

CITY COUNCIL – ACTION REQUEST FORM

Date: March 15, 2017

To: The City Manager

From: Lisa M. Saunders, Chief Financial Officer

Council Action Requested:

Adopt a Resolution of the City of Winston-Salem, North Carolina, Approving a Lease Agreement and Related Matters.

Summary of Information:

The City of Winston-Salem, North Carolina, established a leasing program for certain real and personal property in 1984. This resolution approves a new lease financing under this program, principally for operating equipment, in the amount not to exceed \$30,000,000, which should be sufficient to meet the City's personal property needs for the next 18 to 24 months.

The leasing program provides low-cost financing for the acquisition of needed equipment for all operations of the City and certain real and personal property, such as police cars, fire trucks, heavy operating equipment and computer equipment. The accompanying resolution authorizes the execution of a lease agreement in the amount not to exceed \$30,000,000 with Branch Banking and Trust Company (BB&T) to finance budgeted equipment for fiscal year 2017 and estimated acquisitions for fiscal year 2018.

The financing will be structured as a tax-exempt fixed rate lease for an approximate 59-month term. The City has received a Commitment Letter from Branch Banking and Trust which is attached as Exhibit A. The fixed rate may be locked in within ten days of closing. Current proposed fixed rate is 1.70%. The funds will be deposited in an interest bearing account at closing with a rate of .75%. BB&T also proposed a very competitive variable rate; however, since we are in a rising interest rate environment, staff recommends the fixed rate option. See demographics in Exhibit B.

Committee Action:

Committee Finance 5/8/17

Action

Approval

For Unanimous

Against

Remarks:

Wye River Independent Financial Advisor solicited a Request for Proposal and the following banks responses were received:

Bank	Rate	Notes
BB&T	Fixed Rate 1.70% or Variable Rate Labor plus .39%	Guaranteed investment rate of .75% on proceeds
Bank of America	Variable Rate – Libor plus .55% = 1.236%	
Mechanics & Farmers Bank	2.95%	Maximum loan amount of \$3,000,000
US Bank	1.853% Fixed	
Wells Fargo Bank	Fixed Rate 1.98% or Variable Rate Labor plus .8% = 1.486%	

The resolution further approves all acts and doings of the Mayor, the City Manager, the Chief Financial Officer, and the City Secretary that are in conformity with the purposes and intents of the resolution for the execution, delivery, and performance of any agreements, and/or other documents necessary to carry out the Lease Agreement.

Staff recommends approval of the resolution.