

Memo



To: Mayor and Council
From: Shirley Freeman, Director of Finance/Administration
Date: September 8, 2015
Subject: Vehicle and Equipment Financing

Town of Bluffton
20 Bridge Street
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Bluffton, SC 29910
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Recommendation: Town Council approves the attached resolution for financing the purchase of eight vehicles for the Police Department and an F-450 Dump truck, an F-250 truck and ditch mowing equipment for the Public Works Department.

Summary: Five lending institutions responded to our request for quotes for the financing of these vehicles and equipment. BB&T provided the lowest quote at 1.63% with a term of five years. At an average cost of \$48,500 per vehicle and \$37,000 for ditch mowing equipment for a loan up to \$525,000, this would bring the total interest paid on the loan to \$25,949. The updated vehicle and equipment estimates result in the loan amount of \$521,500.

Background: The purchase of these vehicles and ditch mowing equipment are included in FY 2016 approved budget.

Resolution Approving Financing Terms

WHEREAS: The Town of Bluffton ("Town") has previously determined to undertake a project for purchase of Vehicle/Equipment Lease Purchase ("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 determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated August 28, 2015. The amount financed shall not exceed \$521,500.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.63%, and the financing term shall not exceed five (5) 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. The Town Manager or the Director of Finance/Administration of the Town of Bluffton 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 Financing Agreement and a Project Fund Agreement as BB&T may request.

3. The Director of Finance/Administration 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 Director of Finance/Administration is authorized to approve changes to any Financing Documents previously signed by Town 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 Director of Finance/Administration shall approve, with the Director of Finance/Administration'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 a municipal lease purchase "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. All prior actions of Town 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 September, 2015.

Sandra Lunceford, Town Clerk

Lisa Sulka, Mayor

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