

# BOARD OF ALDERMEN

ITEM NO. C(2)

## AGENDA ITEM ABSTRACT

MEETING DATE: June 19, 2012

### TITLE: Request to Approve Equipment and Vehicle Financing

<b>DEPARTMENT:</b> Management Services	<b>PUBLIC HEARING:</b> NO
<b>ATTACHMENTS:</b> A. Resolution Awarding Financing to BB&T B. Summary of Proposals Submitted by Banks	<b>FOR INFORMATION CONTACT:</b> Arche McAdoo, Finance Director 918-7439

#### 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 FY11-12.

#### INFORMATION

The Town issued a request for proposal to vehicles and equipment for a total of \$298,850. The Town is not required by law to request proposals but does so to ensure competitive financing. The request for proposal was sent to 15 financial institutions and the Town received 6 proposals from 4 financial institutions. The list of items to be financed over a five-year loan term includes:

Department	Vehicle	Cost
Public Works	Digital Radio Units & Narrow Banding License	\$ 59,800
Police	Administration-Replace vehicle #190	\$ 28,000
Police	Patrol Vehicle-Replace vehicle #205	\$ 33,600
Police	Patrol Vehicle-Replace vehicle #206	\$ 33,600
Police	Patrol Vehicle-Replace vehicle #207	\$ 33,600
Police	Patrol Vehicle-Replace vehicle #208	\$ 33,600
Police	Patrol Vehicle-Replace vehicle #235	\$ 33,600
Police	Investigations-Replace vehicle #204	\$ 27,300
Police	Animal Control vehicle - Replace K-9	\$ 15,750
	<b>TOTAL</b>	<b>\$ 298,850</b>

Of primary importance in evaluating the proposals were the effective interest rates offered and the total financing cost. Analysis of the proposals reveals that BB&T Bank offers the most competitive interest rate of 1.61% for 5-year financing. Thus, the Town, with Board approval, will enter into a lease-purchase contract with BB&T Bank for the installment purchase financing over a five-year period.

## **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 Bank for the equipment and vehicle purchases listed, and authorize the Town Manager and Finance Director to execute the necessary financing documents and agreements.