

To City of Hampton, Virginia

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Subject Bank IFB Results – 2023 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 two (2) fire trucks.

This IFB requested proposals for a Tax-Exempt, Non-Bank Qualified Direct Bank Lease secured by the equipment being purchased for an amount of up to \$2.9 Million to be paid back over a ten (10) year term.

The IFB was distributed to over 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 several 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 ten (10) proposals for the requested financing as reflected in the table below.

Bank	Interest Rate	Prepayment Provisions
1 Banc of America Public Capital Corp	3.4927%	In whole without penalty after first half of term.
2 T.D. Equipment Finance	3.578%	In whole subject to Yield Maintenance.
3 Webster Bank	3.67%	In whole after 2 years at 101% for year 3, then 100%.
4 J.P. Morgan	3.78%	In whole subject to a Make Whole charge.
5 Capital One	4.19%	In whole at 102% for 5 years, then 100%.
6 Old Point National Bank	4.34%	Not addressed in proposal.
7 Truist	4.37%	In whole at 101%.
8 Key Government Finance	4.502%	In whole after 1 year without penalty.
9 Huntington Public Capital Corp	4.77%	In whole after 7 years without penalty.
10 Signature Public Funding	4.941%	In whole at 101%.

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 with Banc of America Public Capital Corp for the following reasons:

- Provides the lowest interest rate (held firm until formal selection by City Council).
- More flexible prepayment provisions than the next lowest bid (T.D. Equipment Finance) – can be prepaid in whole at par after the first half of the lease term.
- Ability to close based upon the City’s desired schedule, on or before March 31, 2023.
- Familiarity with Banc of America Public Capital Corp’s lease documents, based on prior lease financings and master lease documentation in place.

Bank IFB Results – 2023 Equipment Lease Purchase Financing

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