

BOARD OF ALDERMEN

ITEM NO. C(3)

AGENDA ITEM ABSTRACT

MEETING DATE: June 17, 2008

TITLE: Request to Approve Equipment and Vehicle Financing

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <i>x</i>
ATTACHMENTS: A. Resolution Awarding Financing to BB&T B. Analysis of Proposals Submitted by Banks	FOR INFORMATION CONTACT: Nancy Emslie, Accounting Officer 918-7306

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 FY07-08.

INFORMATION

The Town solicited a financing proposal to banks for a total of \$1,668,929. 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 13 banks and brokers; 4 responded. The list of items to be financed over a five-year loan term includes:

Vehicles & Equipment	Amount
Patrol Vehicles (7)	\$ 167,038
MDT's for Patrol Vehicles (6) Replaces Vehicle #983	\$ 47,708
Fire Dept Mid-Size Truck	\$ 35,304
Aerial Fire Truck & Apparatus****Replaces Vehicle #971	\$ 918,994
Public Works L&G Dump Truck Replaces Vehicle #26	\$ 35,534
Public Works L&G Pickup Truck Replaces Vehicle #25	\$ 16,712
Public Works Streets Dump Truck Replaces Vehicle #37	\$ 118,994
Public Works Solid Waste Rear-Loader Replaces Veh #46	\$ 238,994
Public Works Fleet Pickup Replaces Vehicle #11	\$ 13,217
Public Works Supervision Pickup Truck Replaces Veh #163	\$ 13,217
Public Works Bldg Mtn Pickup Truck Replaces Veh #13	\$ 13,217
Fire Escape (moved from FY 06-07)	\$ 46,000
Total Vehicles & Equipment	\$ 1,668,929

****Requested separate financing period of 7-yr amortization

Of primary importance in evaluating the proposals were the effective interest rates offered and the total financing cost. Analysis of the proposals reveals that Branch Banking & Trust Co. (BB&T) offers the most competitive interest rate of 3.02% for 5-year financing and 3.19% for 7-year financing and the most competitive financing arrangement. Thus, the Town, with Board approval, will be entering into a lease-purchase contract with BB&T for the installment purchase financing town purchases over a five-year

period AND seven-year period. The Town, due to savings in equipment and vehicle purchases overall, is borrowing \$25,983 less than budgeted.

STAFF RECOMMENDATION

The Board of Aldermen is requested to introduce and approve the attached resolution designating the installment purchase contracts as tax-exempt obligations of the Town, award the financing contract to BB&T for the equipment and vehicle purchases listed, and authorize the Finance Officer to execute the financing.