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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** July 31, 2019

**Subject** Bank RFP Results – 2019 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 fire trucks.

This IFB requested proposals for a Tax-Exempt, Non-Bank Qualified Direct Bank Lease backed by the equipment being purchased for an amount of up to \$1.35 Million based upon seven (7) and ten (10) Year amortizations.

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 nine (8) proposals for the requested financing as reflected in the table below.

7 Year Proposals		10 Year Proposals	
Bank	Interest Rate	Bank	Interest Rate
1 Key	2.015%	1 JP Morgan	2.13%
2 JP Morgan	2.0500%	2 Bank of America	2.1626%
3 Bank of America	2.0519%	3 Key	2.208%
4 SunTrust	2.267%	4 SunTrust	2.38%
5 US Bank	2.367%	5 US Bank	2.494%
6 Atlantic Union Bank	2.45%	6 Atlantic Union Bank	2.55%
7 BB&T	2.46%	7 BB&T	2.62%
8 Pinnacle	2.55%	8 Pinnacle	2.64%

## 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 7 Year option with Key Government Finance for the following reasons:

- Provides the lowest interest rate (held firm until formal selection by City Council) and total estimated debt service cost.
- Flexible prepayment provisions.
- Ability to close based upon the City’s desired schedule, on or before August 30, 2019.
- Familiarity with Key Bank’s lease documents, based on prior lease financing completed with the Bank.

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Version 01.13.14 | BW | RT | RK | DR