

MEMORANDUM

DATE: January 13, 2022

TO: Greg Harrison, City Manager

FROM: Andrew Jean-Pierre, Finance Director

RE: Approval of Equipment Lease-Purchase Documents

The Finance Department was requested to seek financing for equipment and vehicles encompassing various City Functions (Fire, Parks & Recreation and Public Works), as listed at **Schedule 1** of the Lease Purchase Agreement. In order to finance the purchase of these items, staff with the assistance of the City's Financial Advisor (Public Financial Management) solicited term sheets from over 50 banks. A total of ten (10) proposals were received, the terms of each proposal being summarized at **Attachment 1**. After reviewing the proposals received, it was determined that TD Equipment Finance, Inc submitted the most favorable terms, as summarized below:

Amount to be financed: \$4,017,097

Financing term: 1 year (with 4 additional 1-year renewal terms)

Fixed interest rate: 1.13%

Additional fees: None

Financing structure: Subject to annual appropriation lease payments

Subject to annual appropriation in essence means that the City is not pledging a specific revenue source for repayment and is also not pledging its taxing authority to repay the lease. This financing structure is also not considered debt under the City's charter and state laws. The lease would be for an initial 1-year term with 4 additional renewal terms, with annual lease payments subject to annual appropriation by the City Commission from available resources, as part of the City's budget adoption process. I am recommending that the City Commission proceed with awarding the lease financing to TD Equipment Finance, Inc. A repayment schedule for the lease is at **Schedule 2** of the Lease Purchase Agreement.

The average annual lease payment will be approximately \$825,907 and the fiscal year 2022 appropriation amount has already been provided for as part of the fiscal year 2022 adopted budget.

Thank you