



MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Heather Meacham, Finance Director

SUBJECT: Installment Financing: Capital Purchases for Police, Public Works, Utilities Department and Water Treatment Plant

DATE: July 25, 2016

Background:

During the FY 2016-2017 budget process the Board approved using debt service for financing capital purchases identified for the General Fund and Enterprise Fund.

We requested quotes from several financial institutions and have concluded that First-Citizens Bank & Trust offered the lowest rate and best terms. The loan amount is for \$370,000 at an interest rate of 1.86% and is for four (4) years with annual payments of \$95,941.97. This installment purchase loan will be used to purchase vehicles and equipment.

Regarding the General Fund, we plan to replace four (4) police vehicles and purchase an additional one (1) for the new police position and one (1) for the Town Manager at a total cost of \$205,000. For Public Works we plan to purchase a snow plow, a brine spreader, a dump truck body and bed, an air conditioner and a lawn mower at a total cost of \$72,694. For the Utilities Department we plan to purchase a push camera, utility locator, leak detector and valves for a total cost of \$28,600. We plan to install a new backup generator and a mag meter at the Water Treatment Plant at a cost of \$47,000. The debt service payments will be allocated accordingly for both the General and Enterprise Funds.

Action Requested:

That the Board of Commissioners approve the resolution approving financing terms First-Citizens Bank & Trust.