

REQUEST FOR BOARD ACTION

**HENDERSON COUNTY
BOARD OF COMMISSIONERS**

**PUBLIC HEARING
TO CONSIDER**

**A PROPOSED INSTALLMENT CONTRACT FINANCING OF SCHOOL
CONSTRUCTION, REPAIR AND RENOVATION PROJECTS THROUGH THE
ISSUANCE OF 2009 QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCBs)
NOVEMBER 18, 2009 11:00 A.M.**

- ATTACHMENTS:**
- 1) Extract of Public Hearing Minutes
 - 2) Newspaper Notice
 - 3) BB&T Financing Proposal/Summary

SUMMARY OF REQUEST:

A public hearing to hear comments on a proposed installment contract financing to pay the capital costs of various school construction, repair and renovation projects is required by the State of North Carolina when entering into a bank installment purchase contract financing pursuant to G.S. 160A-20.

A notice of the public hearing shall be published once at least 10 days before the hearing. This notice was duly advertised in the Times-News on Friday, November 6, 2009.

A financing proposal from Branch Banking and Trust Company (BB&T) is included as a part of this agenda item for discussion upon closing the public hearing. Should the Board accept BB&T's proposal, the financing documents in substantially final form will be presented to the Board at the December 7th regularly scheduled meeting for approval.

BOARD ACTION REQUESTED:

Upon closing the public hearing, the Board is asked to consider approving the proposal from BB&T to finance \$4,270,400 for 10 years at an annual interest rate not to exceed 1.87 percent.

Motion Suggested:

I move approval of the proposal from BB&T to finance the projects in the amount of \$4,270,400 for 10 years at an annual interest rate not to exceed 1.87 percent.

EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS

A Regular Meeting of the Board of Commissioners (the “*Board of Commissioners*”) of the County of Henderson, North Carolina (the “*County*”) was held on Wednesday, November 18, 2009 at 11:00 a.m. in the Commissioners’ Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina.

Commissioners Present: William Moyer, Chairman
Charlie Messer, Vice Chairman
Chuck McGrady
Larry Young
Mark Williams

Commissioners Absent:

* * * * *

The Chairman of the Board (the “*Chairman*”) reported to the Board that notice of a public hearing to receive public comments on the proposed execution and delivery by the County of (1) an Installment Financing Contract to pay the capital costs of various construction, repair and renovation projects at (a) Apple Valley Middle, (b) Balfour Elementary, (c) Dana Elementary, (d) East Henderson High, (e) Hendersonville Elementary, (f) North Henderson High, (g) Rugby Middle, (h) Upward Elementary and (i) West Henderson High (collectively, the “*Projects*”) and (2) a deed of trust and security agreement to create a security interest in the real property on which Hendersonville Elementary School is located and the improvements thereon was published on November 6, 2009 stating that the Board would hold a public hearing thereon on November 18, 2009 at 11:00 a.m.

The Chairman then announced that the Board would hear anyone who wished to be heard on the questions of the proposed Contract and the Projects to be financed thereby.

The following people spoke at the public hearing:

Commissioner _____ moved that the public hearing be closed. The motion was seconded by Commissioner _____ and was unanimously adopted.

The Finance Director then presented a financing proposal from Branch Banking and Trust Company (BB&T). The Board was asked to approve the proposal from BB&T to finance the Projects in the amount of \$4,270,400 for a term of 10 years at an annual interest rate not to exceed 1.87 percent. Commissioner _____ made the motion to approve the financing proposal from BB&T at the terms stated by the Finance Director which was duly adopted by the following vote:

Ayes:

Nays:

HELD the 18th day of November, 2009.

Clerk to the Board of Commissioners
County of Henderson, North Carolina

Notice of Public Hearing
Resolutions adopted at November 2, 2009 meeting

\$231.50

CERTIFICATION OF PUBLICATION

November 6, 2009

I, Jan Sullivan, affirming the following under the penalties of perjury state:

I am employed by Times-News, a subsidiary of the New York Times Company. Times-News, a daily newspaper of general circulation printed and published in the city of Hendersonville, county of Henderson, and state of North Carolina. I hereby certify that the advertisement annexed hereto was published in the editions of The Times-News on the following date or dates:

11/06/09

And that the said newspaper in which such notice, paper, document, or legal advertisement was published was, at the time of each and every publication, a newspaper meeting all of the requirements and qualifications of Section 1-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of Section 1-597 of the General Statutes of North Carolina.

This 6th day of November, 2009.

(Signed) Jan Sullivan

Sworn to and subscribed before me, this 6th day of November, 2009.

Deborah H. Owen Notary Public
Deborah H. Owen

My Commission Expires March 1, 2011

NOTICE OF PUBLIC HEARING

At its November 2, 2009 meeting, the Board of Commissioners (the "Board of Commissioners") of the County of Henderson, North Carolina (the "County") adopted a resolution which:

1. Authorized the County to proceed to pay the capital costs of various construction, repair and renovation projects at (a) Apple Valley Middle, (b) Balfour Elementary, (c) Dana Elementary, (d) East Henderson High, (e) Hendersonville Elementary, (f) North Henderson High, (g) Rugby Middle and (h) West Henderson High (collectively, the "Projects"), pursuant to an installment financing contract (the "Contract"), in a principal amount not to exceed \$4,270,400.29 under which the County will make certain installment payments, in order to make the Projects available to the County;

2. Authorized the County to proceed to provide, in connection with the Contract, as grantor, a deed of trust and security agreement (the "Deed of Trust") under which the real property on which Hendersonville Elementary School is located (the "Site"), as set forth below, together with such other property as may be required (the "Mortgaged Property"), will be mortgaged by the County to create a lien thereon for the benefit of the entity, or its assigns, providing the funds to the County under the Contract.

The Site is located at 1039 Randall Circle, Hendersonville, North Carolina. The Mortgaged Property will be subject to the mortgage provided in the Deed of Trust. On payment by the County of all installment payments due under the Contract, the Deed of Trust and any lien created thereunder will terminate and the County's title to the Mortgaged Property will be unencumbered.

NOTICE IS HEREBY GIVEN, pursuant to Sections 160A-20 of the General Statutes of North Carolina, that on November 18, 2009 at 11:00 a.m. in the Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hender-

sonville, North Carolina, a public hearing will be conducted concerning the approval of the execution and delivery of the Contract and the County's acquisition of the Projects. All interested parties are invited to present comments at the public hearing regarding the execution and delivery of the Contract and the Projects to be financed thereby.

Teresa Wilson
Clerk to the Board of Commissioners
County of Henderson,
North Carolina

November 6, 2009

(11/6)

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HENDERSON COUNTY
QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCBs)
BB&T FINANCING PROPOSAL - \$4,270,400

November 2, 2009

<u>Term</u>	<u>Fixed Interest Rate Proposed</u>	<u>First Annual Payment</u>	<u>(+/-)</u>	<u>Cumulative Interest Paid</u>	<u>(+/-)</u>
10 yrs	1.87%	\$ 506,896	-	\$ 439,211	-
12 yrs	1.97%	\$ 439,993	-\$ 66,903	\$ 546,818	+\$ 107,607
15 yrs	2.03%	\$ 371,382	-\$135,514	\$ 693,509	+\$ 254,298

*In comparison with a standard bank-qualified financing currently:

10 yrs	4.00%	\$ 597,800	+\$ 90,904	\$ 939,400	+\$500,189
12 yrs	4.22%	\$ 536,027	+\$ 96,034	\$1,171,261	+\$624,443
15 yrs	4.50%	\$ 476,817	+\$105,435	\$1,537,200	+\$843,691

November 2, 2009

J. Carey McLelland
 Finance Director
 Henderson County
 Historic Courthouse Annex
 113 North Main Street
 Hendersonville, North Carolina 28792

Governmental Finance
 5130 Parkway Plaza Blvd.
 Charlotte, NC 28217
 (704) 954-1700
 Fax (704) 954-1799

Dear Mr. McLelland:

Branch Banking and Trust Company ("BB&T") is pleased to offer this term sheet for the Qualified School Construction Bond financing requested by the Henderson County ("County").

- (1) **Project:** School Facility Projects
- (2) **Amount To Be Financed:** \$ 4,270,400.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Term</u>	<u>Rate</u>
10yrs	1.97% 1.87%
12yrs	1.97%
15yrs	2.03%

Payments shall be level principal annually in arrears. The underwriting of the financing shall be a fully amortizing transaction for the term that is chosen. (e.g. 10yrs, 12yrs or 15yrs). See the attached amortization schedule(s) for information on payments.

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 upon acceptable real property to BB&T. The terms on this term sheet shall need separate co-approval for the credit underwriting.

Remuneration for the underwriting and origination shall be \$23,000.00 which shall include all legal documents with opinions and reviews necessary to BB&T to correctly document this transaction as noted in the Recovery Act of 2009. All applicable taxes, surveys, zoning, appraisals, permits, costs of environmental studies, title insurance premiums, LGC approval fees, costs of counsel for the County and any other costs shall be the County's responsibility and separately payable by the County. The QSCB shall be a non prepayable transaction due to the tax credit derived by BB&T.

The stated interest rate assumes that the County shall comply with IRS Code Sections 141, 148, 149(e) and the financing shall be a qualified Qualified School Construction Bond. BB&T reserves the

right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing does not qualify as a QSCB financing.

(4) Security:

This financing shall be secured by a first lien security interest on (a) all personal property acquired with financing proceeds, (b) all improvements to real estate that are constructed or improved with financing proceeds, and all associated real estate, and (c) all real estate designated for or acquired with financing proceeds as determined by BB&T and Henderson County.

(5) Financing Documents:

BB&T and its counsel shall prepare the deed of trust and all documentation for the County. We shall provide a sample of those documents to you for the underwriting.

* * * * *

BB&T appreciates the opportunity to provide this financing term sheet and requests to be notified within ten days of this term sheet should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the County of its election to do so (whether or not this offer has previously been accepted by the County) if at any time prior to the closing there is a material adverse change in the County'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 County 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.

A form of a resolution that your governing board can use to award the financing to BB&T and specify the requirements for the Qualified School Construction Bond shall be sent once BB&T is notified.

Please call me at (704) 954-1700 with your questions and comments. We look forward to talking with you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY


F. Louis Loyd III
Senior Vice President

Enclosure

Henderson County NC QSCB 10yr term

Compound Period : Annual

Nominal Annual Rate : 1.870 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	11/05/2009	4,270,400.00	1		
2 Payment Fixed Principal (+Int.)	11/05/2010	427,040.00	10	Annual	11/05/2019

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	11/05/2009				4,270,400.00
2009 Totals		0.00	0.00	0.00	
1	11/05/2010	506,896.48	79,856.48	427,040.00	3,843,360.00
2010 Totals		506,896.48	79,856.48	427,040.00	
2	11/05/2011	498,910.83	71,870.83	427,040.00	3,416,320.00
2011 Totals		498,910.83	71,870.83	427,040.00	
3	11/05/2012	490,925.18	63,885.18	427,040.00	2,989,280.00
2012 Totals		490,925.18	63,885.18	427,040.00	
4	11/05/2013	482,939.54	55,899.54	427,040.00	2,562,240.00
2013 Totals		482,939.54	55,899.54	427,040.00	
5	11/05/2014	474,953.89	47,913.89	427,040.00	2,135,200.00
2014 Totals		474,953.89	47,913.89	427,040.00	
6	11/05/2015	466,968.24	39,928.24	427,040.00	1,708,160.00
2015 Totals		466,968.24	39,928.24	427,040.00	
7	11/05/2016	458,982.59	31,942.59	427,040.00	1,281,120.00
2016 Totals		458,982.59	31,942.59	427,040.00	
8	11/05/2017	450,996.94	23,956.94	427,040.00	854,080.00
2017 Totals		450,996.94	23,956.94	427,040.00	
9	11/05/2018	443,011.30	15,971.30	427,040.00	427,040.00
2018 Totals		443,011.30	15,971.30	427,040.00	
10	11/05/2019	435,025.65	7,985.65	427,040.00	0.00
2019 Totals		435,025.65	7,985.65	427,040.00	
Grand Totals		4,709,610.64	439,210.64	4,270,400.00	

Henderson county NC QSCB project finance-12yrs

Compound Period : Annual

Nominal Annual Rate : 1.970 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	11/03/2009	4,270,400.00	1		
2 Payment	11/03/2010	355,866.00	12	Annual	11/03/2021
Fixed Principal (+Int.)					

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 11/03/2009				4,270,400.00
2009 Totals	0.00	0.00	0.00	
1 11/03/2010	439,992.88	84,126.88	355,866.00	3,914,534.00
2010 Totals	439,992.88	84,126.88	355,866.00	
2 11/03/2011	432,982.32	77,116.32	355,866.00	3,558,668.00
2011 Totals	432,982.32	77,116.32	355,866.00	
3 11/03/2012	425,971.76	70,105.76	355,866.00	3,202,802.00
2012 Totals	425,971.76	70,105.76	355,866.00	
4 11/03/2013	418,961.20	63,095.20	355,866.00	2,846,936.00
2013 Totals	418,961.20	63,095.20	355,866.00	
5 11/03/2014	411,950.64	56,084.64	355,866.00	2,491,070.00
2014 Totals	411,950.64	56,084.64	355,866.00	
6 11/03/2015	404,940.08	49,074.08	355,866.00	2,135,204.00
2015 Totals	404,940.08	49,074.08	355,866.00	
7 11/03/2016	397,929.52	42,063.52	355,866.00	1,779,338.00
2016 Totals	397,929.52	42,063.52	355,866.00	
8 11/03/2017	390,918.96	35,052.96	355,866.00	1,423,472.00
2017 Totals	390,918.96	35,052.96	355,866.00	
9 11/03/2018	383,908.40	28,042.40	355,866.00	1,067,606.00
2018 Totals	383,908.40	28,042.40	355,866.00	
10 11/03/2019	376,897.84	21,031.84	355,866.00	711,740.00
2019 Totals	376,897.84	21,031.84	355,866.00	
11 11/03/2020	369,887.28	14,021.28	355,866.00	355,874.00

Henderson county NC QSCB project finance-12yrs

Date	Payment	Interest	Principal	Balance
2020 Totals	369,887.28	14,021.28	355,866.00	
12 11/03/2021	362,876.72	7,002.72	355,874.00	0.00
2021 Totals	362,876.72	7,002.72	355,874.00	
Grand Totals	4,817,217.60	546,817.60	4,270,400.00	

Henderson county NC QSCB project finance-15yrs

Compound Period : Annual

Nominal Annual Rate : 2.030 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	11/03/2009	4,270,400.00	1		
2 Payment	11/03/2010	284,693.00	15	Annual	11/03/2024
Fixed Principal (+Int.)					

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 11/03/2009				4,270,400.00
2009 Totals	0.00	0.00	0.00	
1 11/03/2010	371,382.12	86,689.12	284,693.00	3,985,707.00
2010 Totals	371,382.12	86,689.12	284,693.00	
2 11/03/2011	365,602.85	80,909.85	284,693.00	3,701,014.00
2011 Totals	365,602.85	80,909.85	284,693.00	
3 11/03/2012	359,823.58	75,130.58	284,693.00	3,416,321.00
2012 Totals	359,823.58	75,130.58	284,693.00	
4 11/03/2013	354,044.32	69,351.32	284,693.00	3,131,628.00
2013 Totals	354,044.32	69,351.32	284,693.00	
5 11/03/2014	348,265.05	63,572.05	284,693.00	2,846,935.00
2014 Totals	348,265.05	63,572.05	284,693.00	
6 11/03/2015	342,485.78	57,792.78	284,693.00	2,562,242.00
2015 Totals	342,485.78	57,792.78	284,693.00	
7 11/03/2016	336,706.51	52,013.51	284,693.00	2,277,549.00
2016 Totals	336,706.51	52,013.51	284,693.00	
8 11/03/2017	330,927.24	46,234.24	284,693.00	1,992,856.00
2017 Totals	330,927.24	46,234.24	284,693.00	
9 11/03/2018	325,147.98	40,454.98	284,693.00	1,708,163.00
2018 Totals	325,147.98	40,454.98	284,693.00	
10 11/03/2019	319,368.71	34,675.71	284,693.00	1,423,470.00
2019 Totals	319,368.71	34,675.71	284,693.00	
11 11/03/2020	313,589.44	28,896.44	284,693.00	1,138,777.00

Henderson county NC QSCB project finance-15yrs

Date	Payment	Interest	Principal	Balance
2020 Totals	313,589.44	28,896.44	284,693.00	
12 11/03/2021	307,810.17	23,117.17	284,693.00	854,084.00
2021 Totals	307,810.17	23,117.17	284,693.00	
13 11/03/2022	302,030.91	17,337.91	284,693.00	569,391.00
2022 Totals	302,030.91	17,337.91	284,693.00	
14 11/03/2023	296,251.64	11,558.64	284,693.00	284,698.00
2023 Totals	296,251.64	11,558.64	284,693.00	
15 11/03/2024	290,472.37	5,774.37	284,698.00	0.00
2024 Totals	290,472.37	5,774.37	284,698.00	
Grand Totals	4,963,908.67	693,508.67	4,270,400.00	