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To City of Hampton, Virginia
From David P. Rose, Senior Vice President / Manager, Davenport Public Finance
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Date February 28, 2018
Subject Bank RFP Results – 2018 Equipment Lease Purchase Financing

Background

On behalf of the City of Hampton, Virginia (the “City”), Davenport & Company LLC (“Davenport”) distributed an Invitation for Bid (“IFB”) in order to assess current market interest rates for viable financing options as it relates to the City’s potential purchase of ten (10) refuse trucks.

This IFB requested proposals for a Tax-Exempt, Non-Bank Qualified Direct Bank Loan backed by the equipment being purchased for an amount of up to \$2.6 Million based upon five (5) and seven (7) Year amortizations.

The IFB was distributed to nearly one hundred (100) national, regional, and local financing institutions and included a series of key terms and conditions for the requested financing. After the initial distribution, Davenport contacted each of the potential proposers to assess their interest in the financing and address any questions they had.

IFB Responses

Through the IFB process, the City received fifteen (15) proposals for the requested financing as reflected in the table below.

	A	B C		D E	
		Sorted by 5 Year / Lowest to Highest Par Amount Up to \$2,600,000			
		Interest Rates		Interest Rates	
Bank	5 Year	7 Year	5 Year	7 Year	
	T-E, NBQ		T-E, NBQ		
1	Key Government Finance	2.623%	Lo Bid	no bid	no bid
2	Capital One	2.630%	Cover Bid	2.790%	Lo Bid
3	Bank of America	2.647%	--	2.796%	Cover Bid
4	City National	2.680%	--	2.820%	--
5	US Bank	2.694%	--	2.876%	--
6	Sterling	2.790%	--	2.930%	--
7	JP Morgan	2.910%	--	3.070%	--
8	Signature	2.940%	--	3.040%	--
9	BB&T	2.950%	--	3.110%	--
10	TD Equipment Finance	3.010%	--	3.220%	--
11	Zions Bank	3.030%	--	3.150%	--
12	Old Point	3.110%	--	3.220%	--
13	Pinnacle	3.130%	--	3.300%	--
14	Union Bank & Trust	3.240%	--	3.400%	--
15	KS Bank	3.510%	--	3.600%	--

Recommendation

Based upon our review of the proposals, related analyses, and discussions with City Staff and Bond Counsel, Davenport recommends that the City implement the lease purchase financing under the 5 Year option with Key Government Finance for the following reasons:

- Provides the lowest interest rate and total estimated debt service cost.
- Flexible prepayment provisions.
- Ability to close based upon the City’s desired schedule, on or before March 21, 2018.
- Willing to use the City’s lease documents, as proposed in the IFB.

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Version 01.13.14 | RT | RK | DR