

REQUEST FOR BOARD ACTION

**HENDERSON COUNTY
BOARD OF COMMISSIONERS**

MEETING DATE: October 6, 2014

SUBJECT: New Vehicles Financing

PRESENTER: J. Carey McLelland, Finance Director

ATTACHMENTS: Summary of Financing Interest Rates Received
BB&T Financing Proposal
Resolution

SUMMARY OF REQUEST:

The Board approved in the FY2015 budget the purchase of a new ambulance for the County's Emergency Medical Services Department and a new inmate transport van for the Henderson County Detention Center. The purchase of these two new vehicles 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 vehicles at a total cost not to exceed \$163,978. Attached for the Board's review are the results of the financing proposals that were received from two (2) financial institutions.

Branch Banking & Trust Company (BB&T) has been certified as the lowest responsive proposal for financing the new vehicles over a 4-year term at a tax-exempt interest rate of 1.66 percent. The first annual debt service payment of \$43,717.00 will not be due until October 2015 and will be included in the proposed FY2016 budget.

BOARD ACTION REQUESTED:

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

Suggested Motion:

I move that the Board of Commissioners approve the attached resolution accepting the proposal from BB&T to finance the new vehicles and authorizing the Chairman and Staff to execute and deliver the financing documents to close this transaction.

**HENDERSON COUNTY
FINANCING FOR (2) NEW VEHICLES**

\$163,978

Summary of Financing Interest Rates Received

<u>Financial Institution:</u>	<u>Tax-Exempt Fixed Interest Rate</u>
BB&T	1.66%
First Citizens	1.74%

PO Box 31273
Charlotte, N.C. 28231
(704) 954-1700
Fax (704) 954-1799

September 19, 2014

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

Dear Mr. McLelland:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the Henderson County, North Carolina ("County").

- (1) **Project:** **Henderson County 2014 Vehicle Financing**
One (1) 2014 Chevrolet G4500 Ambulance and
One (1) Dodge RAM 3500 Cargo Van
- (2) **Amount To Be Financed:** \$ 163,978.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Term</u>	<u>Rate</u>
48 months	1.66%

Payments shall be annually in arrears, as requested. See the attached amortization schedule(s) for information on payments.

The financing proceeds shall be deposited on behalf of the County in a project fund account as needed with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the County for use on Project costs or interest payments.

The interest rate stated above is valid for a closing not later than 45 days after today. A convenient date and time shall be mutually agreed upon for closing. Closing is contingent upon completing documentation acceptable to BB&T and upon the condition of the equipment acceptable to BB&T. BB&T shall provide a list of required documentation for closing should we be the successful proposer. Additionally, we shall review your most recent financial statements before funding this transaction.

All applicable taxes, permits, costs of counsel for the County and any other costs shall be the County's responsibility and separately payable by the County. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The stated interest rate assumes that the County expects to borrow less than \$10,000,000 in calendar year 2014 and that the County shall comply with IRS Code Sections 141, 148, 149(e) and Section 265(b)(3). BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Financing Documents:

BB&T and its counsel shall prepare all documentation for the County. We shall provide a sample of those documents to you should BB&T be the successful proposer. This financing shall be secured by a first lien security interest in all personal property acquired with proceeds.

* * * * *

BB&T appreciates the opportunity to provide this financing proposal and requests to be notified within ten days of this proposal 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.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to BB&T.

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

Sincerely,

BRANCH BANKING AND TRUST COMPANY



F. Louis Loyd III/RLE
Senior Vice President

Enclosure

Henderson County 2014 Vehicle Financing

Compound Period: Annual

Nominal Annual Rate: 1.660%

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	9/19/2014	163,978.00	1		
2 Payment Fixed Principal (+Int.)	9/19/2015	40,995.00	4	Annual	9/19/2018

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	9/19/2014				163,978.00
2014 Totals		0.00	0.00	0.00	
1	9/19/2015	43,717.00	2,722.00	40,995.00	122,983.00
2015 Totals		43,717.00	2,722.00	40,995.00	
2	9/19/2016	43,037.00	2,042.00	40,995.00	81,988.00
2016 Totals		43,037.00	2,042.00	40,995.00	
3	9/19/2017	42,356.00	1,361.00	40,995.00	40,993.00
2017 Totals		42,356.00	1,361.00	40,995.00	
4	9/19/2018	41,675.00	682.00	40,993.00	0.00
2018 Totals		41,675.00	682.00	40,993.00	
Grand Totals		170,785.00	6,807.00	163,978.00	

RESOLUTION APPROVING FINANCING TERMS

WHEREAS, the County of Henderson, North Carolina (the "*County*") has previously determined to undertake a project for the Henderson County 2014 Vehicle Financing to include one (1) 2014 Chevrolet G4500 Ambulance and one (1) Dodge RAM 3500 Cargo Van (the "*Project*"), and the Finance Director has now presented a proposal for the financing of such Project.

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

1. The County hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated September 19, 2014. The amount financed shall not exceed \$163,978.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.66%, and the financing term shall not exceed four (4) years from closing.

2. All financing contracts and all related documents for the closing for the financing ("the Financing Documents") shall be consistent with the foregoing terms. The Chairman and Staff of the County are hereby authorized and directed to execute and deliver any Financing Documents, and take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution.

3. The Finance Director is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Director is authorized to approve changes to any Financing Documents previously signed by the Chairman or Staff, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Director shall approve, with the Finance Director's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The County shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The County hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The County intends that the adoption of this resolution will be a declaration of the County's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The County intends that funds that have been advanced, or that may be advanced, from the County's General Fund, or any other County Fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of County officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this 6th day of October, 2014.

HENDERSON COUNTY BOARD OF COMMISSIONERS

Charles Messer, Chairman

Attest:

Teresa L. Wilson, Clerk to the Board

[Official Seal]