



TOWN OF KILL DEVIL HILLS
Land Where Flight Began

MEMORANDUM

February 11, 2019

TO: Debbie Diaz, Town Manager
 FROM: Beverly Kissinger, Finance Director
 RE: Recommendation for 2018/2019 Lease Purchase Agreement

Finance has obtained lease purchase financing quotes from the following financial institutions:

	Interest Rate
PNC	2.71%
BB&T	2.82%
SunTrust	2.869%
Wells Fargo	n/a

Wells Fargo did not respond to our RFP.

The lease amount is as follows:

Building & grounds – Pickup truck	\$ 42,507.00
(5) Police vehicles	183,890.69
Streets Dept. – Pickup truck	29,601.00
Pickup truck	26,734.00
Utility Tractor/mower	71,038.95
Mack Roll Off truck	157,321.73
Grapple Attachment	61,094.90
Commercial garbage truck	256,292.60
Total	\$ 828,480.87

Staff is recommending we accept the proposal received from PNC which had the lowest overall financing cost. The terms of repayment are (8) semiannual payments in advance. The General Fund unassigned fund balance at June 30, 2018 represents approximately 48.51% of the Fiscal Year 2019 original budget. If these replacements were purchased outright, the unassigned fund balance would decrease to 44.34%. Staff recommends that we lease purchase these items due to the low cost of borrowing.

Resolution Approving Financing Terms

WHEREAS, the Town of Kill Devil Hills, North Carolina (the "Town") has previously determined to undertake a project for the financing of vehicles and equipment, (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The Town hereby determined to finance the Project through PNC Equipment Finance and Trust Company ("PNC"), in accordance with the proposal dated February 7, 2019. The amount financed shall not exceed:

\$828,480.87, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.71%, or 2.81% if closing occurs after February 23, 2019 and the financing term shall not exceed four (4) years from closing.

2. All financing contracts and all related comments for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the Town 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 including a Financing Agreement and a Project Fund Agreement as PNC may request.

3. The Finance Officer 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 Finance Officer is authorized to approve changes to any Financing Documents previously signed by Kill Devil Hills officers or employees, provided that such changes shall not substantially alter the intent of such documents or final forms as the Finance Officer shall approve, with the Finance Officer'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 Town 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 Town 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 Section 265(b)(3).

5. The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the PNC financing described above. The Town intends that funds that have been advanced, or that may be advanced from the Town's general fund, or any other Town fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of Kill Devil Hills officers in furtherance of the purpose 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 20th day of February 2019.

BY: _____
Sheila F. Davies, Mayor
Town of Kill Devil Hills

BY: _____
TITLE: _____

SEAL