installment financing contract (the "Contract") with Bank of America Public Capital Corporation obligating the County to repay in installments the amount financed at a fixed annual interest rate of not more than 3.73% over a term not exceeding 10 years, resulting in a total amount financed not to exceed \$3,178,000; and

WHEREAS, pursuant to N.C.G.S. Section 160A-20, the County is authorized to finance the design and construction of the Facilities by entering into the Contract and a deed of trust (the "Deed of Trust") that create in the Facilities and the sites on which they are located a security interest to secure payment of the obligation thereby created; and

WHEREAS, subject to the prior approval of the Local Government Commission of North Carolina (the "LGC") pursuant to N.C.G.S. Section 159-148, the County intends to finance the cost of the Facilities pursuant to N.C.G.S. Section 160A-20 by executing a Contract with Bank of America Public Capital Corporation providing for the financing of a principal amount not to exceed \$3,178,000; and

II. UNDERTAKINGS NECESSARY

WHEREAS, the County staff has advised the Board, and the Board hereby finds and determines, that the County must design and construct the Facilities in order to provide sanitary sewer service to benefit the County and potential new customers in the District; and

WHEREAS, a public hearing must be held to receive public comment on the desirability of installment financing for the Facilities, and the Board received evidence supporting the need for such financing; and

WHEREAS, the Board finds and determines that the undertakings are necessary and expedient for the aforesaid reasons and that the Facilities be financed under the terms, conditions and parameters heretofore stated and to be further determined with more particularity at a later date; and

III. FUNDS NOT EXCESSIVE

WHEREAS, the sums to fall due under the Contract can be included in the County's budget without difficulty; and

WHEREAS, the above factors lead to the conclusion that the payments under the Contract are not excessive for the stated purposes of designing and constructing the Facilities; and

IV. TRANSACTION A PUBLIC PURPOSE

WHEREAS, the County Attorney has advised the County that the Facilities are authorized by law and are purposes for which public funds may be expended pursuant to the Constitution and laws of the State of North Carolina; and

V. INSTALLMENT PURCHASE FINANCING DESIRABLE

WHEREAS, the Board finds and determines that short term or pay-as-you-go financing for the Facilities would place strains on the District's ability to fund general operations; and

WHEREAS, use of the District's unobligated fund balance to finance the Facilities would reduce the fund below the guideline established by the LGC and would not be in the County's best interest; and

WHEREAS, installment contract financing would be preferable to general obligation bond financing because a general obligation bond authorization probably could not be perfected in a timely manner and would not permit the alternative financing structures and repayment provisions available in the proposed negotiated installment contract financing; and

WHEREAS, the proposed cost of financing the Facilities is too great an amount to be funded by current appropriations; and

WHEREAS, the Board finds and determines that installment contract financing is therefore the most viable and efficient alternative and that the cost of such financing is reasonable; and

VI. COMPLIANCE WITH DEBT MANAGEMENT CONTROLS

WHEREAS, past audit reports of the County indicate that its debt management and contract obligations payment policies have been carried out in strict compliance with the law and the County has not been censured by the LGC, external auditors, or any other regulatory agencies in connection with such management; and

VII. ESTIMATED RATE INCREASE

WHEREAS, the Board estimates that the District's sanitary sewer rates will not be increased in order to sustain the proposed financing; and

VIII. NO DEFAULT

WHEREAS, the County is not in default in meeting any of its debt service or contract obligations; and

IX. APPLICATION

WHEREAS, it is the Board's intention to adopt this Resolution for the purpose of authorizing the design and construction of the Facilities, making certain findings and determinations, approving the submission of an application for approval of the Contract to the LGC and authorizing such other acts deemed necessary and advisable to carry out the design and construction of the Facilities.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, as follows:

Section 1. The Chairman of the Board, the County Manager, the County Attorney, the Finance Director and the Clerk to the Board are hereby authorized and directed on behalf of the County to proceed with the preparation of the Contract with Bank of America Public Capital Corporation providing for the financing of an amount not to exceed \$3,178,000 at an annual interest rate not to exceed 3.73% and a term not to exceed 10 years, and otherwise proceed with the plan of financing for the Facilities described at this meeting.

Section 2. The Finance Director is hereby authorized and directed to submit an application for the LGC's approval of the Contract pursuant to N.C.G.S. Section 160A-20 and Section 159-148, and to execute a sworn statement of debt of the County pursuant to N.C.G.S. Section 159-150, in connection with the financing of the Facilities.

Section 3. That a public hearing (the "Public Hearing") shall be conducted by the Board of Commissioners on October 18, 2006 at 11:00 a.m. in the Commissioners' Meeting Room of the County Administration Building at 100 North King Street, Hendersonville, North Carolina, concerning the Contract, the Deed of Trust and any other transactions contemplated therein and associated therewith.

Section 4. The Clerk to the Board is hereby directed to cause a notice of the Public Hearing to be published once in a qualified newspaper of general circulation within the County.

Section 5. This Resolution shall become effective immediately upon its adoption.

William L. Moyer, Chairman

Attest:

Elizabeth Corn, Clerk to the Board

EXHIBIT A
NOTICE OF PUBLIC HEARING
ON WHETHER THE BOARD OF COMMISSIONERS
FOR THE COUNTY OF HENDERSON, NORTH CAROLINA
SHOULD APPROVE A PROPOSED INSTALLMENT FINANCING
CONTRACT TO FINANCE THE COST OF CERTAIN PROJECTS

NOTICE IS HEREBY GIVEN that the Henderson County Board of Commissioners (the "Board") will hold a public hearing on October 18, 2006 at 11:00 a.m. in the Commissioners' Meeting Room of the County Administration Building, 100 North King Street, Hendersonville, North Carolina for the purpose of considering whether the Board for the County of Henderson, North Carolina (the "County") should approve a proposed installment financing contract and certain related documents under which the County would obtain financing pursuant to North Carolina General Statutes § 160A-20, as amended, to finance the cost of the design and construction of sanitary sewer lines (the "Facilities") and under which the County would secure the repayment of it of moneys advanced pursuant to such installment financing contract by granting a security interest in the Facilities and related sites and property thereof under a deed of trust. The cost of constructing the Facilities is estimated at approximately \$2,000,000. The County will also refinance an outstanding Rural Development loan with a principal balance of \$1,178,000 through the proposed installment financing contract. Drafts of proposed financing documents are available for inspection in the office of the Finance Director. All persons interested in this public hearing are encouraged to attend and express their views.

/s/ Elizabeth W. Corn
Clerk, Board of Commissioners
Henderson County, North Carolina

Published: October xx, 2006