



Town of Knightdale

Staff Report

Title: Forestville Rd Fire Station/Fire
Pumper Trucks Financing

Staff: Mark Stephens, Finance Director

Date: April 19, 2023

Asst. Town Manager Signature: SY

Town Manager Signature: WBS

BACKGROUND INFORMATION

- Council authorized construction of a Fire Station on Forestville Road at an estimated cost of \$7,200,00. Construction is funded through ARPA funds of \$5,000.00 and \$2,200,00 in installment financing. Council also authorized the purchase of 2 Fire Pumper Trucks and related equipment at a cost of \$1,500,000 with funding through an installment financing. Total installment financing would be \$3,700,000.

SUMMARY

- NCGS 160A-20 authorizes a local government unit to finance improvements on real property under an installment financing contract using the property as collateral for the debt obligation. A public hearing must be held regarding the project and financing proposal, Local Government Commission approval is also required. NCGS 159-3 established the Local Government Commission in 1931 authorizing them to approve the issuance of debt and similar contracts under certain circumstances. The LGC process requires the submission of an application that is authorized by resolution.
- Town requested a 15 year note on the Fire Station and a 10 year note on the Pumper Trucks. Town received 3 bids and are summarized below:

Lending Institution	Interest Rate-Fire Station	Interest Rate-Pumper Trucks
JP Morgan	3.23%	3.28%
Capital One	4.38%	4.38%
First Horizon	4.58%	4.54%

- Based on the proposals, staff recommends entering a financing contract with JP Morgan at an interest rate of 3.23% for a period of fifteen years and 3.28% for a period of ten years. With approval, staff will submit the financing contract for LGC review during their May 2 meeting. The estimated loan closing date is May 11. The following resolution is necessary to obtain financing for the Forestville Fire Station and Fire Pumper Trucks:

RECOMMENDED ACTION

- Adopt Resolution #23-04-19-002



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