

MEMORANDUM

DATE: December 17, 2020

TO: Greg Harrison, City Manager

FROM: Andrew Jean-Pierre, Finance Director

RE: Approval of Equipment Lease-Purchase Documents and Escrow Agreement

The Finance Department was requested to seek financing for equipment and vehicles encompassing various City Functions (Fire, Parks & Recreation and Solid Waste), as listed at **Schedule of Property No. 2**. 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 30 banks. A total of seven (7) proposals were received, the terms of each proposal being summarized at **Attachment 1**. After reviewing the proposals received, it was determined that Banc of America Public Capital Corporation submitted the most favorable terms, as summarized below:

Amount to be financed: \$2,000,000

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

Fixed interest rate: .9987%

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 Banc of America Public Capital Corporation. A repayment schedule for the lease is at **Exhibit A** following the **Schedule of Property No. 2**.

The average annual lease payment will be approximately \$410,047 and the fiscal year 2021 appropriation amount has already been provided for as part of the fiscal year 2021 adopted budget. I am also recommending that Bank of America, National Association serve as escrow agent to hold the escrowed funds after closing on the deal, until such time as the City receives delivery of the equipment/vehicles.

Thank you