

CITY OF HIGH POINT

AGENDA ITEM

**Title: Authorize Installment Financing Contract for IT Equipment****From:** Jeffrey A. Moore, Financial Services Director**Meeting Date:** March 2, 2015**Public Hearing:** No**Advertising Date:** N/A**Advertised By:****Attachments:** Resolution Approving Financing Terms
Budget Ordinance Amendment

PURPOSE:

The Financial Services Department recommends that City Council authorize the issuance of an installment financing contract for the identified IT electronic equipment.

BACKGROUND:

The issuance of any debt obligation (bonds, notes, financing agreements, and leases) of the City requires the authorization of the City Council. The issuance of an installment financing contract (also sometimes known as a capital or financing lease) is authorized by G.S. 160A-20.

The Information Technology Services Department has identified a need for additional required electronic equipment (Tintri Storage Device, Chassis and Blade) for the City and wanted to spread the costs of that equipment over the next three years. When staff told the vendor we would bid the equipment out for a financing agreement, VeriStor Capital LLC responded by offering a 36 month lease at 0.00% interest.

The equipment costs are being financed through the installment financing contract. Installation costs of \$42,000 are being paid from Information Technologies current budget appropriation.

BUDGET IMPACT:

The Information Technology Services Department budget has the funds needed to provide the monthly debt service of \$12,174.11 for the current fiscal year. The monthly payment (\$146,089.32 annually) will be included in the annual budget for the ITS Department through March 2018.

RECOMMENDATION / ACTIONS REQUESTED:

1. City Council is requested to approve the attached "Resolution Approving Financing Terms" for an installment financing contract with VeriStor Capital, LLC.
2. Adoption of Budget Ordinance providing for the Financing Agreement.

Resolution Approving Financing Terms

WHEREAS: The City of High Point (“City”) has previously determined to undertake a project to meet the essential electronic storage requirements of the City (the “Project”), and the Financial Services Director has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The City hereby determines to finance the Project through VeriStor Capital LLC, in accordance with the proposal dated February 4, 2015. The amount financed shall not exceed \$438,268 the annual interest rate (in the absence of default or change in tax status) shall not exceed 0.00%, and the financing term shall not exceed 36 months from closing.

2. All financing contracts and all related documents for the closing of the financing (the “Financing Documents”) shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Master Lease Agreement and such Supplemental Agreement as VeriStor Capital, LLC may request.

3. The Financial Services Director is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Financial Services Director is authorized to approve changes to any Financing Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Financial Services Director shall approve, with the Financial Services Director's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as “qualified tax-exempt obligations” for the purpose of Internal Revenue Code 265(b)(3).

5. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this 2nd day of March, 2015

Lisa B. Vierling, City Clerk

William S. Bencini, Jr., Mayor

SEAL

“AN ORDINANCE AMENDING THE 2014-2015 BUDGET ORDINANCE
OF THE CITY OF HIGH POINT, NORTH CAROLINA
FOR TINTRI STORAGE DEVICE LEASE PURCHASE

Be it ordained by the City Council of the City of High Point, North Carolina, as follows:

Section 1. The City of High Point Information Technology Department needs to purchase equipment for the Virtual Server environment using a lease-purchase agreement.

Section 2. The 2014-2015 Budget Ordinance of the City of High Point, should be amended as follows:

- (A) That the General Fund revenues be amended as follows:

Lease Proceed Revenues	\$438,268
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- (B) That the General Fund expenditures be amended as follows:

Information Technology Expenditures	\$438,268
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Section 3. That all ordinances, or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 4. That this ordinance shall be effective from and after its passage."

Adopted March 2, 2015