Clinton
Hub City of Western Oklahoma

Agenda Commentary

Item Title/ Subject: Fire Station Financing

Staff Source: City Manager, Steve Hewitt

Date: October 13, 2011

History/Background Information: Community voters passed a .01 cent sales tax extension for 8 years this past June. 52% of the sales tax is dedicated to a new Fire Station and rehab of our current Police facility. The estimated revenue is $5,000,000 for both projects. Fire Station $4.4 Million – Police Facility $600,000.

Subject Summary: Staff looking to front the financing to build the new Fire Station now rather than accumulate the money over the next 8 years then build.

Staff sent out request for financing proposals to our local banks as well as Government Capital looking for financing options and rates. Our intention was to keep our financing local if financially possible. Staff is extremely pleased with the numbers that were submitted.

Oklahoma Bank and Trust (Executive Vice President Wheeler Lowry) submitted the best option. Eight (8) year term, semi-annual payments, no early payoff fees with an interest rate of 2.95%.

Staff will use sales tax proceeds and capital dollars to fund the Police Facility rehab. This would save interest costs and allow more into the facility.

Recommendation: Staff recommends financing the Fire Station project with OB&T of Clinton.

Price/Cost: 2.95% interest – 8 years. Payoff ending with sales tax term.

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Memorandum

To: Steve Hewitt, City Manager

From: Debra Blanchard, City Treasurer Debra

Date: October 14, 2011

Re: FD Financing Proposals

I have reviewed all financing proposals received. I believe the decision lies between two of the proposals.

Oklahoma Bank and Trust
$4,000,000, 8 year term, 2.95%, Semi-annual Payments, Construction Loan available

2011 Revenue Bond Issue
$4,000,000 plus approx. $75,000 issuance expense, All-in True Interest Cost 2.529% Semi-annual Interest, Annual Principal

Whether the Council's pleasure is to bond or stay with local bank, both would be very easy to work with and cost effective for the City.

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