



Legislation Details (With Text)

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File created: 1/14/2018 **In control:** City Council Regular Meeting

On agenda: 2/12/2018 **Final action:**

Title: \$3,223,745 Motorola Equipment Financing with U. S. Bancorp Government Leasing and Finance, Inc.

Sponsors:

Indexes:

Code sections:

Attachments: 1. RFP For Motorola Radio Equipment 1-22-2018, 2. 800MZ MOTOROLA RADIO EQUIPMENT FINANCING PROPOSALS, 3. US BANK 800 MZ MOTOROLA RADIO Financing Proposal, 4. Approving Resolution-Fayetteville 2018 IFA (Equip), 5. Installment Financing Agreement Draft - Fayetteville 2018 Equipment, 6. Security Agreement Draft - Fayetteville 2018 Equipment IFA, 7. Escrow Agreement Draft - Fayetteville 2018 Equipment Financing, 8. Description of Equipment-Fayetteville 2018 IFA (Radio)

Date	Ver.	Action By	Action	Result
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TO: Mayor and Members of City Council

THRU: Telly Whitfield, Assistant City Manager

FROM: Cheryl Spivey, CPA, Chief Finance Officer
Debby Kerimian, Treasurer

DATE: January 22, 2018

RE:
\$3,223,745 Motorola Equipment Financing with U. S. Bancorp Government Leasing and Finance, Inc.

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

GOAL V: Fayetteville will have unity of purpose and sustainable capacity across the organization to ensure strong financial management with fiduciary accountability and plan for the future resource sustainability by aligning resources with City priorities.

Executive Summary:

In keeping with the FY18 Technology Improvement Plan, the City has requested and received proposals to finance 812 Motorola radio units, accessory equipment and associated financing issuance costs. U.S. Bancorp Government Leasing and Finance, Inc. provided the lowest overall

financing costs.

Background:

On November 27, 2017, City Council approved the purchase of Motorola radio equipment totaling \$3,508,994.60. City Council also approved the surplus of 625 radio units for trade-in to Motorola, the total trade-in value of \$306,500, which reduced the net purchase price to \$3,202,494.60.

Capital Project Ordinances 2018-30 and 2018-31 appropriated a total of \$3,228,495 from future installment purchase debt proceeds to fund the purchase and associated financing issuance costs. Anticipated issuance costs totaling \$26,000 have been included in proposed financing amount.

On December 12, 2017, staff electronically distributed a request for proposals (RFP's) to financial institutions. The RFP was for an amount not to exceed \$3,228,495 for the purpose of financing the radio equipment. The desired term of financing was 48 months with a fixed interest rate for the entire term.

On January 11, 2018, the City received financing proposals from 11 financial institutions. Staff has evaluated the proposals and recommends that Council authorize the execution of a financing agreement with U.S. Bancorp Government Leasing and Finance, Inc., which provided the lowest cost of financing. The proposal terms include a financing amount of \$3,228,495 with an interest rate of 2.45% for a term of 48 months and a fixed interest rate for the entire period.

City Finance staff, bond counsel and US Bank have worked together to draft financing documents. During this process, it was determined that the actual financing costs would be \$21,250, reducing the actual financing to \$3,223,745.

With the attached resolution, the City Council would be approving the attached Installment Financing Agreement, Agreement, Security Agreement and Escrow Agreement in substantially the forms presented at this meeting. The Mayor, the City Manager and the Chief Financial Officer of the City would each be authorized to execute and deliver the documents in substantially the forms presented at this meeting. The City Clerk or Deputy City Clerk of the City would be authorized and directed to affix the official seal of the City to said documents and to attest to the extent required.

Issues/Analysis:

U.S. Bancorp Government Leasing and Finance, Inc. provided the lowest interest costs, as shown in the attached summary of proposals.

Budget Impact:

The FY2017-2018 budget includes sufficient funds to cover the debt service associated with financing the Motorola radio equipment.

Options:

Accept the financing proposal received from U.S. Bancorp Government Leasing and Finance, Inc., and approve the resolution authorizing the execution and delivery of an installment financing agreement and related documents in connection with the financing of radio communications

equipment for the City.

Accept one of the other financing proposals, and authorize the execution of an agreement with the selected financial institution.

Do not accept one of the financing proposals and provide guidance to staff.

Recommended Action:

Staff recommends that City Council accept the financing proposal received from U.S. Bancorp Government Leasing and Finance, Inc., and authorize the execution of the financing agreement.

Attachments:

1. RFP for Motorola Radio Equipment Financing
2. Summary of Proposals for Motorola Radio Equipment Financing
3. U.S. Bancorp Government Leasing and Finance, Inc. Financing Proposal
4. Approving Resolution
5. Installment Financing Agreement - Draft
6. Security Agreement - Draft
7. Escrow Agreement - Draft
8. Description of Equipment