

Ashe County

Administration

Staff Report

9/1/2020

RE: Viper Radio Financing

Summary:

Below are the terms presented by First National Bank to Finance the Purchase of Viper Radios for the Sheriff's Officer. This rate is very competitive with the other bid we received from Life Store Bank at 2.10%. The quoted payment of \$50,974.14 is in line with the budget payment of \$50,000.

Rate/ Term Option 2: Repayment: The proposed Credit Facility will be a Five (5) year fully amortizing schedule. Principal and Interest payments will be paid either annually or semi-annually per the choice of the County.

First Payment Date: Either six (6) or twelve (12) months from the date of the closing, depending upon whether the county selects the semi-annual or annual payment option.

Interest Rate: Tax-exempt Fixed Rate of 2.01%. The bank will hold this rate until September 21st, 2020.

Payment Amount: Annual Payment: \$50,974.14

Semi Annual Payment: \$25,357.33

Prepayment Penalty: None.

Attachments:

1. First National Quote
2. Life Store Quote



Ashe County
150 Government Cir, Suite 2400
Jefferson, NC 28640



First National Bank

August 21st, 2020

Ms. Sandra Long
150 Government Circle
Suite 2500
Jefferson, NC 28640

Re: Credit Facilities Proposal for:

1. The financing of 35 handheld radios Viper Radios for the Ashe County Sheriff's Office.

Dear Sandra,

Thank you for the opportunity to discuss the request to refinance an installment purchase contract for the County of Ashe. Pursuant to our conversation, I am providing the attached Summary of Terms and Conditions, which summarizes the basic terms and conditions which First National Bank would consider extending financing for the County of Ashe.

Please note that this proposal does not constitute a commitment to lend on the part of First National Bank, but only to summarize for discussion purposes the credit accommodations that we are interested in considering at this time. A final commitment is subject to the completion of a number of steps, including satisfactory completion of due diligence procedures.

We thank you for the opportunity to address your banking needs. Please feel free to contact me should you have any questions.

Sincerely,

FIRST NATIONAL BANK OF PENNSYLVANIA

Ryan Postlethwait
Senior Vice President

Attachment

Summary of Terms and Conditions

Borrowers: County of Ashe (hereinafter called "Borrower").

Lender: First National Bank of Pennsylvania ("FNB").

Loan Amount: Up to \$239,867.15 Term Loan ("Credit Facility").

Purpose: The Credit Facility will be used to finance the acquisition of 35 handheld radios Viper Radios (the "Equipment") for the Ashe County Sheriff's Office..

Rate/ Term Option 1:

Repayment: The proposed Credit Facility will be a Three (3) year fully amortizing schedule. Principal and Interest payments will be paid either annually or semi-annually per the choice of the County.

First Payment

Date: Either six (6) or twelve (12) months from the date of the closing, depending upon whether the county selects the semi-annual or annual payment option.

Interest Rate: Tax-exempt Fixed Rate of 1.89%. The bank will hold this rate until September 21st, 2020.

Payment Amount:

Annual Payment: \$83,066.81

Semi Annual Payment: \$41,334.59

Prepayment

Penalty: None.

Rate/ Term Option 2:

Repayment: The proposed Credit Facility will be a Five (5) year fully amortizing schedule. Principal and Interest payments will be paid either annually or semi-annually per the choice of the County.

First Payment

Date: Either six (6) or twelve (12) months from the date of the closing, depending upon whether the county selects the semi-annual or annual payment option.

Interest Rate: Tax-exempt Fixed Rate of 2.01%. The bank will hold this rate until September 21st, 2020.

Payment Amount:

Annual Payment: \$50,974.14

Semi Annual Payment: \$25,357.33

Prepayment

Penalty: None.

Fees: There will be no Bank origination fee associated with the loan.

The Bank will pay the cost of the filing of the UCC.

Collateral: The Credit Facility will be secured by a UCC Interest in the "Equipment" to be acquired.

Funding: The loan proceeds will be fully advanced at closing.

Conditions:

1. Borrower shall, during the term of the Credit Facility, provide (1) audited statements for the County of Ashe no later than 120 days after each fiscal year-end.
2. Maintenance of sufficient insurance on the subject Collateral with FNB listed as loss and mortgagee payee.
3. Borrower shall maintain a deposit relationship with FNB throughout life of the loan.
4. Satisfactory completion of customary due diligence for credit facilities of this nature.
5. Execution of customary legal documentation, including customary representations, warranties, and covenants acceptable to FNB.
6. No Litigation. There exists no material pending or threatened litigation or proceeding against Borrower's.
7. No Adverse Changes. No material adverse change in the properties, operations, business, prospects, profits or financial condition of Borrower's shall have occurred since the date the most recent financial statements were provided to the Bank.

**Qualified Tax Exempt
Obligation:**

Borrower will certify that the contract will be assigned as a qualifying obligation under Section 265 of the Internal Revenue Code of 1986.

**Affirmative &
Negative Covenants:**

Usual and customary for facilities of this nature.

**Representations &
Warranties:**

Usual and customary for facilities of this nature.

Events of Default:

Standard events of default as appropriate, including, but not limited to: 1) payment default; b) breach of representations and warranties; c) violation of covenant(s); d) bankruptcy; e) insolvency; f) cross-default to certain other debt; g) change of control; and h) other customary events of default as appropriate.

Additional Expenses:

The borrower will be responsible for the legal fees associated with the loan closing and the perfection of the first lien deed of trust on the Collateral for the loan. The borrower may select the attorney for the closing.

Expiration Date:

The terms and conditions set forth via this term sheet will expire after September 11th, 2020.

This proposal has been supplied for informational purposes only and is not a commitment by FNB. A final commitment is subject to the completion of a number of steps, including satisfactory completion of due diligence procedures, meetings with management, appropriate credit approvals, the review and execution of mutually acceptable loan documentation, and such other terms and conditions as determined by FNB.



21 East Ashe Street | P.O. Box 26 | West Jefferson, NC 28694
Phone: 336-246-4344 | Toll free: 800-723-4718
www.lifestorebank.com

August 18, 2020

County of Ashe
Attn: Sandy Long
Finance Officer
150 Government Circle, Ste. 2500
Jefferson, NC 28640

Re: Loan Proposal for the purchase of handheld Viper Radios for the Sheriff's Office.

Dear Sandy,

Life Store Bank is pleased to provide the following financing proposal to facilitate the purchase of the Viper Radios for the Sheriff's Office. The following proposal is based upon the request submitted by County Manager, Adam Stumb on August 12, 2020.

Summary of Proposal

Purpose: To provide financing for the purchase of 35 handheld Viper Radios

Amount: \$239,867.15 (Two Hundred Thirty-Nine Thousand Eight Hundred Sixty-Seven and 15/100 US Dollars)

Option 1 – 3-year Term

Interest Rate: 1.98% Fixed

Repayment Term: Semi-Annual payments of principal and Interest in the amount of \$41,392.32, beginning on March 15, 2021.

Option 2 – 5-year Term

Interest Rate: 2.10% Fixed

Repayment Term: Semi-Annual payments of principal and Interest in the amount of \$25,412.95, beginning on March 15, 2021.

Prepayment Terms: No prepayment penalty

Collateral: The bank will file a UCC-1 to secure our interest in the equipment.

Financial Information of Borrowers: Until the loan is repaid in full, you will be obligated on a continuing basis to provide the bank with such information concerning your financial affairs as we may request from time to time.

Other Conditions: The loan documents will contain such warranties, representations, covenants, and events of default as are customary for transactions of this type.

This information contained herein is confidential for the sole benefit of The County of Ashe. If the Borrower does not notify the Bank of its desire to pursue the loan approval, further consideration of the terms outlined above will expire on September 30, 2020.

We appreciate the opportunity to provide this proposal and look forward to working with you.

Sincerely,



Martin G. Little

Ashe Market President, S.V.P.