

### Proposed Scenario I - Bonding

Loan amount	\$ 789,000.00
Annual interest rate	3.50%
Loan period in years	20
Start date of loan	1/12/25
Monthly payment	\$ 4,575.88
Number of payments	240
Total interest	\$ 309,211.72
Total cost of loan	\$ 1,098,211.72

### Proposed Scenario I \*- Bonding

Loan amount	\$ 789,000.00
Annual interest rate	3.50%
Loan period in years	10
Start date of loan	1/15/25
Monthly payment	\$ 7,802.09
Number of payments	120
Total interest	\$ 147,251.39
Total cost of loan	\$ 936,251.39

### Proposed Scenario II – Current Cash & Lease

Loan amount	\$ 500,000.00
Annual interest rate	5.75%
Loan period in years	5
Start date of loan	1/15/25
Monthly payment	\$ 9,608.38
Number of payments	60
Total interest	\$ 76,503.05
Total cost of loan*	\$ 865,503.05

\*plus \$289,000

- Issue a bond for the entire cost of the new fire engine (\$789,000)
- Assumes a 3.5% annual interest rate and borrowing over a 20-year period
- Annual payments of \$54,910
- Total interest paid of \$309,212
- Analysis doesn't include any potential administrative costs associated with issuing the bond.

- Use fund balances for \$289,000 down payment on the new fire engine, lease the balance of \$500,000 (\$789,000)
- Assumes a 5.75% annual interest rate and a 5-year term for the lease
- Annual payments of \$115,301
- Total interest paid of \$76,503
- Analysis doesn't include any potential administrative costs associated with the lease.

In years 1-5 scenario II has a greater annual tax impact of \$60,390. In years 6-20, scenario I has a greater annual tax impact of \$54,910. In aggregate, scenario I will cost \$232,708 more than scenario II.

Scenario I\* shortens the duration of the bond from 20 to 10 years, reducing the interest paid.

### Proposed Scenario III – Current Cash & Bonding

Loan amount	\$ 500,000
Annual interest rate	3.08%
Loan period in years	5
Start date of loan	1/23/25
Monthly payment	\$ 9,002
Number of payments	\$ 60
Total interest	\$ 40,128
Total cost of loan	\$ 829,128

### Proposed Scenario III\* – Current Cash & Bonding

Loan amount	\$ 500,000
Annual interest rate	3.25%
Loan period in years	10
Start date of loan	1/23/25
Monthly payment	\$ 4,886
Number of payments	120
Total interest	\$ 86,314
Total cost of loan	\$ 875,314

- Use fund balances for \$289,000 down payment on the new fire engine, bond the balance of \$500,000 (\$789,000)
- Scenario III assumes a 3.08% annual interest rate and a 5-year term for the lease and borrowing over 5 years. Scenario III\* assumes a 3.25% interest rate and borrowing over 10 years.
- Annual payments of \$108,024 for scenario III, annual payments of \$58,632 for scenario III\*.
- Total interest paid of \$40,128 for scenario III, total interest paid of \$86,314 for scenario III\*.
- Analysis doesn't include any potential administrative costs associated with bond issuance.

Proposed scenario III is the least expensive option, allowing for \$7,277 in annual savings over the lease option as a function of the lower rate available for bonding. Over 5 years, scenario III would save \$36,375 in interest.