



December 20, 2021

## Memorandum

**To:** City of Pompano Beach, Florida ("City")  
**From:** PFM Financial Advisors, LLC ("PFM")  
**Re:** Equipment Lease Proposal Results and Recommendation

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The purpose of this memorandum is to summarize the City's request for an equipment lease and subsequent proposals received, as well as provide PFM's recommendation for the most attractive proposal. On December 1, 2021, PFM (on behalf of the City) requested proposals from lease financing firms for an equipment lease that would provide for the leasing of equipment for the City's various departments. The total estimated cost of the equipment to be purchased is approximately \$4.2 million, including issuance costs. Under the terms of the proposed lease agreement the City would own the equipment at the end of the lease term.

The request for equipment lease was circulated to a total of over 50 firms, composed primarily of financial institutions and equipment lease providers. On December 20, 2021, ten (10) proposals were received from the following firms:

- Banc of America Public Capital Corp
- BciCapital
- First American Equipment Finance
- JPMorgan Chase
- Key Government Finance
- Pinnacle Public Finance
- Signature Public Funding
- Sterling National Bank
- TD Equipment Finance
- Truist Bank

Proposers all provided for an upfront escrow structure, where the lending institution would fund the escrow at the outset and distribute funding to the City at closing. PFM's recommendation is primarily based on the best financial terms (rate quoted); however, we also reviewed other terms to highlight any onerous or non-standard provisions that may have been included. In our review we found that all the proposals included language customary for this type of transaction.

As noted in the attached summary matrix, TD Equipment Finance ("TD") provided the lowest fixed rates on the equipment lease. Other proposals generally provided for higher interest rates without any compensating benefit. TD's proposal provided fixed funding costs for the draw at closing - thus, any interest rate movement between now and closing would not affect the City's draw if using the TD proposal. TD also provided for prepayment of the equipment lease at the greater of either 1% penalty, or a make-whole provision. The City would likely not anticipate prepaying the equipment lease given the short duration, but the City does retain the flexibility to prepay if an unforeseen event were to arise.

In summary, PFM's review of the proposals indicates that TD provided the most attractive proposal for the equipment lease program. The rates proposed by TD were the lowest proposed and have the benefit of being locked-in through the closing of the lease. We expect that TD will utilize standard lease documents that are similar to what the City has seen in the past. In conclusion, our review of the proposals and determination that TD provided a favorable response should be considered as an independent review from PFM. Please feel free to contact us with any questions or comments.

**Pompano Equipment Lease  
2022 RFP Summary**

<b>Proposer</b>	<b>Bank of America</b>	<b>BCI</b>	<b>First American</b>	<b>JP Morgan Chase</b>	<b>Key Governmental</b>
<b>Interest Rates</b>	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.1806%	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.40%	<b>Escrow Funding:</b> Indicative Rate Term Loan: 1.594%	<b>Escrow Funding:</b> Indicative Rate Term Loan: 1.21%	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.25%
<b>Calculation</b>	None provided	None provided	Swap rate + spread	(3-Year Swap * 79%) + 1.143%	KeyCorp Cost of Funds index for a 33-month term plus 45-day lock premium
<b>Rate Locked to Closing, or Date to be set</b>	Rates are locked through February 1, 2022	Rates are locked through February 1, 2022	Indicative until closing	Rate to be locked 5 days prior to closing	Rates are locked through February 1, 2022
<b>Prepayment Penalty</b>	Pre-payable after first half of term has expired at par	Pre-payable at 102% of principal balance	Prepayable subject to make-whole fee	Prepayable in whole but not in part, on any payment date, subject to make whole  for additional 5.5 basis points, can be prepaid at par after first 12 months	Prepayable in first 24 months at 1.00% premium, and afterwards at par
<b>Legal/Other Fees</b>	-	-		-	

**Pompano Equipment Lease  
2022 RFP Summary**

<b>Proposer</b>	<b>Pinnacle Public Finance</b>	<b>Signature</b>	<b>Sterling</b>	<b>TD</b>	<b>Truist</b>
<b>Interest Rates</b>	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.27%	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.358%	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.15%	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.13%	<b>Escrow Funding:</b> Fixed Rate Term Loan: 1.38%
<b>Calculation</b>	None provided	Based on swap rate	None provided	None provided	None provided
<b>Rate Locked to Closing, or Date to be set</b>	Rates are locked through February 1, 2022	Rates are locked through January 20, 2022	Rates are locked through February 1, 2022	Rates are locked through February 1, 2022	Rates are locked through February 3, 2022
<b>Prepayment Penalty</b>	Prepayable in whole or in part after May 1, 2024 at a price of 100%	Pre-payable at 101% of principal balance	Pre-payable at 101% of principal balance starting year 3, then 100% at year 4	Prepayable at greater of 101% or make-whole penalty	Prepayable in whole at any time without penalty
<b>Legal/Other Fees</b>	Bank Counsel: \$3,000				-