CITY OF GAUTIER
MEMORANDUM

To: Samantha Abell, City Manager

From: Cindy Steen, Purchasing Agent

Through: Cindy Russell, City Clerk

Date: October 9th, 2013

Subject: Loan for Police Cars

REQUEST:
City Council authorization is requested for the City to enter into a loan agreement with M&M Bank in the amount of $188,474.00 for seven (7) 2013 Dodge Chargers. This will be based on a 2.25% interest rate. The annual payments will be $65,685.49 per year.

DISCUSSION
The purchase of these vehicles was discussed during the budget process. The initial expenditure will be offset by budgeted loan proceeds. The purchase was budgeted this way as a 3-year loan. This was done to minimize impact on the General Fund budget.

RECOMMENDATION:
Based on the interest rates from M&M Bank, City staff recommends that City Council authorize the loan in the amount of $188,474.00.

FINANCIAL:
The cost of the vehicles will be funded out of fund 001-100-740 Police Department Vehicles.

ATTACHMENT(S):
M&M Bank and Hancock Bank interest rates.

Cindy Steen

From: Sherrill Edwards <sherrill.edwards@mandmbank.com>
Sent: Wednesday, October 09, 2013 2:37 PM
To: csteen@gautier-ms.gov
Subject: RE: Police cars

We will keep the same rate of 2.25%

Sherrill Edwards
Assistant Vice President
Merchants & Marine Bank
Gautier Branch
NMLS ID: 716715
BANK NMLS: 635768
228-934-1259 Phone
228-497-5087 Fax

From: Cindy Steen [mailto:csteen@gautier-ms.gov]
Sent: Wednesday, October 09, 2013 10:07 AM
To: Sherrill Edwards
Subject: Police cars

Sherrill,

O.K...price has changed on the loan amount I need an interest rate for a total cost of $188,474.00.

Thanks so much...trying to get on agenda today.

Cindy

Hancock Bank.

VIA EMAIL

October 2, 2013

Mayor and City Council
City of Gautier, Mississippi
C/o Cindy Steen-City of Gautier Purchase Agent

Re: Lease Purchase Financing – Seven (7) New 2014 Dodge Chargers

Gentlemen:

We understand that the City of Gautier, Mississippi is considering lease–purchase financing for Seven (7) New 2014 Dodge Chargers (hereinafter the "Equipment") under the authority of Sec. 31-7-13(e) of the Miss. Code of 1972, as amended. The Equipment has a total cost of $188,474.00 and 100% of the cost will be lease-purchase financed.

The rates provided below assumes that the debt will be designated as "bank-qualified" tax exempt within the meaning of Sec. 265(b)(3) of the Internal Revenue Code of 1986, as amended. If it is determined that the City is ineligible to issue bank-qualified debt this calendar year, different rates will apply.*

Amount Financed:	**Terms**:**	**Rate:**
$188,474.00	**3 Annual payments @ $65,685.49 per Year**	**2.26%**

* *Determination of taxability would be the responsibility of the City's legal counsel.*
** *The City will certify that the Equipment will not be replaced by other equipment, performing the same or similar functions, until the term of the financing option expires.*

Hancock Bank.

This proposal assumes compliance by the City with applicable state and federal law governing borrowings by political subdivisions. In addition, normal Bank credit approval requirements for lending to these types of entities would apply. Credit approval includes approval of both the manufacturer and vendor of the Equipment to be purchased. Necessary documentation would include, but not be limited to, a legal and tax opinion from issuer's legal counsel. Liability and physical damage insurance would be required with Hancock Bank being shown as the additional insured and/or loss payee as its interest may appear.

This proposal is good if accepted within 30 days and the obligation is funded within 60 days of the date of this letter.

Thank you for considering Hancock Bank for your Governmental Leasing needs!

Sincerely,

HANCOCK BANK

Jonathan King
Government Leasing
Public Finance Department