



TOWN OF KILL DEVIL HILLS

Land Where Flight Began

MEMORANDUM

April 22, 2020

TO: Mayor and Board of Commissioners

FROM: Debora P. Díaz, Town Manager 

REF: Consent Agenda

This is an update to the previously submitted Consent Agenda Item #4. The paper copy is being delivered to you on Monday and the entire Consent Agenda memo will be replaced in DropBox first thing Tuesday morning.

4. Recommendation for 2019/2020 lease purchase agreement (Attached CA-4)

The Finance Department has researched available interest rates for the lease/purchase of equipment and vehicles. The total amount to be financed is \$1,235,726.65. BB&T submitted the most favorable financing proposal at an annual interest rate not to exceed 2.43%; to be paid in eight semiannual payments. The loan may be pre-payable at any time without penalty.

Approval of the Consent Agenda will record approval of the attached budget amendment, #19 to record the annual lease for equipment and vehicles and the accompanying resolution. The Town Attorney will review and approve the lease agreement prior to its execution.



TOWN OF KILL DEVIL HILLS
Land Where Flight Began

MEMORANDUM

April 22, 2020

TO: Debbie Diaz, Town Manager

FROM: Beverly Kissinger, Finance Director 

RE: Recommendation for 2019/2020 Lease Purchase Agreement

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

	Interest Rate
PNC	2.04% floating rate
BB&T	2.43%
Wells Fargo	n/a

Wells Fargo did not respond to our RFP.

The lease amount is as follows:

Planning Dept – Pickup truck	\$ 29,718.81
Building & Grounds – Pickup truck	36,578.04
(5) Police vehicles	197,509.96
Police Firearms	15,452.30
Ocean Rescue - Pickup Truck	52,427.40
(2) Residential garbage trucks	549,077.40
Commercial garbage truck	276,714.08
Bob cat excavator	35,039.66
Fleet Maintenance – Pickup truck	43,209.00
Total	\$ 1,235,726.65

PNC's proposed rate was valid only for April 14, then indexed to the (4)-year interest rate swap. This offer is not recommended due to interest rate volatility, and PNC is not able to commit to a "not to exceed" rate at this time.

Staff is recommending we accept the 2.43% fixed rate proposal received from BB&T. The terms of repayment are (8) semiannual payments in advance. There are no fees and the loan is pre-payable in whole at any time without penalty.

TOWN OF KILL DEVIL HILLS

BUDGET AMENDMENT REQUEST



<i>Finance Department Use Only</i>
Budget Amendment Number: 19
Finance Officer: <i>[Signature]</i>

INCREASE (DECREASE)			INCREASE (DECREASE)		
CODE	ACCOUNT DESCRIPTION	AMOUNT	CODE	ACCOUNT DESCRIPTION	AMOUNT
4900 575000	C/O Vehicles	29,718.81	10 490000	Lease Proceeds	1,235,726.65
5000 575000	C/O Vehicles	36,578.04			
5000 574000	C/O Machinery & Equipment	35,039.66			
5100 575000	C/O Vehicles	197,509.96			
5100 533060	Supplies - Weapons	15,452.30			
5400 575000	C/O Vehicles	52,427.40			
5800 575000	C/O Vehicles	825,791.48			
5450 575000	C/O Vehicles	43,209.00			
TOTAL		1,235,726.65	TOTAL		1,235,726.65

JUSTIFICATION: To record FY 19-20 lease proceeds.

RECOMMENDED:

[Signature]

APPROVED: _____

DATE:

April 22, 2020

Resolution Approving Financing Terms

WHEREAS: The Town of Kill Devil Hills, NC (“Borrower”) 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 Borrower hereby determines to finance the Project through Truist Bank (“Lender”) in accordance with the proposal dated April 20, 2020. The amount financed shall not exceed \$1,235,726.65, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.43%, and the financing term shall not exceed four (4) years 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 Borrower 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.

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

6. All prior actions of Borrower 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 _____ day of _____, 2020

By: _____

By: _____

Title: _____

Title: _____

SEAL