



MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Nancy Emslie, Finance Director

SUBJECT: Installment Financing: Capital Purchases for Utilities Department and Water Treatment Plant

DATE: September 10, 2015

Background:

During the FY 2015-2016 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 BB&T offered the lowest rate and best terms. The loan amount is for \$210,000 at an interest rate of 1.88% and is for four (4) years with semi-annual payments of \$27,372.49. This installment purchase loan will be used to purchase vehicles and equipment.

Regarding the General Fund, we plan to replace a Utilities Department pick-up truck and backhoe for an estimated cost of \$111,500. We plan to replace the filter backwash pump at the Water Treatment Plant and replace two (2) Utility trucks. The estimated cost for the Enterprise Fund is \$98,500. 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 from BB&T Governmental Finance.