

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: April 2, 2012
SUBJECT: SunTrust Bank Refinancing Proposal
PRESENTER: J. Carey McLelland, Finance Director
ATTACHMENTS: SunTrust Bank Proposal

SUMMARY OF REQUEST:

In April of 2008 the County financed \$32 million to construct the new Hillandale and Mills River Elementary Schools. At that time, SunTrust Bank provided the lowest responsive proposal to finance the \$32 million installment contract loan at an annual fixed interest rate of 3.72% over a 17.5 year term.

Staff has contacted SunTrust Bank and requested a proposal to refinance the current outstanding loan balance of \$24.685 million. Their proposal (attached) is to lower the annual fixed interest rate to 2.565% over the remaining 14 year term. This refinancing will save the County \$257,838.86 in public schools annual debt service for Fiscal Year 2012-2013 and total savings of \$1,973,838.89 over the remaining 14 year term.

No formal application process with the Local Government Commission (LGC) is required when doing an interest rate modification agreement and the remaining loan term does not change. The LGC will approve the interest rate modification agreement as an informational item on their agenda.

BOARD ACTION REQUESTED:

Staff requests that the Board consider approving the proposal from SunTrust Bank to refinance the current outstanding loan balance of \$24.685 million at the proposed fixed annual interest rate of 2.565% over the remaining 14 year loan term.

Suggested Motion:

I move that the Board of Commissioners approve the proposal from SunTrust Bank to refinance the remaining loan balance of \$24.685 million at a fixed annual interest rate of 2.565% for 14 years and authorize the Chairman and Staff to execute the necessary documents with the bank for this refinancing to be effective.

SunTrust Equipment Finance & Leasing Corp.
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Atlanta, GA 30308
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dennis.mcdermott@suntrust.com

Dennis M. McDermott
Vice President



March 21, 2012

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

Dear Mr. McLelland:

SunTrust Equipment Finance & Leasing Corp. is pleased to provide the following proposal to refinance an installment financing contract between Henderson County and SunTrust.

| | |
|---------------------------|--|
| General Structure: | Listed below is an outline of some of the significant terms and conditions of the financing. |
| Borrower: | Henderson County, NC, (the "County") |
| Amount: | See attached amortizations |
| Facility: | Tax Exempt, Not Bank Qualified Installment Financing Contract (the "Contract"). |
| Purpose: | To refinance an existing installment financing contract between the County and SunTrust. |
| Security: | <ul style="list-style-type: none">• The facilities securing the existing installment financing contract. |
| Final Maturity: | 9/30/25 |

Interest Rate:

Tax Exempt, Not Bank Qualified Rate

| | Current Rate |
|---|--------------|
| Option 1: Prepay existing installment financing contract at par. Fixed Rate | 2.565% |
| Upfront Costs: 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; all of STEFL's legal cost not to exceed \$2,500.00 | |

Payment Amount:

See attached amortizations

Optional Redemption:

The Contract will not be pre-payable.

The interest rate is firm for a funding by May 1, 2012, if this proposal is selected by March 21, 2012, subject to final approval by the governing body of the County. If the financing is not selected and closed within the above described timeframe, the interest rate will be subject to change based on the seven (7) year swap rate. The financing is subject to final credit approval by the Credit/Investment Committee of SunTrust Bank and approval of the financing documents in SunTrust Equipment Finance & Leasing Corp.'s sole discretion.

Very truly yours,



Dennis M. McDermott
Vice President

Henderson County, NC

Funding Date 5/1/2012
 Financing Amount: 24,685,714.29
 Interest Rate: 2.565%
 Payments per Period 2

| Date | Payment | Interest | Principal | Balance | Existing Debt Service | Savings |
|-----------|------------------|-----------------|------------------|------------------|-----------------------|--------------|
| 9/30/2012 | \$ 1,176,355.43 | \$ 262,069.71 | \$ 914,285.71 | \$ 23,771,428.57 | 1,296,914.29 | 120,558.86 |
| 3/30/2013 | 1,219,154.29 | 304,868.57 | 914,285.71 | 22,857,142.86 | 1,356,434.29 | 137,280.00 |
| 9/30/2013 | 1,207,428.57 | 293,142.86 | 914,285.71 | 21,942,857.14 | 1,339,428.57 | 132,000.00 |
| 3/30/2014 | 1,195,702.86 | 281,417.14 | 914,285.71 | 21,028,571.43 | 1,322,422.86 | 126,720.00 |
| 9/30/2014 | 1,183,977.14 | 269,691.43 | 914,285.71 | 20,114,285.71 | 1,305,417.14 | 121,440.00 |
| 3/30/2015 | 1,172,251.43 | 257,965.71 | 914,285.71 | 19,200,000.00 | 1,288,411.43 | 116,160.00 |
| 9/30/2015 | 1,160,525.71 | 246,240.00 | 914,285.71 | 18,285,714.29 | 1,271,405.71 | 110,880.00 |
| 3/30/2016 | 1,148,800.00 | 234,514.29 | 914,285.71 | 17,371,428.57 | 1,254,400.00 | 105,600.00 |
| 9/30/2016 | 1,137,074.29 | 222,788.57 | 914,285.71 | 16,457,142.86 | 1,237,394.29 | 100,320.00 |
| 3/30/2017 | 1,125,348.57 | 211,062.86 | 914,285.71 | 15,542,857.14 | 1,220,388.57 | 95,040.00 |
| 9/30/2017 | 1,113,622.86 | 199,337.14 | 914,285.71 | 14,628,571.43 | 1,203,382.86 | 89,760.00 |
| 3/30/2018 | 1,101,897.14 | 187,611.43 | 914,285.71 | 13,714,285.71 | 1,186,377.14 | 84,480.00 |
| 9/30/2018 | 1,090,171.43 | 175,885.71 | 914,285.71 | 12,800,000.00 | 1,169,371.43 | 79,200.00 |
| 3/30/2019 | 1,078,445.71 | 164,160.00 | 914,285.71 | 11,885,714.29 | 1,152,365.71 | 73,920.00 |
| 9/30/2019 | 1,066,720.00 | 152,434.29 | 914,285.71 | 10,971,428.57 | 1,135,360.00 | 68,640.00 |
| 3/30/2020 | 1,054,994.29 | 140,708.57 | 914,285.71 | 10,057,142.86 | 1,118,354.29 | 63,360.00 |
| 9/30/2020 | 1,043,268.57 | 128,982.86 | 914,285.71 | 9,142,857.14 | 1,101,348.57 | 58,080.00 |
| 3/30/2021 | 1,031,542.86 | 117,257.14 | 914,285.71 | 8,228,571.43 | 1,084,342.88 | 52,800.02 |
| 9/30/2021 | 1,019,817.14 | 105,531.43 | 914,285.71 | 7,314,285.71 | 1,067,337.14 | 47,520.00 |
| 3/30/2022 | 1,008,091.43 | 93,805.71 | 914,285.71 | 6,400,000.00 | 1,050,331.43 | 42,240.00 |
| 9/30/2022 | 996,365.71 | 82,080.00 | 914,285.71 | 5,485,714.29 | 1,033,325.71 | 36,960.00 |
| 3/30/2023 | 984,640.00 | 70,354.29 | 914,285.71 | 4,571,428.57 | 1,016,320.00 | 31,680.00 |
| 9/30/2023 | 972,914.29 | 58,628.57 | 914,285.71 | 3,657,142.86 | 999,314.29 | 26,400.00 |
| 3/30/2024 | 961,188.57 | 46,902.86 | 914,285.71 | 2,742,857.14 | 982,308.57 | 21,120.00 |
| 9/30/2024 | 949,462.86 | 35,177.14 | 914,285.71 | 1,828,571.43 | 965,302.86 | 15,840.00 |
| 3/30/2025 | 937,737.14 | 23,451.43 | 914,285.71 | 914,285.71 | 948,297.14 | 10,560.00 |
| 9/30/2025 | 926,011.43 | 11,725.71 | 914,285.71 | 0.00 | 931,291.43 | 5,280.00 |
| | \$ 29,063,509.71 | \$ 4,377,795.43 | \$ 24,685,714.29 | | 31,037,348.60 | 1,973,838.89 |