

CITY OF HIGH POINT

AGENDA ITEM

**Title: Authorize Installment Financing Contract for Motorola Communications Systems Upgrade****From:** Jeffrey A Moore, Financial Services Director**Meeting Date:** September 21, 2015**Public Hearing:** Yes**Advertising Date /** 8/27/2015**Advertised By:** City Clerk**Attachments:** RFP response bid tabulation
Resolution Approving Financing Terms

PURPOSE:

The Financial Services Department recommends that City Council authorize the issuance of an installment financing contract for Motorola Communications Systems Upgrade Project.

BACKGROUND:

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

The Adopted Annual Budget for FY2015-2016 identified the need for the upgrade of the Motorola communications systems to the new public safety standards. The primary contract for the equipment and software upgrade was awarded by City Council July 20, 2015. The required procedural approval was granted at City Council meeting of August 17, 2015, and the required public hearing was held at City Council meeting September 8, 2015.

The Financial Services Department sent requests for proposals to 25 financial and leasing institutions, and received 12 responses, eight (8) of which were responsive and conforming to the specifications for the proposal. I recommend that City Council accept the bid with the lowest total cost of financing and meeting specifications, and award the financing contract to Whitney Bank who provided the City with a very favorable 1.839% interest rate for ten years. *Council needs to note the installment financing contract does require the approval and concurrence of the NC Local Government Commission, anticipated for its October 6, 2015 meeting.* A summary of the bid results is attached for your information.

The bid results were evaluated on the initial proposal which requested estimated funding not to exceed \$3,600,000 as budgeted. The actual repayment will be \$197,396.05 semiannually for a total repayment of \$3,959,321.00 including upfront documentation fees.

BUDGET IMPACT:

The Annual Budget for FY2015-20156 included the proposed upgrade project of \$3,600,000 as well as the proceeds from the installment contract financing for \$3,600,000. The debt service payments are included in the Radio Services operating budget for FY2015-2016 and will be through Fiscal Year 2026.

RECOMMENDATION / ACTIONS REQUESTED:

1. City Council is requested to authorize the City Manager and Financial Services Director to accept the proposal for the installment financing contract with Whitney Bank, to authorize the borrowing as evidenced in the attached resolution, and to prepare and execute the necessary documents in connection with the financing agreement, contingent on the Local Government Commission's approval.

City of High Point
Lease-Purchase Bid Tabulation
\$3,600,000
Motorola Radio System P25Upgrade Project

Institution	Rate %	Term	Payment	Total of Payments	Special Notes
Whitney Bank	1.83900%	10	197,396.05	\$ 3,959,321.00	\$600 doc fee, prepay@103
Bank of America	2.00800%	10	199,576.25	\$ 3,991,525.00	
First Tennessee	2.13000%	10	200,803.24	\$ 4,018,564.80	atty fees \$2500
RegionsBank	2.15700%	10	201,075.54	\$ 4,022,185.80	\$675 doc fees
BB&T Governmental Finance	2.22000%	10	201,711.75	\$ 4,034,235.00	
VeriStor Capital	2.29900%	10	202,510.01	\$ 4,050,200.20	prepymt @ 103
CapitalOne Public Finance	2.54000%	10	204,961.22	\$ 4,099,224.40	
SunTrust Leasing	2.93000%	10	208,961.90	\$ 4,179,588.00	\$100 doc fee; prepay@101; \$250 escrow fee
High Point Bank	Declined to Bid				
Local Government Fed Credit Union	Declined to Bid				
Wells Fargo Capital Finance	Declined to Bid				
First Citizens Bank	Declined to Bid				

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF HIGH POINT, NORTH CAROLINA, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT AND SEPARATE EQUIPMENT SCHEDULES WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING AND LEASING OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of High Point, North Carolina (the "*Lessee*"), a body corporate and politic and political subdivision duly organized and existing under the laws of the State of North Carolina, is authorized by the laws of such State to purchase, acquire and lease personal property for the benefit of the Lessee and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, the Lessee desires to purchase, acquire and lease certain equipment and other property necessary for the Lessee to perform essential governmental functions; and

WHEREAS, in order to acquire such equipment and other property, the Lessee proposes to enter into that certain Master Equipment Lease-Purchase Agreement (the "*Master Lease*") and separate Equipment Schedules from time to time as provided in the Master Lease with Whitney Bank (or its affiliates), as lessor (the "*Lessor*"), the form of which has been presented to the governing body of the Lessee at this meeting; and

WHEREAS, the governing body of the Lessee deems it for the benefit of the Lessee and for the efficient and effective administration thereof to enter into the Master Lease and the separate Equipment Schedules as provided in the Master Lease for the purchase, acquisition and leasing of the equipment and other property to be therein described on the terms and conditions therein provided;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the governing body of the City of High Point, North Carolina as follows:

Section 1. Approval of Documents. The form, terms and provisions of the Master Lease and the separate Equipment Schedules as provided in the Master Lease are hereby approved in substantially the forms presented at this meeting, with such insertions, omissions and changes as shall be approved by the City Manager of the Lessee or other members of the governing body of the Lessee executing the same, the execution of such documents being conclusive evidence of such approval. The City Manager of the Lessee is hereby authorized and directed to execute, and the City Clerk of the Lessee is hereby authorized and directed to attest, the Master Lease and each Equipment Schedule and any related Exhibits attached thereto and to deliver the Master Lease and each Equipment Schedule (including such Exhibits) to the respective parties thereto, and the City Clerk of the Lessee is hereby authorized to affix the seal of the Lessee to such documents.

Section 2. Other Actions Authorized. The officers and employees of the Lessee shall take all action necessary or reasonably required by the parties to the Master Lease and each Equipment Schedule to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of acceptance certificates and any tax certificate and agreement, each with respect to separate Equipment Schedules, as contemplated in the Master Lease) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Master Lease and each Equipment Schedule.

Section 3. No General Liability. Nothing contained in this Resolution, the Master Lease, any Equipment Schedule nor any other instrument shall be construed with respect to the Lessee as incurring a pecuniary liability or charge upon the general credit of the Lessee or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Master Lease, any Equipment Schedule or any other instrument or document executed in connection therewith impose any pecuniary liability upon the Lessee or any charge upon its general credit or against its taxing power, except to the extent that the rental payments payable under each Lease (as such term is defined in the Master Lease) are special limited obligations of the Lessee as provided in such Lease.

Section 4. Appointment of Authorized Lessee Representatives. The City Manager and Financial Services Director of the Lessee are each hereby designated to act as authorized representatives of the Lessee for purposes of the Master Lease and each Equipment Schedule until such time as the governing body of the Lessee shall designate any other or different authorized representative for purposes of the Master Lease and each Equipment Schedule.

Section 5. Designation for Purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. The governing body of the Lessee hereby designates Equipment Schedule No. 2015-01 to be dated October 30, 2015, and that incorporates by reference the terms and conditions of the Master Lease, as a “qualified tax-exempt obligation” for purposes and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 6. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Repealer. All bylaws, orders and resolutions or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 8. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

ADOPTED AND APPROVED by the governing body of the Lessee this 21st day of September, 2015.

CITY OF HIGH POINT, NORTH CAROLINA,
as Lessee

[SEAL]

By: _____

Name: Gregory Demko

Title: City Manager

ATTEST:

By: _____

Name: Lisa B. Vierling

Title: City Clerk

APPROVED as to form:

Name: JoAnne Carlyle

Title: City Attorney