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November 13, 2024

To Whom It May Concern:

Cleveland County Water is soliciting installment financing contract proposals to finance the purchase of various types of equipment and vehicles. Our financing requirements are in the estimated amount of \$661,250. The attached exhibit entitled **Equipment List FY 2024-2025** provides descriptions, quantity and other items of detail. We invite your financial institution to submit a proposal for consideration.

The Request for Proposal includes various elements and components of your installment purchase transaction that should be addressed and included in your proposal. If you should have any questions regarding the items listed on the FY 2024-2025 Proposed Cleveland County Water Installment Contract Equipment List or other aspects of this RFP, please send an e-mail to ginger@clevelandcountywater.com or feel free to call me at (704) 466-3696.

Your response to this request must be received by **2:00 PM, EST, Friday, December 13, 2024**, at our Administrative Office located at 715 Polkville Road, Shelby, NC 28150. The envelope should clearly be marked, **"Installment Contract Proposal—FY 2024-2025."** Proposals may also be e-mailed to me at ginger@clevelandcountywater.com.

Sincerely,

A handwritten signature in cursive script that reads "Ginger L. Fern".

Ginger L. Fern, CPA
Finance Officer

Attachments: Equipment List FY 2024-2025

**Solicitation Of
Installment Contract Proposals for
CLEVELAND COUNTY WATER**

- “CCW”: Cleveland County Water
- “Bank”: Banking and/or financing corporation submitting response to the Cleveland County Water’s Request for Proposals.
- Type of Contract: The Contract will be a net Contract whereby CCW will be responsible for all expenses related directly or indirectly to the use of the equipment including maintenance and repair, taxes, insurance coverage, etc.
- Type of Equipment: See attached FY 2024-2025 Proposed CCW Installment Contract Equipment List.
- Anticipated
Equipment Cost: \$661,250. See attached proposed FY 2024-2025 Equipment List.
- Equipment Location: Shelby, North Carolina
- Contract Term: 59 months
- Rate Terms: The established rate will be as follows:
a) A fixed annual percentage rate.
- The financial institution’s proposal should clearly state any management fees required of CCW.
- Rates shall be quoted for bank qualified and non-bank qualified status (see Determination of Taxability).
- Funding requirement shall provide for reimbursement to CCW of any advance payment to vendors, upon execution of the proper acceptance documentation.
- Installment Payments: Installment payments will be annual. The principal and interest portions of each payment should be stated separately.
- Assignment: The Bank may not at anytime during the period of this contract, assign all or part of its interest in the equipment and/or this contract.
- Title: Where appropriate, the title to the equipment will be in CCW’s name. Upon acceptance of the equipment, the Bank will be assigned a security interest in the property purchased.

Non-Appropriation/
Termination:

CCW is not permitted to execute an installment contract that restricts its right to provide a service activity, replace or substitute for the equipment purchased. Additionally, no deficiency judgment may be rendered against CCW in any action for breach of a contractual obligation under this contract and the taxing power of CCW is not and may not be pledged directly or indirectly to secure any moneys due under this contract.

Determination of
Taxability:

CCW qualifies as a governmental entity within the meaning of Section 103(a) of the Internal Revenue Code of 1954, as amended.

CCW reasonably anticipates being a “qualified” municipal entity under the Tax Reform Act of 1986, for the purpose of this funding request. CCW reasonably anticipates that it will issue less than \$10,000,000,000 in aggregate debt during the budget year 2024-2025. However, in the event of a determination of taxability where the Bank is unable to deduct 80% of the interest paid, CCW will accept installment payment adjustments designated to compensate the Bank for the higher after-tax yield.

The Bank’s proposal must detail the calculation methodology in the event this transaction becomes a non-bank qualified installment contract.

Payment:

CCW will have the option, exercisable at any time during the term of the contract agreement, upon at least thirty (30) days notice to the Bank, to prepay the installments designated as principal, in full, at the prepayment amount not greater than 100.0 percent (100.0%) of the principal amount outstanding, with accrued interest at the date of prepayment, and discharge its obligations with respect to the contract.

North Carolina
General Statutes:

This contract is an installment contract and security agreement pursuant to Section 160A-20 and Article 9 of Chapter 25 of the General Statutes of North Carolina.

Expenses:

Additional costs expected to be associated with this transaction **MUST** be included in the proposal.

Documentation:

Documentation will be in form and substance satisfactory to the Bank and CCW. CCW’s legal counsel will review the documentation and may correspond and detail proposed amendments to the documentation.

The bid proposals for CCW will be received until **2:00 PM, EST, Friday, December 13, 2024**. At that time, there will be a public opening of the proposals at the Administrative Office of Cleveland County Water, 715 Polkville Road, Shelby, NC 28150.

It is CCW's intention to review the proposals received and make a recommendation to award the contract by January 14, 2025.

It is CCW's intention that upon award of contract by the Board of Commissioners that all contract documents be fully executed, and funding placed in process on or before January 24, 2025.

CCW reserves the right to reject any and/or all proposals received, or the right to waive minor irregularities or errors, or to select the proposal which, in our opinion, is in the best overall interest of CCW.

**Cleveland County Water
Equipment List
FY 2024-2025**

<u>Quantity</u>	<u>Description</u>	<u>Amount</u>
1	Kubota Track Loader Skid Steer	\$ 83,066
1	Kubota M62 Backhoe with Bucket and Plow	\$ 73,544
1	Ford F-550 Maintenance Truck	\$ 86,750
1	Backhoe for WTP	\$ 129,456
3	Chevy Colorado Trucks	\$ 110,754
2	Toyota Tacoma Trucks	\$ 78,190
2	Chevy Silverado Trucks	<u>\$ 99,490</u>
	Grand Total to Finance	<u><u>\$ 661,250</u></u>