

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: Kenneth C. Pennoyer, Director of Business Management

SUBJECT: Award of Bids for Financing of Vehicle Replacement for the 2009-10 Fiscal Year

DATE: February 8, 2010

PURPOSE

The purpose of this memorandum is to authorize acceptance of the low bid from SunTrust Equipment Financing & Leasing Corp. of 3.075% for financing over seven years of the Town's proposed \$1,604,000 vehicle replacement purchases for 2009-10.

BACKGROUND

In accordance with the Town's Vehicle Replacement Plan, requests for proposals for financing the purchase of vehicles were sent to nine financial institutions on January 21, 2010 and responses were requested on January 29, 2010. The proposals specified quotes for seven-year fixed rate installment payments on \$1,604,000 for vehicles with an expected useful life averaging seven years.

Responses received from financial institutions on January 29, 2010 were as follows:

Financial Institution	7 Year Term (\$1,604,000)	
	Interest Rate	Total Principal, Interest and Fees
CalFirst National Bank	4.120%	\$1,862,932.00
BB&T Leasing Corp.	3.310%	1,810,171.02
Bank of America	3.516%	1,823,462.49
RBC	*4.600%	1,894,799.12
SunTrust Leasing Corp.	3.075%	1,795,171.32
Wachovia Bank	3.450%	1,820,199.90

**Note: RBC bid a taxable financing structure with a rebate through the Build America Bonds Program. The net interest rate after rebate would be 2.99%. This bid was rejected due to the complexity of the rebate structure and the uncertainty regarding the continuation of the rebate program for the length of the financing.*

The bids received were competitive and reflect the interest rate environment in the current economy. Based on the proposals received, we recommend accepting the low bid from SunTrust

Equipment Financing & Leasing Corp. of 3.075% for the seven-year financing with total interest and fees of \$1,795,071.32.

The majority of vehicles included in this purchase are available through the Town's participation in State purchasing contracts. Some individual items will require formal bids consistent with normal bidding requirements and will be presented to the Council for approval in separate actions.

In accordance with the Town of Chapel Hill Green Fleets Policy, the proposed vehicle replacement list for FY 2010 was submitted for review to the Green Fleets Review Committee. The Committee found the proposed list to be consistent with the Green Fleets Policy. Of the 25 vehicles proposed for replacement, 22 utilize alternatives to traditional unleaded or diesel fuel, including compressed natural gas (CNG), Ethanol-85, biodiesel and hybrid technology. The Sustainability, Energy and Environment (SEE) Committee has reviewed all vehicles on the list and deemed them acceptable in previous years when funding issues prohibited vehicle purchases. The list of vehicles scheduled for replacement is attached.

RECOMMENDATION

We recommend that Council adopt the attached resolution authorizing the execution of a financing contract with SunTrust Equipment Financing & Leasing Corp. for \$1,604,000 for vehicles to be repaid over seven-years.

ATTACHMENTS

1. Vehicle Replacement List (p. 4).