MEMORANDUM

To: Mayor and Members of the City Council

From: Eddie Buffaloe, Acting City Manager
Alicia Steward, Interim Finance Director

Date: September 24, 2021

Ref: Consideration – Adoption of **REVISED** Resolution for Financing for FY2021-2022 Loan Installment

BACKGROUND:

During the June 29, 2021 City Council meeting, the City Council approved the City of Elizabeth City's annual budget. A financing proposal for all department's vehicles including (5) Police Cars, (1) Fire Truck, (1) Fire Roof, (1) Gym Floor, (1) Harper Hawk mower and (1) Bucket Truck. We were notified that we had to remove the fire roof and the gym floor from our proposal due to the need for pre-approval from the LGC.

ANALYSIS:

The City received three proposals from BB&T, First Citizens and Towne Bank. The low bid was Towne Bank of Currituck with a bid of $1,473,223.12 with prepayment penalty. The total interest to be paid over the five years will be $38,254.12.

The gym floor project will need to be tabled until next fiscal year due to unforeseen environmental issues. The fire roof will likely need to be paid from Fund Balance.

STAFF RECOMMENDATION:

By motion, authorize financing with Towne Bank of Currituck and adopt the revised resolution.

RESOLUTION# 2021-9-05
Resolution for Purchased to be Funded by Five-Year Installment Purchase Financing

WHEREAS, during the June 30, 2021 meeting of the City Council, the Council approved the budget for fiscal year 2021-2022; and

WHEREAS, that budget included the purchase for various vehicles and other requisite items across several departments, including five police cars, one fire truck, one Harper Hawk mower and one bucket truck; and

WHEREAS, the total funding required for the purchase of these items is $1,473,223.12, which includes interest of $38,254.12; and

WHEREAS, of the nine banks approached for financing, the City received three bids, the lowest of which was from Towne Bank of Currituck, which had a fixed rate of 1.04%.

NOW THEREFORE, be it resolved by the City Council of the City of Elizabeth City to approve the five-year installment purchase financing for the aforementioned items as approved in the annual budget for the City of Elizabeth City.

ADOPTED, this the 27th day of September 2021.

Bettie J. Parker
Mayor

April D. Onley, NCCMC
City Clerk

TOWNEBANK of CURRITUCK
A Division of TOWNEBANK

September 21, 2021

Alicia Steward
Interim Finance Director
City of Elizabeth City
306 E. Colonial Avenue
Elizabeth City, NC 27909

TowneBank (the "Bank") is pleased to offer the following commitment to the City of Elizabeth City, North Carolina (the "City"):

BORROWER:	The City of Elizabeth City, North Carolina
PURPOSE:	Financing for the purchase of (5) Police Cars, (1) Fire Truck, (1) Harper Hawk mower & (1) Bucket Truck
LOAN AMOUNT:	Up to $1,434,969
FINAL MATURITY:	60 months after closing
TAX TREATMENT:	The proposed interest rates assume that the financing will be bank-qualified under Section 265(b)(3) of the Internal Revenue Code.
DRAWDOWN:	The proposed interest rates assume that all funds would be fully drawn at closing.
INTEREST RATE:	1.04% fixed for a term of 60 months with prepayment penalty.
PAYMENTS:	Monthly payments of principal and interest on dates to be agreed upon between Bank and Borrower. Interest will be accrued on an actual/360 basis.
COLLATERAL:	A first priority security interest via a recorded UCC for the equipment purchased and recorded lien on title for the vehicles.

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PREPAYMENT: If the rate with the prepayment is selected and the loan is Prepaid within the first year, Borrower will incur a penalty of 3% of the Note amount; If the loan is prepaid within the second year, Borrower will incur a penalty of 2% of the Note amount; If the loan is prepaid within the third year, Borrower will incur a penalty of 1% of the Note amount. After the third year, no penalty will be imposed.

COMMITMENT FEE: None

CLOSING COSTS: None

ANNUAL FEES: None

DEPOSIT REQUIREMENTS:
So long as any funds remain outstanding under this commitment, the City agrees to maintain a depository relationship with TowneBank.

OPINION OF CITY ATTORNEY:
Provide the bank with an opinion that this obligation has been duly authorized and is a valid and enforceable obligation of the City and is exempt from taxation.

REPORTING REQUIREMENTS:
So long as the City is indebted to the Bank, the City shall submit to the Bank its Comprehensive Annual Financial Report within 270 days of fiscal year end.

FINANCIAL COVENANTS:
None

EVENTS OF DEFAULT:
The City shall be in default under this Letter of Commitment and under any and all documents executed by City in favor of Bank and any and all other documents or instruments executed and/or delivered by the City, if it shall default in the payment of any amounts due and owing or should it fail to timely and properly perform, keep and observe any term, covenant, agreement or condition in this Letter of Commitment or any of the closing documents.

The City shall also be in default of this obligation should it default on any other outstanding indebtedness.

SURVIVAL:
The terms and provisions of this commitment shall survive the closing of the loan made hereunder, the delivery of all documents necessary to carry out the provision of this commitment, and the funding and making of loans and disbursements hereunder.

AMENDMENT AND WAIVER:
No alteration, modification, amendment or waiver of any terms and conditions of this commitment, or of any of the documents required by or delivered to the Bank under this commitment, shall be effective or enforceable against the Bank unless set forth in writing signed by the Bank.

GOVERNING LAW:
This commitment and the loan shall be governed by and construed in accordance with the laws of the State of North Carolina.

INTEGRATION:
The terms set forth above represent the entire understanding between the City and the Bank with respect to the subject matter of this commitment, and this commitment supersedes any prior and contemporaneous agreements, commitments, discussions and understandings, oral or written, with respect to the subject matter of this commitment.

EXPIRATION:
This commitment is to be closed within 90 days of the acceptance date. Should this commitment not be closed within 90 days of the acceptance date, the Bank shall have no further obligation to extend credit hereunder.

TowneBank is pleased to provide this commitment to the City of Elizabeth City. Please do not hesitate to contact me at (252)232-1122 if you have questions or require clarification. Please indicate your acceptance by having the appropriate official execute this commitment below. Thanks again for the opportunity to serve you.

Kind Regard,

Jeanette Overman

Jeanette Overman
Assistant Vice President

The terms and conditions set forth above are accepted this _________ day of _______, 2020.

City of Elizabeth City, North Carolina

By:_____________________________ **Date:**___________

Title:____________________________

By:______________________________ Date:____________

Title:____________________________

Mortgage Loan Payments

Enter Values	
Loan Amount	$ 1,434,969.00
Annual Interest Rate	1.04 %
Loan Period in Years	5
Number of Payments Per Year	12
Start Date of Loan	10/1/2021
Optional Extra Payments	$ -

Loan Summary	
Scheduled Payment	$ 24,553.72
Scheduled Number of Payments	60
Actual Number of Payments	60
Total Early Payments	$ -
Total Interest	$ 38,254.12

Lender Name: TowneBank

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	11/1/2021	$ 1,434,969.00	$ 24,553.72	$ -	$ 24,553.72	$ 23,310.08	$ 1,243.64	$ 1,411,658.92	$ 1,243.64
2	12/1/2021	1,411,658.92	24,553.72	$ -	24,553.72	23,330.28	1,223.44	1,388,328.64	2,467.08
3	1/1/2022	1,388,328.64	24,553.72	$ -	24,553.72	23,350.50	1,203.22	1,364,978.14	3,670.30
4	2/1/2022	1,364,978.14	24,553.72	$ -	24,553.72	23,370.74	1,182.98	1,341,607.40	4,853.28
5	3/1/2022	1,341,607.40	24,553.72	$ -	24,553.72	23,390.99	1,162.73	1,318,216.41	6,016.00
6	4/1/2022	1,318,216.41	24,553.72	$ -	24,553.72	23,411.26	1,142.45	1,294,805.15	7,158.46
7	5/1/2022	1,294,805.15	24,553.72	$ -	24,553.72	23,431.55	1,122.16	1,271,373.59	8,280.62
8	6/1/2022	1,271,373.59	24,553.72	$ -	24,553.72	23,451.86	1,101.86	1,247,921.73	9,382.48
9	7/1/2022	1,247,921.73	24,553.72	$ -	24,553.72	23,472.19	1,081.53	1,224,449.54	10,464.01
10	8/1/2022	1,224,449.54	24,553.72	$ -	24,553.72	23,492.53	1,061.19	1,200,957.01	11,525.20
11	9/1/2022	1,200,957.01	24,553.72	$ -	24,553.72	23,512.89	1,040.83	1,177,444.13	12,566.03
12	10/1/2022	1,177,444.13	24,553.72	$ -	24,553.72	23,533.27	1,020.45	1,153,910.86	13,586.48
13	11/1/2022	1,153,910.86	24,553.72	$ -	24,553.72	23,553.66	1,000.06	1,130,357.20	14,586.54
14	12/1/2022	1,130,357.20	24,553.72	$ -	24,553.72	23,574.08	979.64	1,106,783.12	15,566.18
15	1/1/2023	1,106,783.12	24,553.72	$ -	24,553.72	23,594.51	959.21	1,083,188.61	16,525.39
16	2/1/2023	1,083,188.61	24,553.72	$ -	24,553.72	23,614.96	938.76	1,059,573.66	17,464.16
17	3/1/2023	1,059,573.66	24,553.72	$ -	24,553.72	23,635.42	918.30	1,035,938.24	18,382.45
18	4/1/2023	1,035,938.24	24,553.72	$ -	24,553.72	23,655.91	897.81	1,012,282.33	19,280.27
19	5/1/2023	1,012,282.33	24,553.72	$ -	24,553.72	23,676.41	877.31	988,605.92	20,157.58
20	6/1/2023	988,605.92	24,553.72	$ -	24,553.72	23,696.93	856.79	964,909.00	21,014.37
21	7/1/2023	964,909.00	24,553.72	$ -	24,553.72	23,717.46	836.25	941,191.53	21,850.62
22	8/1/2023	941,191.53	24,553.72	$ -	24,553.72	23,738.02	815.70	917,453.51	22,666.32
23	9/1/2023	917,453.51	24,553.72	$ -	24,553.72	23,758.59	795.13	893,694.92	23,461.45
24	10/1/2023	893,694.92	24,553.72	$ -	24,553.72	23,779.18	774.54	869,915.74	24,235.99
25	11/1/2023	869,915.74	24,553.72	$ -	24,553.72	23,799.79	753.93	846,115.95	24,989.91
26	12/1/2023	846,115.95	24,553.72	$ -	24,553.72	23,820.42	733.30	822,295.53	25,723.21
27	1/1/2024	822,295.53	24,553.72	$ -	24,553.72	23,841.06	712.66	798,454.47	26,435.87
28	2/1/2024	798,454.47	24,553.72	$ -	24,553.72	23,861.72	691.99	774,592.74	27,127.86
29	3/1/2024	774,592.74	24,553.72	$ -	24,553.72	23,882.40	671.31	750,710.34	27,799.18
30	4/1/2024	750,710.34	24,553.72	$ -	24,553.72	23,903.10	650.62	726,807.23	28,449.79
31	5/1/2024	726,807.23	24,553.72	$ -	24,553.72	23,923.82	629.90	702,883.42	29,079.69
32	6/1/2024	702,883.42	24,553.72	$ -	24,553.72	23,944.55	609.17	678,938.86	29,688.86
33	7/1/2024	678,938.86	24,553.72	$ -	24,553.72	23,965.30	588.41	654,973.56	30,277.27
34	8/1/2024	654,973.56	24,553.72	$ -	24,553.72	23,986.07	567.64	630,987.48	30,844.91
35	9/1/2024	630,987.48	24,553.72	$ -	24,553.72	24,006.86	546.86	606,980.62	31,391.77
36	10/1/2024	606,980.62	24,553.72	$ -	24,553.72	24,027.67	526.05	582,952.95	31,917.82
37	11/1/2024	582,952.95	24,553.72	$ -	24,553.72	24,048.49	505.23	558,904.46	32,423.05

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
38	12/1/2024	558,904.46	24,553.72	$ -	24,553.72	24,069.33	484.38	534,835.12	32,907.43
39	1/1/2025	534,835.12	24,553.72	$ -	24,553.72	24,090.19	463.52	510,744.93	33,370.95
40	2/1/2025	510,744.93	24,553.72	$ -	24,553.72	24,111.07	442.65	486,633.86	33,813.60
41	3/1/2025	486,633.86	24,553.72	$ -	24,553.72	24,131.97	421.75	462,501.89	34,235.35
42	4/1/2025	462,501.89	24,553.72	$ -	24,553.72	24,152.88	400.83	438,349.00	34,636.18
43	5/1/2025	438,349.00	24,553.72	$ -	24,553.72	24,173.82	379.90	414,175.19	35,016.09
44	6/1/2025	414,175.19	24,553.72	$ -	24,553.72	24,194.77	358.95	389,980.42	35,375.04
45	7/1/2025	389,980.42	24,553.72	$ -	24,553.72	24,215.74	337.98	365,764.68	35,713.02
46	8/1/2025	365,764.68	24,553.72	$ -	24,553.72	24,236.72	317.00	341,527.96	36,030.02
47	9/1/2025	341,527.96	24,553.72	$ -	24,553.72	24,257.73	295.99	317,270.23	36,326.01
48	10/1/2025	317,270.23	24,553.72	$ -	24,553.72	24,278.75	274.97	292,991.48	36,600.98
49	11/1/2025	292,991.48	24,553.72	$ -	24,553.72	24,299.79	253.93	268,691.69	36,854.90
50	12/1/2025	268,691.69	24,553.72	$ -	24,553.72	24,320.85	232.87	244,370.84	37,087.77
51	1/1/2026	244,370.84	24,553.72	$ -	24,553.72	24,341.93	211.79	220,028.91	37,299.56
52	2/1/2026	220,028.91	24,553.72	$ -	24,553.72	24,363.03	190.69	195,665.88	37,490.25
53	3/1/2026	195,665.88	24,553.72	$ -	24,553.72	24,384.14	169.58	171,281.74	37,659.82
54	4/1/2026	171,281.74	24,553.72	$ -	24,553.72	24,405.27	148.44	146,876.46	37,808.27
55	5/1/2026	146,876.46	24,553.72	$ -	24,553.72	24,426.43	127.29	122,450.04	37,935.56
56	6/1/2026	122,450.04	24,553.72	$ -	24,553.72	24,447.60	106.12	98,002.44	38,041.69
57	7/1/2026	98,002.44	24,553.72	$ -	24,553.72	24,468.78	84.94	73,533.66	38,126.62
58	8/1/2026	73,533.66	24,553.72	$ -	24,553.72	24,489.99	63.73	49,043.67	38,190.35
59	9/1/2026	49,043.67	24,553.72	$ -	24,553.72	24,511.21	42.50	24,532.46	38,232.85
60	10/1/2026	24,532.46	24,553.72	$ -	24,532.46	24,511.20	21.26	0.00	38,254.12