



Legislation Text

File #: 20-364, **Version:** 1

TITLE:

Vehicle and Equipment Installment Financing Contract Award

PURPOSE: The Town Council is requested to award a lease purchase installment financing contract for vehicle and equipment acquisitions in 2020 and 2021

DEPARTMENT: Finance and Town Manager

CONTACT INFORMATION: Arche McAdoo (919) 370-6065, Cary McNallan, and David Andrews

INFORMATION: The Town finances the acquisition of vehicles and equipment through the use of lease purchase installment financing. Normally, this is done on an annual basis; however, the Town did not issue a contract in 2020 for vehicles and equipment. By issuing a financing Request for Proposal for two years we increased the principal amount which attracted more competitive responses (See Attachment B).

On September 4, 2020 the Town issued a request for proposal for installment financing for the acquisition of vehicles and equipment in 2020 and 2021. The Town is not required by law to undertake a competitive process for lease purchase installment financing for vehicles and/or equipment. In order to ensure that the Town gets a competitive financing rate, we issue RFP to financial institutions. We sent RFP to eighteen financial institutions inviting them to submit a proposal to finance \$1,871,923 for seven years (See Attachment C). The Town received 7 proposals from six financial institutions.

The proposal with the lowest interest rate (1.040%) was submitted by Key Government Finance, Inc. Total interest over seven years would be \$78,622 with annual payment of \$278,649 beginning November 2021 (assuming we close in November 2020).

FISCAL & STAFF IMPACT: This annual interest payment is included in the FY 2020-21 adopted budget. By having the first payment due a year after closing (i.e., next fiscal year) and changing term from five to seven years, allows the Town to minimize cash outlays at this time.

RECOMMENDATION: The Town Council is requested to adopt the resolution in Attachment A that will: 1) designate the lease purchase installment financing as tax-exempt obligations of the Town; 2) award the lease purchase financing contract to Key Government Finance, Inc. for the equipment and vehicle purchases listed in the RFP; 3) authorize the Town Manager and Finance Officer to execute the necessary financing documents and agreements, and 4) ratifies, approves and confirms all prior actions of Town officers in furtherance of the purposes stated in the resolution. .