

BOARD OF ALDERMEN

ITEM NO. B(3)

AGENDA ITEM ABSTRACT

MEETING DATE: June 11, 2002

TITLE: Request to Approve Equipment and Vehicle Financing

DEPARTMENT: Management Services	PUBLIC HEARING: YES __ NO <u>X</u>
ATTACHMENTS: Attachment A: Resolution Awarding Financing to SunTrust Leasing Corporation Attachment B: Analysis of Proposals Submitted by Banks	FOR INFORMATION CONTACT: L. Bingham Roenigk, 918-7300

PURPOSE

Annually, the Board of Aldermen, through its capital improvement plan, approves a schedule that provides for the purchase and replacement of vehicles and equipment through lease purchase financing. The Board of Aldermen is requested to adopt a resolution designating the installment purchase contracts for items listed below as tax-exempt obligations of the Town. This resolution represents the installment financing planned and budgeted for FY01-02. Due to much lower interest rates than anticipated, the lease payments fall below budgeted amounts, representing a savings of approximately \$16,800.

INFORMATION

The Town solicited a financing proposal to banks for a total of \$349,550. The Town is not required by law to request proposals but does so to ensure competitive financing. A request for proposal to finance these purchases was submitted to banks; five responded. The list of items financed include:

Item	Amount
(5) Patrol Vehicles	\$137,475.00
(1) Investigations Vehicle	\$ 26,075.00
Backhoe, Public Works	\$ 66,000.00
Playgrounds (2)	\$120,000.00
Total	\$349,550.00

Recognizing that interest rates are at historical lows, town staff wrote a request for proposal that allowed banks to submit two options for financing the Town's purchases. The first option called for financing all town equipment over a three-year period and the second option allowed for financing the playground equipment over a five year period and all other items over a three-year period (as budgeted).

Of primary importance in evaluating the proposals were the proposed financing structures, interest rates offered and the total financing cost. Analysis of the proposals reveals that SunTrust Leasing Corporation offers the most competitive financing arrangement. SunTrust offered the most competitive interest rate at 2.91% and had no out-of-pocket costs. Thus, the Town, with Board approval, will be entering into a lease-purchase contract with SunTrust Leasing Corporation for the installment purchase financing town

purchases over a three-year period. The annual debt payment is \$16,800 less per year than the budgeted estimates projected for the next three years, beginning in FY02-03.

ADMINISTRATION'S RECOMMENDATION

The Board of Aldermen is requested to approve the attached resolution designating the installment purchase contracts as tax-exempt obligations of the Town and to award the financing contract to SunTrust for the equipment and vehicle purchases listed.