



The Town *of* Davidson

College Town. Lake Town. *Your Town.*

Public Hearing Fire Station #2 Financing Agreement



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Public Hearing Fire Station #2 Financing
September 13, 2016

Presentation Overview

- Provide a timeline of next steps
- Review Financing Proposals
- Public hearing



Fire Station #2 Timeline

- August 9: Contractor Pre-bid conference
- August 9: Public hearing and board approval of resolution authorizing application to LGC.
- August 10: Send financing RFP banks with due date of **August 30**
- August 18: Construction bid opening
- August 19: File project with NC Joint Legislative Committee on Local Government



Fire Station #2 Timeline

- September 1: Evaluate financing proposals.
- By September 6: Send all documents to LGC.
- September 13: Board holds public hearing on final contract for financing
- September 27: Pending the completion of value engineering, Board considers the award of construction contract (contingent on LGC approval of financing).
- October 4: LGC meeting to approve financing.
- October 11: Town board considers approval of financing agreement
- October 12-13: Close on loan

Fire Station #2 Financing Proposals

- Town requested responses for 15 and 20 year financing.
- Received 3 15-year and 2 20-year responses
- Lowest 15-year rate: 2.29% (BB&T)
- Lowest 20-year rate: 3.09% (Capital One)
- Staff is recommending acceptance of the 15-year financing bid from BB&T
 - 20-year option results in \$292K in additional interest expense with a reduction of only \$26K in debt service annually.



Fire Station #2 Financing Proposals

Davidson, North Carolina
Summary of Bids Received
September 2, 2016

Installment Purchase Agreement, Series 2016						
Bank	Rate	Term of Bond	Fixed Term	Firm Commitment	Fee	Prepayment
BB&T	2.28%	15 years	15 years	No	\$3,500	Anytime @ 101%
Capital One	2.58%	15 years	15 years	No	\$0	05/01/28 @ 100%
Bank of North Carolina	2.71%	15 years	15 years	Yes	\$7,750	Anytime @ 100%
First Bank ^{1,2}	2.40%	20 years	10 years	No	\$0	Anytime @ 100%
Capital One	3.08%	20 years	20 years	No	\$0	05/01/28 @ 100%



Fire Station #2 Financing Proposals

Detailed Debt Service Comparison ¹				
Fiscal Year	BB&T 15YR		Capital One 20YR	
	Debt Service		Debt Service	
				Change
2017	\$	28,081	\$	35,182 \$ 8,111
2018		45,800		81,800 18,000
2019		188,800		172,800 (28,000)
2020		185,288		189,370 (25,828)
2021		182,783		185,840 (28,852)
2022		188,288		182,510 (28,758)
2023		185,738		158,080 (28,658)
2024		182,213		155,851 (28,582)
2025		178,888		152,221 (28,488)
2026		175,180		148,781 (28,388)
2027		171,833		145,381 (28,272)
2028		168,108		141,831 (28,178)
2029		164,580		138,501 (28,078)
2030		161,053		135,071 (25,882)
2031		157,527		131,841 (25,885)
2032		-		128,211 128,211
2033		-		124,781 124,781
2034		-		121,352 121,352
2035		-		118,822 118,822
2036		-		115,481 115,481
Total	\$	2,382,732	\$	2,884,588 \$ 281,854

¹ First Bank Proposal requires Town cash contribution totaling 15% of project cost (\$300,000).

² First Bank Proposal includes a rate reset at years 10 and 15 (5 Year UST + 200bps, currently 3.18%).

³ Holds principal amount at \$2 million for comparison purposes.



Public Hearing



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