

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: February 20, 2008

SUBJECT: Financing Proposals – Elementary Schools

ATTACHMENTS: Summary of Financing Rates Received
Financing Cost Comparisons
SunTrust Leasing Corporation Financing Proposal
Resolution

SUMMARY OF REQUEST:

In preparation for the anticipated construction of the new Hillandale and Mills River Elementary Schools and the approved Phase II construction at Dana Elementary, Staff mailed out a Request for Proposal (RFP) to financial institutions for financing the construction costs associated with these three projects. Five (5) financial institutions responded to the County's RFP. A summary of the proposed financing rates received is attached for the Board's review.

The proposal from SunTrust Leasing Corporation has been certified as the lowest responsive proposal received. This bank provided a 20-year term rate of 3.92 percent and also an alternate 17.5-year term rate of 3.72 percent for consideration.

The annual debt service payment for 20 years would be \$2,909,781 and for 17.5 years, the annual payment would be \$3,081,436. These annual debt service payments are respectively \$596,219 and \$424,564 less than the \$3,506,000 annual COPs debt service payment included in the projected budget for FY2009. Over both 20 and 17.5 year terms proposed, the interest savings from this installment contract financing over a COPs transaction would be a total of \$3,049,107 and \$5,274,825 respectively.

BOARD ACTION REQUESTED:

Staff requests that the Board consider awarding the financing to SunTrust Leasing Corporation and to approve the attached resolution authorizing the negotiation of financing contract, to set a public hearing and publish a notice of the hearing on the draft financing documents for the Board's March 6th meeting at 7:00 p.m., and which makes the necessary findings for the financing and authorizes Staff to make an application with the Local Government Commission (LGC) for approval. Staff will bring back final financing documents at the March 19th regularly scheduled meeting for the Board's approval. LGC review and approval is anticipated at their April 1st meeting.

Suggested Motion:

I move to accept the schools financing proposal from SunTrust Leasing Corporation and to approve the attached resolution authorizing the negotiation of a financing contract, to set and publish notice of a public hearing for March 6, 2008 at 7:00 p.m. on the draft financing documents, to make the necessary findings for the financing and authorizing Staff to begin the process of making an application with the LGC for approval.

HENDERSON COUNTY REQUEST FOR FINANCING PROPOSALS

Hillandale, Mills River and Dana Phase II Elementary School Projects

Summary of Financing Rates Received

January 24, 2008

<u>Financial Institution:</u>	<u>20-Yr Interest Rate</u>	<u>Alternate* 17.5-Yr Interest Rate</u>
SunTrust	3.92%	3.72%
BB&T	4.07%	
Bank of America	4.13%	
Wachovia	4.79%	
RBC Centura	5.39%	

* SunTrust provided an alternate 17.5-year term proposal that was not requested as a part of the County's Request for Proposals (RFP)

**Hillandale, Mills River and Dana Elementary
School Projects
Financing Cost Comparisons**

Maximum RFP Financing Amount Requested:	\$33,250,000
Hillandale	\$15,272,000
Mills River	\$15,905,000
Dana Phase II	\$ 2,073,000

FY2009 Projected COPs Annual Debt Service:	\$3,506,000
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SunTrust Proposal/Annual Debt Service:

20 years (3.92%)	\$2,909,781
17.5 years (3.72%)	\$3,081,436

Annual Debt Service Savings (SunTrust over COPs):

20 years (3.92%)	\$ 596,219
17.5 years (3.72%)	\$ 424,564

Term Interest Savings (SunTrust over COPs):

20 years (3.92%)	\$3,049,107
17.5 years (3.72%)	\$5,274,825

SunTrust Equipment Finance & Leasing Corporation
300 East Joppa Road– Suite 700
Towson, Maryland 21286
Tel (410) 307-6604
Fax (410) 307-6613
Robert.Rynarzewski@suntrust.com

Robert J Rynarzewski
Vice President



Henderson County, North Carolina
Mr. J. Carey McLelland, Finance Director
113 N Main Street
Hendersonville, NC 28792

January 24, 2008

Via: Email carey@hendersoncountync.org

Dear Mr. McLelland:

SunTrust Equipment Finance & Leasing Corporation ("STEFLEC") is pleased to present to Henderson County, North Carolina its proposal for facility financing. I am willing to discuss any of the terms and conditions of our proposal as outlined below:

RE: Up to \$33,250,000.00 Financing Proposal Pursuant to N.C.G.S. 160A-20

LESSEE: Henderson County, North Carolina. Lessee is a state or political subdivision within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code").

LESSOR: SunTrust Equipment Finance & Leasing Corporation, ("STEFLEC") or its Assignee.

TYPE OF FINANCING: Installment Purchase Agreement / Certificate of Participation (the "Agreement") subject to a security interest position in project assets. Said Agreement shall be a net arrangement whereby Lessee is responsible for all operating costs, maintenance, insurance, and taxes. The Agreement shall be based on annual appropriation of funds during the lease term.

SECURITY: Lessor will have a secured interest position, by a deed of trust in all the assets of the two new elementary schools.

Non- BANK QUALIFICATION: Lessee reasonably anticipates the total amount of tax-exempt obligations to be issued by the Lessee, its subordinate entities, or the issuing authority during calendar year of issuance **will** exceed ten million (\$10,000,000.00) dollars. For banks, Section 265(b)3 of

the Internal Revenue Code exempts certain tax-exempt obligations issued not in excess of ten million (\$10,000,000.00) dollars per calendar year.

PROJECT: Financing two new elementary schools and renovations to the Dana Elementary School.

COST OF ISSUANCE: The Lessee is responsible for all cost of issuance which include all usual and customary costs associated with closing of similar real estate loan and lease transactions, these costs would include but not be limited to the costs associated with the compilation and providing the information and reports required under "Other Conditions" below. **The Lessee and the Lessor will be responsible for any and all legal fees for their own respective legal counsel.**

AMOUNT FINANCED: \$33,250,000.00

Rate Proposal	Lease Amount	Lease Term	Lease Rate	Payment Information
1	\$33,250,000.00	20 years	3.92%	40 semi-annual interest payments and level principal payments starting September 30, 2008, under Call Protection Option 1
2	\$33,250,000.00	20 years	3.96%	40 semi-annual interest payments and level principal payments starting September 30, 2008, under Call Protection Option 2
3	\$33,250,000.00	17.5 years	3.72%	35 semi-annual interest payments and level principal payments starting six months after closing, under Call Protection Option 1
4	\$33,250,000.00	17.5 years	3.76%	35 semi-annual interest payments and level principal payments starting September 30, 2008, under Call Protection Option 2

CALL PROTECTION:

Option 1. Lessee may not prepay the Lease for the first 10 years. After the 10th year the Lessee may prepay the Lease **without** any prepayment premium.

Option 2. Lessee may prepay the Lease on any payment due date, with a prepayment premium of 1.00% for the first 10 years. After the 10th year the Lessee may prepay the Lease on any payment due date, **without** any prepayment premium.

INDEXING: The Lease Rate in this proposal will be based on market conditions. The Lease Rate above will be **fixed until April 11th 2008** so long as the Lessee notifies the Lessor by phone and email by noon on **February 13th, 2008** confirming that STEFLC is the proposer whose terms and rate, best fits the need of the county and will be recommended for approval to all approving authorities and the Local Government Commission. STEFLC will then lock-in the Lease Rate.

ESCROW FUNDING:

Lessor will assumed 100% funding into an escrow account on the date of closing for this transaction. The escrow account will be used to pay vendors/contractors. **No fees** associated with the administration of this account will be at Lessee's expense. Escrow Agent is assumed to be SunTrust Bank. Lessor will review and approve escrow disbursements prior to Escrow Agent disbursing funds. It is assumed that **all interest earnings will accrue for benefit of Lessee. The escrow account will be actively managed by SunTrust Trustco Capital Management, the initial deposit would be invested in a government security Money Market Fund – Aaa and AAA, the current yield to the Lessee would be 4.10%.** This proposal also does not take into consideration the application of any interest earnings from the escrow fund of the account.

CONSTRUCTION/DRAW INSPECTION FEES:

Lessee will obtain a Guaranteed Maximum Price (GMP) Contract for construction of the project. The Lessee shall covenant that it will require the contractor to provide performance and payment bonds in an amount sufficient to cover the contract price and contingencies.

Lessee will submit signed draw requests, Application and Certificate for Payment Forms (AIA-G702/703) ("AIA Form"), from the Lessee's architect and summary page of any hard or soft costs, along with copies of invoices. The Architect will be contractually bound to provide certified copies of each AIA Form to STEFLC. Lessee's Finance Officer will also certify that the work has been completed and according to specs and plans.

INSURANCE:

The Lessee shall furnish confirmation of (a) all risk physical damage insurance coverage for the full cost of the property, (b) one million (\$1,000,000.00) dollars combined single limit property damage and bodily injury insurance covering the property, (c) an ALTA leasehold title insurance policy in an amount at least equal to the financed amount. LESSOR shall be named as loss payee and additional insured.

OTHER CONDITIONS:

In order for Lessor to provide financing for this project, the following conditions, at Lessee's expense, may be required prior to closing:

- (A) A satisfactory Environmental Audit Phase I.
- (B) A certified survey by a registered land surveyor may be required on this project. The survey will need to detail all boundaries of the property that is subject to the Lease and Sublease with dimensions, boundary descriptions, and locations of streets, building lines, existing buildings or improvements, right-of-ways, easements,

encroachments, or any aspect that may affect the property.

- (C) Certification that the property is not located within any flood hazard area. Certification that the property is and as completed after any improvements, will be compliant with all applicable zoning, environmental, safety and ADA requirements.
- (D) If applicable, subordination, non-disturbance and attornment agreements and estoppel certificates from the tenant associated with the Project
- (E) A payment and performance bond in the amount of the project will be posted by the General Contractor. Subject to applicable State law, Lessor will be named as Loss Payee and Additional Insured.
- (F) Other documentation, information, reports, etc. the Lessor may reasonably request. Lessee will also be responsible for a \$4,000.00 document processing fee.

AUTHORIZED SIGNORS: The Lessee's counsel shall provide Lessor with its resolution or ordinance authorizing the financing and shall designate the individual(s) to execute all necessary documents.

LEGAL OPINION: The Lessee's counsel shall furnish Lessor with an opinion covering the validity and tax-exempt status of this transaction and the documents used herein. This opinion shall be in a form and substance satisfactory to Lessor.

DOCUMENTATION: Lease documents will be prepared by Lessee's counsel and subject to review and acceptance by Lessor's counsel.

CREDIT APPROVAL DOCUMENTATION: The Lessee shall provide to Lessor three (3) years of current financial statements, budgets, and demographics and such other financial information relating to the ability of the Lessee to pay its obligations under the Lease Purchase Agreement as reasonably requested by Lessor. Lessee will also provide project plans and specifications, a copy of a GMP Contract.

PROPOSAL EXPIRATION: Lessee shall have until **February 21, 2008** to accept the final Term and Rate from above and executing and returning this proposal to the Lessor, and close this transaction by April 11, 2008, otherwise Lessor's proposal shall become null and void unless extended in writing by Lessor.

This proposal is subject to final credit approval by the Credit/Investment Committee of the Lessor and approval of mutually acceptable lease documents. To render a credit decision, the Lessee shall timely provide Lessor with the information requested above.

The Lessor will not be obligated until all documents have been fully executed by both Lessor and Lessee.

Upon receipt a signed proposal, we will endeavor to provide you with a timely approval. It is a pleasure to offer this proposal and I look forward to becoming your value-added financial partner for many years to come.



Robert J Rynarzewski
Vice President
SunTrust Equipment Finance & Leasing Corporation
Robert.Rynarzewski@suntrust.com

ACCEPTANCE: The terms and conditions of this Proposal are hereby accepted.

Dated: _____.
Henderson County, North Carolina

By: _____
As its:

- SUBJECT TO AND MADE A PART OF THAT CERTAIN PROPOSAL DATED January 24, 2008

*Rate
Proposal # 1*

Client: Henderson County, North Carolina
 Lessor: SunTrust Equipment Finance & Leasing Corporation
 Term: Years 20
 Semi-annual Payments in Arrears
 Interest Rate 3.92%

<u>Period</u>	<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance</u>	<u>Prepayment Amount</u>
0	11-Apr-08	-	\$ 33,250,000.00	-	33,250,000.00	-
1	30-Sep-08	1,443,123.89	831,250.00	611,873.89	32,418,750.00	-
2	30-Mar-09	1,466,657.50	831,250.00	635,407.50	31,587,500.00	-
3	30-Sep-09	1,450,365.00	831,250.00	619,115.00	30,756,250.00	-
4	30-Mar-10	1,434,072.50	831,250.00	602,822.50	29,925,000.00	-
5	30-Sep-10	1,417,780.00	831,250.00	586,530.00	29,093,750.00	-
6	30-Mar-11	1,401,487.50	831,250.00	570,237.50	28,262,500.00	-
7	30-Sep-11	1,385,195.00	831,250.00	553,945.00	27,431,250.00	-
8	30-Mar-12	1,368,902.50	831,250.00	537,652.50	26,600,000.00	-
9	30-Sep-12	1,352,610.00	831,250.00	521,360.00	25,768,750.00	-
10	30-Mar-13	1,336,317.50	831,250.00	505,067.50	24,937,500.00	-
11	30-Sep-13	1,320,025.00	831,250.00	488,775.00	24,106,250.00	-
12	30-Mar-14	1,303,732.50	831,250.00	472,482.50	23,275,000.00	-
13	30-Sep-14	1,287,440.00	831,250.00	456,190.00	22,443,750.00	-
14	30-Mar-15	1,271,147.50	831,250.00	439,897.50	21,612,500.00	-
15	30-Sep-15	1,254,855.00	831,250.00	423,605.00	20,781,250.00	-
16	30-Mar-16	1,238,562.50	831,250.00	407,312.50	19,950,000.00	-
17	30-Sep-16	1,222,270.00	831,250.00	391,020.00	19,118,750.00	-
18	30-Mar-17	1,205,977.50	831,250.00	374,727.50	18,287,500.00	-
19	30-Sep-17	1,189,685.00	831,250.00	358,435.00	17,456,250.00	-
20	30-Mar-18	1,173,392.50	831,250.00	342,142.50	16,625,000.00	-
21	30-Sep-18	1,157,100.00	831,250.00	325,850.00	15,793,750.00	15,793,750.00
22	30-Mar-19	1,140,807.50	831,250.00	309,557.50	14,962,500.00	14,962,500.00
23	30-Sep-19	1,124,515.00	831,250.00	293,265.00	14,131,250.00	14,131,250.00
24	30-Mar-20	1,108,222.50	831,250.00	276,972.50	13,300,000.00	13,300,000.00
25	30-Sep-20	1,091,930.00	831,250.00	260,680.00	12,468,750.00	12,468,750.00
26	30-Mar-21	1,075,637.50	831,250.00	244,387.50	11,637,500.00	11,637,500.00
27	30-Sep-21	1,059,345.00	831,250.00	228,095.00	10,806,250.00	10,806,250.00
28	30-Mar-22	1,043,052.50	831,250.00	211,802.50	9,975,000.00	9,975,000.00
29	30-Sep-22	1,026,760.00	831,250.00	195,510.00	9,143,750.00	9,143,750.00
30	30-Mar-23	1,010,467.50	831,250.00	179,217.50	8,312,500.00	8,312,500.00
31	30-Sep-23	994,175.00	831,250.00	162,925.00	7,481,250.00	7,481,250.00
32	30-Mar-24	977,882.50	831,250.00	146,632.50	6,650,000.00	6,650,000.00
33	30-Sep-24	961,590.00	831,250.00	130,340.00	5,818,750.00	5,818,750.00
34	30-Mar-25	945,297.50	831,250.00	114,047.50	4,987,500.00	4,987,500.00
35	30-Sep-25	929,005.00	831,250.00	97,755.00	4,156,250.00	4,156,250.00
36	30-Mar-26	912,712.50	831,250.00	81,462.50	3,325,000.00	3,325,000.00
37	30-Sep-26	896,420.00	831,250.00	65,170.00	2,493,750.00	2,493,750.00
38	30-Mar-27	880,127.50	831,250.00	48,877.50	1,662,500.00	1,662,500.00
39	30-Sep-27	863,835.00	831,250.00	32,585.00	831,250.00	831,250.00
40	30-Mar-28	847,542.50	831,250.00	16,292.50	-	-
Grand Total		46,570,023.89	33,250,000.00	13,320,023.89		

- SUBJECT TO AND MADE A PART OF THAT CERTAIN PROPOSAL DATED January 24, 2008

- SUBJECT TO AND MADE A PART OF THAT CERTAIN PROPOSAL DATED January 24, 2008 -

*Rate
Proposal #3*

Client: Henderson County, North Carolina
Lessor: SunTrust Equipment Finance & Leasing Corporation
Term: Years 17.50
Semi-annual Payments in Arrears
Interest Rate 3.72%

<u>Period</u>	<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance</u>
0	11-Apr-08	-	33,250,000.00	-	33,250,000.00
1	30-Sep-08	1,530,655.83	950,000.00	580,655.83	32,300,000.00
2	30-Mar-09	1,550,780.00	950,000.00	600,780.00	31,350,000.00
3	30-Sep-09	1,533,110.00	950,000.00	583,110.00	30,400,000.00
4	30-Mar-10	1,515,440.00	950,000.00	565,440.00	29,450,000.00
5	30-Sep-10	1,497,770.00	950,000.00	547,770.00	28,500,000.00
6	30-Mar-11	1,480,100.00	950,000.00	530,100.00	27,550,000.00
7	30-Sep-11	1,462,430.00	950,000.00	512,430.00	26,600,000.00
8	30-Mar-12	1,444,760.00	950,000.00	494,760.00	25,650,000.00
9	30-Sep-12	1,427,090.00	950,000.00	477,090.00	24,700,000.00
10	30-Mar-13	1,409,420.00	950,000.00	459,420.00	23,750,000.00
11	30-Sep-13	1,391,750.00	950,000.00	441,750.00	22,800,000.00
12	30-Mar-14	1,374,080.00	950,000.00	424,080.00	21,850,000.00
13	30-Sep-14	1,356,410.00	950,000.00	406,410.00	20,900,000.00
14	30-Mar-15	1,338,740.00	950,000.00	388,740.00	19,950,000.00
15	30-Sep-15	1,321,070.00	950,000.00	371,070.00	19,000,000.00
16	30-Mar-16	1,303,400.00	950,000.00	353,400.00	18,050,000.00
17	30-Sep-16	1,285,730.00	950,000.00	335,730.00	17,100,000.00
18	30-Mar-17	1,268,060.00	950,000.00	318,060.00	16,150,000.00
19	30-Sep-17	1,250,390.00	950,000.00	300,390.00	15,200,000.00
20	30-Mar-18	1,232,720.00	950,000.00	282,720.00	14,250,000.00
21	30-Sep-18	1,215,050.00	950,000.00	265,050.00	13,300,000.00
22	30-Mar-19	1,197,380.00	950,000.00	247,380.00	12,350,000.00
23	30-Sep-19	1,179,710.00	950,000.00	229,710.00	11,400,000.00
24	30-Mar-20	1,162,040.00	950,000.00	212,040.00	10,450,000.00
25	30-Sep-20	1,144,370.00	950,000.00	194,370.00	9,500,000.00
26	30-Mar-21	1,126,700.00	950,000.00	176,700.00	8,550,000.00
27	30-Sep-21	1,109,030.00	950,000.00	159,030.00	7,600,000.00
28	30-Mar-22	1,091,360.00	950,000.00	141,360.00	6,650,000.00
29	30-Sep-22	1,073,690.00	950,000.00	123,690.00	5,700,000.00
30	30-Mar-23	1,056,020.00	950,000.00	106,020.00	4,750,000.00
31	30-Sep-23	1,038,350.00	950,000.00	88,350.00	3,800,000.00
32	30-Mar-24	1,020,680.00	950,000.00	70,680.00	2,850,000.00
33	30-Sep-24	1,003,010.00	950,000.00	53,010.00	1,900,000.00
34	30-Mar-25	985,340.00	950,000.00	35,340.00	950,000.00
35	30-Sep-25	967,670.00	950,000.00	17,670.00	-
<u>Grand Total</u>		<u>44,344,305.83</u>	<u>33,250,000.00</u>	<u>11,094,305.83</u>	

- SUBJECT TO AND MADE A PART OF THAT CERTAIN PROPOSAL DATED January 24, 2008 -

Extract from Minutes of a regular meeting of the Board of Commissioners (the "Board") of the County of Henderson, North Carolina held in the Commissioners' Meeting Room, 100 North King Street, Hendersonville, North Carolina 28792, at 9:00 a.m. on February 20, 2008.

The following members were present:

The following members were absent:

Also present:

Commissioner _____ moved that the following resolution (the "*Resolution*"), a copy of which was made available to the Board and which was read by title:

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, 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") of the County of Henderson, North Carolina (the "County"), desires to provide for the design, acquisition, construction, renovation and equipping of the new Hillandale and the new Mills River Elementary Schools that will replace the existing Hillandale and Mills River Elementary Schools and the construction, renovation and equipping of phase two of the existing Dana Elementary School (collectively, the "School Facilities"); and

WHEREAS, the Board now proposes to finance the School Facilities through an installment financing contract (the "Contract") with SunTrust Equipment Finance & Leasing Corporation (the "Corporation"), obligating the County to repay in installments the amount financed at a fixed annual interest rate of not more than 3.96% over a term not exceeding 20 years, resulting in a total amount financed not to exceed \$33,250,000 (excluding reserves); and

WHEREAS, pursuant to N.C.G.S. Section 160A-20, the County is authorized to finance the design, acquisition, construction, renovation and equipping of the School Facilities by entering into the Contract and a deed of trust (the "Deed of Trust") that create in the School Facilities (other than the Dana Elementary School) 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 School Facilities pursuant to N.C.G.S. Section 160A-20 by executing and delivering to the Corporation or other financing entity the Contract providing for the financing of a principal amount not to exceed \$33,250,000 (excluding reserves); and

II. UNDERTAKINGS NECESSARY

WHEREAS, the County staff has advised the Board, and the Board hereby finds and determines, that the County must design, acquire, construct, renovate and/or equip the School Facilities in order to maintain and enhance the County’s public school and certain administrative School Facilities to enable the County to perform its public functions, and that the School Facilities will benefit the County and its residents; and

WHEREAS, a public hearing must be held to receive public comment on the desirability of (a) the County acquiring the fee or any lesser interest in the real and personal property included in the School Facilities for use by the Henderson County Board of Public Education for school purposes and (b) the installment financing of the School Facilities, of which 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 School 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, acquiring, constructing, renovating and/or equipping the School Facilities; and

IV. TRANSACTION A PUBLIC PURPOSE

WHEREAS, the County Attorney has advised the County that the School 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 School Facilities would place strains on the County’s ability to fund general operations and education without a significant tax increase; and

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

WHEREAS, the use of non-voted debt would not provide sufficient funds to complete the School Facilities in a timely manner; and

WHEREAS, although the cost of financing under the proposed Contract is greater than the cost of general obligation bond financing, 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 School 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 TAX INCREASE

WHEREAS, the Board estimates that the County's ad valorem tax rate will not be significantly 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, acquisition, construction, renovation and/or equipping of the School 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, acquisition, construction, renovation and/or equipping of the School 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 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 providing for the financing of an amount not to exceed \$33,250,000 (excluding reserves) at an annual interest rate not to exceed 3.96% and a term not to

exceed 20 years, and otherwise proceed with the plan of financing for the School Facilities described at this meeting.

Section 2. The Chairman of the Board, the County Manager, the Finance Director and the Clerk to the Board are 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 School Facilities.

Section 3. The financing team of Dewey & LeBoeuf LLP, as special counsel, SunTrust Equipment Finance & Leasing Corporation, as lender, and Roberts & Stevens, P.A., as Board of Education counsel, and McGuireWoods LLP, as counsel to the lender, is approved.

Section 4. This Resolution shall become effective immediately upon its adoption and shall supersede any and all previous resolutions regarding the design, acquisition, construction, renovation and/or equipping of the School Facilities on an installment financing basis.

Section 5. That a public hearing (the "Public Hearing") shall be conducted by the Board of Commissioners on March 6, 2008 at 7:00 p.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, the proposed design, acquisition, construction, renovation and/or equipping of the School Facilities, the acquisition of the sites for the School Facilities, where appropriate, for use by the Henderson County Board of Public Education for school purposes and any other transactions contemplated therein and associated therewith.

Section 6. 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.

On motion of Commissioner _____, the foregoing resolution entitled "RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO AND MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH" was duly adopted by the following vote:

AYES:

NAYS:

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 SCHOOL PROJECTS

NOTICE IS HEREBY GIVEN pursuant to Sections 160A-20 and 153A-158.1 of the General Statutes of North Carolina, as amended, that the Henderson County Board of Commissioners (the "Board") will hold a public hearing on March 6, 2008 at 7:00 p.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 the County's acquisition of real and personal property for elementary schools that are to be used by the Henderson County Board of Public Education for school purposes and 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 Projects hereinafter described 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 certain of the Projects and related sites and property thereof under a deed of trust. The Projects consist of (a) the design, acquisition, construction, renovation and equipping of the new Hillandale Elementary School to be located near 504 Preston Lane, East Flat Rock, North Carolina that will replace the existing Hillandale Elementary School facility, (b) the design, acquisition, construction and equipping of the new Mills River Elementary School to be located at the intersection of School House Road and Banner Farm Road in Horse Shoe, North Carolina that will replace the existing Mills River Elementary School and (c) the phase II construction of improvements and renovation of existing facilities at the Dana Elementary School located at 690 Ridge Road in Dana, North Carolina. The combined cost of constructing the Projects is estimated at approximately \$33,250,000. Drafts of proposed financing documents are available for inspection in the office of the County Manager. 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