

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: November 21, 2012

SUBJECT: New Ambulance and Emergency Medical Services Equipment Financing

PRESENTER: J. Carey McLelland, Finance Director

ATTACHMENTS: Summary of Financing Interest Rates Received
First Citizens Bank Proposal

SUMMARY OF REQUEST:

A request was made and approved by the Commissioners at the regularly scheduled September 4, 2012 Board meeting to purchase two (2) new ambulances to replace the final two units being leased and due to expire in December 2012. Emergency Medical Services is also in need of replacing its manual defibrillators due to constant failure and repair of the equipment. The current defibrillators are older technology and over 7 years old. The vendor, ZOLL, is providing a \$48,000 trade-in allowance for the old equipment. The purchase of the new ambulances and equipment is proposed to be financed through a bank installment financing contract at a fixed interest rate with annual payments over a 4-year term.

Staff requested proposals from financial institutions to finance the purchase of the two (2) new ambulances and seven (7) manual defibrillators at a total cost not to exceed \$413,539. Attached for the Board's review are the results of the financing proposals that were received from five (5) financial institutions.

First Citizens Bank has been certified as the lowest responsive proposal to finance the new ambulances and emergency medical equipment over a 4-year term at a tax-exempt interest rate of 1.25 percent. The first annual payment debt service payment of \$106,635.59 will not be due until December 2014 and will be included in the proposed FY2014 budget.

BOARD ACTION REQUESTED:

Staff requests that the Board consider approving the financing proposal received from First Citizens Bank and authorizing the Chairman and Staff to execute the required financing documents to close this transaction and purchase the ambulances and emergency medical equipment. No formal approval by the Local Government Commission or a public hearing is required to enter into an installment purchase financing contract for vehicles and this equipment.

Suggested Motion:

I move that the Board of Commissioners approve the attached resolution accepting the proposal from First Citizens Bank to finance the new ambulances and emergency medical equipment authorizing the Chairman and Staff to execute and deliver the required financing documents.

HENDERSON COUNTY
FINANCING FOR (2) NEW EMS AMBULANCES
AND (7) NEW MANUAL DEFIBULATORS
\$413,539

Summary of Financing Interest Rates Received

<u>Financial Institution:</u>	<u>Tax-Exempt Fixed Interest Rate</u>
First Citizens	1.25%
SunTrust	1.585%
BB&T	1.59%
TD Bank	1.61%
PNC Bank	1.64%



November 8, 2012

Installment Purchase Contract Proposal for:

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

Offered By:

First-Citizens Bank & Trust Company
P.O. Box 29519
16 E Rowan Street
Raleigh, North Carolina 27626-0519

Type of Contract: A municipal installment purchase contract structure with the County responsible for all expenses related to the use of the vehicles and equipment including taxes and maintenance. The County shall also be responsible for selecting the vehicles, equipment and the vendor.

Description of Equipment: Finance the purchase two (2) new 2012 Chevrolet G4500 Ambulances and seven (7) new ZOLL Manual Monitors/Defibrillators with total cost not to exceed \$413,539.00.

Installment Terms & Fees: First Citizens will provide a four (4) year term at a tax exempt fixed rate of 1.25%. Annual payments made in arrears would be \$106,635.59. There would be a \$150.00 origination fee due at closing.

Prepayment: The County may early terminate the contract by paying the unpaid principal balance plus earned interest per an amortization schedule to be provided by Bank. The principal balance may be prepaid, in full and at any time, at a prepayment price equal to 100% of the principal balance plus \$500.00, together with accrued interest to the date of prepayment, upon thirty (30) days prior written notice to the Bank. This pertains to each exhibit under the installment sale agreement.

Non-Appropriation/Early Termination: The County shall exercise its best efforts to obtain annual appropriations to meet fiscal year installment sale payments. The contract may be terminated without penalty, in the event of non-appropriations.

Rate Modification/Refinancing: The County may refinance or modify the existing rate on the contract, with a flat fee of \$500.00 or 1% of the outstanding principal balance, whichever is greater. The refinancing or modification may only be made on the annual anniversary date of the contract.

Tax Status: The County is qualified as a governmental entity within the meaning of Section 103 (A) of the Internal Revenue Code of 1954, as amended.

Qualified Tax Exempt Obligation: The County will certify that the contract will be designed as a qualifying obligation under the \$10,000,000 small issue exemption as described within Section 265b3 of the Tax Reform Act of 1986.

North Carolina General Statute: The installment sale will conform to the requirements of North Carolina General Statute 159, Article 8 and 160A-20.

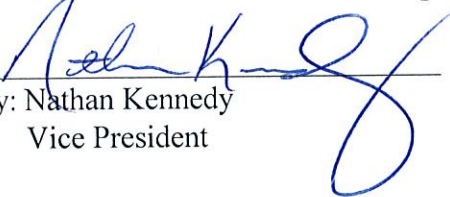
Documents Required:

- (1) Installment Sale Finance Contract.
- (2) Exhibit A - Schedule of equipment.
- (3) Exhibit B - Schedule of payments, rate and term including amortization structure.
- (4) Exhibit C - Incumbency and Authorization Certificate.
- (5) Exhibit D - Validity Letter prepared by County's counsel.
- (6) Exhibit E - Bank Eligibility Certificate
- (7) Certified copy of minutes approving the transaction.
- (8) IRS Form 8038-G.
- (9) Titles and UCC's.

Proposal and Conditions: This proposal is not a commitment to provide funding, nor is it a commitment as to pricing. Final and full approval for funding and pricing is subject to the approval of the Executive Management of First-Citizens Bank & Trust Company. The closing of the transaction must occur on or before January 9, 2013.

This proposal will expire unless it is accepted in writing and the acceptance is received by the undersigned on or before December 9, 2012.

First-Citizens Bank & Trust Company


By: Nathan Kennedy
Vice President

The foregoing proposal is accepted and approval of rate and funding is requested:

County of Henderson

By: _____

Title: _____

Date _____

Amortization Schedule - County of Henderson

Amount \$ **413,539.00**
Rate 1.25%
Term(Years) 4

Payment Number	Payment Date	Payment	Principal	Interest	Balance
1	2013	\$ 106,635.59	\$ 101,466.35	\$ 5,169.24	\$ 312,072.65
2	2014	\$ 106,635.59	\$ 102,734.68	\$ 3,900.91	\$ 209,337.97
3	2015	\$ 106,635.59	\$ 104,018.87	\$ 2,616.72	\$ 105,319.10
4	2016	\$ 106,635.59	\$ 105,319.10	\$ 1,316.49	-\$ 0.00
Total		\$ 426,542.36	\$ 413,539.00	\$ 13,003.36	