



Legislation Text

File #: 18-303, Version: 1

TO: Mayor and Members of City Council

THRU: Telly Whitfield PhD, Assistant City Manager

FROM: Jay C. Toland, CMA, Acting Chief Financial Officer

DATE: June 25, 2018

RE:
Approval of Installment Financing for Public Safety Vehicles and Equipment from Bank of America

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:

The City has issued an RFP for various public safety equipment and vehicles. Staff is recommending Bank of America to provide the financing.

Background:

In the approved 17-18 Budget council authorized to move forward with vehicle and equipment financing.

On May 17, 2018, staff electronically distributed a request for proposals (RFP's) to financial institutions. The RFP was for an amount not to exceed \$4,898,812 for the purpose of financing the vehicles and equipment. The desired term of financing was 48 months with a fixed interest rate for the entire term.

On June 4, 2018, the City received financing proposals from 14 financial institutions. Staff has evaluated the proposals and recommends that Council authorize the execution of a financing agreement with Bank of America, which provided one of the lowest costs of financing and the most favorable non-financial terms, such as contract compliance with e-verify, title holding and more favorable pre-payment terms. The proposal terms include a financing amount of \$4,898,812 with an interest rate of 2.905% for a term of 48 months and a fixed interest rate for the entire period.

With the attached resolution, the City Council would be approving the attached Installment Financing Agreement and Security Agreement in substantially the forms presented at this meeting. The Mayor, the City Manager and the Acting 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:

Bank of America Inc. provided one of the lowest interest rate costs and the most favorable non-financial terms, as shown in the attached summary of proposals.

Budget Impact:

The FY2018-2019 budget includes sufficient funds to cover the debt service associated with financing the Motorola radio equipment

Options:

Accept the financing proposal received from Bank of America, and approve the resolution authorizing the execution and delivery of an installment financing agreement and related documents in connection with the financing of vehicles and 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 Bank of America, authorize the execution of the financing agreement, and approve the resolution authorizing the execution and delivery of an installment financing agreement and related documents in connection with the financing of vehicles and equipment for the City.

Attachments:

RFP 2018 Vehicle and Equipment
Summary of Proposals
Bank of America Financing Proposal
Approving Resolution - Draft
Installment Financing Agreement - Draft
Security Agreement - Draft
Vehicle and Equipment List