



pfm

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December 16, 2022

Memorandum

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

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 November 28, 2022, 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 \$3.5 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 15, 2022, eight (8) proposals were received from the following firms:

- Banc of America Public Capital Corp
- BciCapital
- First American Equipment Finance
- JPMorgan Chase
- Key Governmental Finance
- Signature Public Funding
- 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, JP Morgan provided the lowest rate on the equipment lease at 3.41%, though the rates are indicative and would float until three days prior to closing. Alternatively, Truist provided for the lowest fixed rate of 3.50%, or nine basis points higher than JP Morgan. Truist'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 Truist proposal. Truist also provided for prepayment of the equipment lease in whole at any time without penalty. 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. Other proposals generally provided for higher interest rates without any compensating benefit. Although JP Morgan provided the lowest interest rate, Truist's locked rate through closing provides certainty to the City and will not expose the City to the volatility of the current municipal market. In addition, Truist provides for prepayment at any time, which is a stronger prepayment provision than JP Morgan's offering, which is a prepayment subject to a make-whole provision.

In summary, PFM's review of the proposals indicates that Truist provided the most attractive proposal for the equipment lease program. The fixed rate proposed by Truist was the lowest proposed locked rate offers the strongest prepayment provision amongst proposals received. We expect that Truist 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 Truist 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
2023 RFP Summary

| Proposer | Bank of America | BCI | First American | JP Morgan Chase |
|---|---|---|---|---|
| Interest Rates | Escrow Funding: Fixed Rate Term Loan: 3.5203% | Escrow Funding: Fixed Rate Term Loan: 5.48% | Escrow Funding: Indicative Rate Term Loan: 3.84% | Escrow Funding: Indicative Rate Term Loan: 3.41% |
| Term | 5 Years | 5 Years | 5 Years | 5 Years |
| Calculation | None provided | None provided | Swap rate + spread | (3-Year Swap * 79%) + 0.42301% |
| Rate Locked to Closing, or Date to be set | Rates are locked through January 25, 2023 | Interest rates may change at the time of closing based upon the then current interest rates | Indicative until closing | Rate to be locked 3 days prior to closing |
| Prepayment Penalty | Pre-payable after first half of term has expired at par | Pre-payable at 103% 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 19 basis points, can be prepaid at par after first 24 months |
| Legal/Other Fees | - | - | - | - |

Pompano Equipment Lease
2023 RFP Summary

| Proposer | | Key Governmental | | Signature | | TD | | Trust | |
|---|---|---|--|---|--|----|--|-------|--|
| Interest Rates | Escrow Funding: Fixed Rate Term Loan: 4.156% | Escrow Funding: Fixed Rate Term Loan: 4.315% | Escrow Funding: Fixed Rate Term Loan: 3.59% | Escrow Funding: Fixed Rate Term Loan: 3.50% | | | | | |
| Term | 5 Years | 5 Years | 5 Years | 5 Years | | | | | |
| Calculation | None provided | Based on swap rate | None provided | None provided | | | | | |
| Rate Locked to Closing, or Date to be set | Rates are locked through January 25, 2023 | Rates are locked through January 14, 2023 | Rates are locked through January 31, 2023 | Rates are locked through January 26, 2023 | | | | | |
| Prepayment Penalty | Prepayable after 12 months at par, at whole but not in part | Pre-payable at 101% of principal balance | Prepayable at greater of 101% or make-whole penalty, or prepayable in whole anytime for 5 extra basis points | Prepayable in whole at any time without penalty | | | | | |
| Legal/Other Fees | | | | | | | | | |



Truist Financial Corporation

Governmental Finance

5130 Parkway Plaza Blvd.
Charlotte, North Carolina 28217
Phone (704) 954-1700

December 15, 2022

Ms. Allison Feurtado
City of Pompano Beach
100 W Atlantic Blvd., Rm. 480
Pompano Beach, FL 33060

Dear Ms. Feurtado:

Truist Bank (“Lender”) is pleased to offer this proposal for the financing requested by the City of Pompano Beach (“Borrower”). Financing shall be fully funded at closing.

PROJECT: 2023 Equipment Financing

AMOUNT: \$3,500,000.00

MATURITY DATE: November 1, 2027

INTEREST RATE: 3.50%

TAX STATUS: Tax Exempt – Non-Bank Qualified

PAYMENTS: Interest: Semi-Annual
Principal: Semi-Annual

INTEREST RATE CALCULATION: 30/360

SECURITY: Vehicles and Equipment

PREPAYMENT TERMS: Prepayable in whole at any time without penalty

RATE EXPIRATION: January 26, 2023

DOCUMENTATION/ LEGAL REVIEW FEE: N/A

FUNDING: Proceeds will be deposited into an account held at Lender pending disbursement unless equipment is delivered prior to closing.

DOCUMENTATION: Lender proposes to use its standard form financing contracts and related documents for this installment financing. We shall provide a sample of those documents to you should Lender be the successful proposer.

The financing documents shall include provisions that will outline appropriate changes to be implemented in the event that this transaction is determined to be taxable in accordance with the Internal Revenue Service Code. All documentation must be deemed appropriate by Lender before closing.

**REPORTING
REQUIREMENTS:**

Lender will require financial statements to be delivered within 270 days after the conclusion of each fiscal year-end throughout the term of the financing.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to Lender. If your board adopts this resolution, then Lender shall not require any further board action prior to closing the transaction.

Lender shall have the right to cancel this offer by notifying the Borrower of its election to do so (whether this offer has previously been accepted by the Borrower) if at any time prior to the closing there is a material adverse change in the Borrower's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the Borrower or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to Lender.

Costs of counsel for the Borrower and any other costs will be the responsibility of the Borrower.

The stated interest rate assumes that the Borrower expects to borrow more than \$10,000,000 in the current calendar year and that the financing will qualify as tax-exempt financing under the Internal Revenue Code. Lender reserves the right to terminate this bid or to negotiate a mutually acceptable interest rate if the financing is not tax-exempt financing.

We appreciate the opportunity to offer this financing proposal. Please call me at (803) 251-1328 with your questions and comments. We look forward to hearing from you.

Sincerely,

Truist Bank



Andrew G. Smith
Managing Director

BOND DEBT SERVICE

City of Pompano Beach Equipment Lease
Equipment Lease, Series 2023
Preliminary Numbers

Bank Loan Provider: Truist Bank
Locked Rate: 3.50%

| Period Ending | Principal | Coupon | Interest | Debt Service |
|------------------|--------------|--------|------------|--------------|
| 11/01/2023 | 675,141.75 | 3.500% | 87,812.49 | 762,954.24 |
| 11/01/2024 | 669,894.93 | 3.500% | 93,059.30 | 762,954.23 |
| 11/01/2025 | 693,546.41 | 3.500% | 69,407.83 | 762,954.24 |
| 11/01/2026 | 718,032.93 | 3.500% | 44,921.31 | 762,954.24 |
| 11/01/2027 | 743,383.98 | 3.500% | 19,570.25 | 762,954.23 |
| | 3,500,000.00 | | 314,771.18 | 3,814,771.18 |

Adopted 2022 - 2023 Capital Outlay (Revised) Schedule 1

| Fund/Department | Amount | Lease | Enterprise | Count | Item |
|----------------------------|----------|-----------|------------|-----------|---|
| General Fund - 001 | | | | | |
| Marketing - 1025 | \$3,000 | | | 2 | Computer |
| Cultural Affairs - 1039 | | \$160,000 | | 1 | Marquee |
| | \$7,126 | | | 6 | Digital lab computers |
| | \$18,439 | | | | Facility outside lighting |
| | \$19,752 | | | | Kitchen appliances (Ali) |
| | | \$21,069 | | | Air conditioning units (BACA) |
| Budget - 1360 | \$2,000 | | | 1 | Computer |
| Planning and Zoning - 1510 | \$2,500 | | | | Computer |
| Fire Administration - 2205 | \$1,787 | | | 1 | Computer |
| Fire Operations - 2210 | | \$57,680 | | | Self contained breathing apparatus (SCBA) |
| | \$1,787 | | | 1 | Computer |
| | | \$20,810 | | | A/V Equipment for the EOC |
| | \$4,705 | | | | CO Monitors for Life Packs |
| | | \$23,411 | | | Extrication Equip |
| | | \$11,998 | | | MSA Altair 5 Multi gas detectors |
| | | \$8,587 | | 1 | Trailer |
| | \$36,463 | | 1 | ATV | |
| Fire Logistics - 2220 | \$1,787 | | | 1 | Computer |
| | | \$6,000 | | 1 | Whiteboard |
| | | \$50,002 | | | Cascade SCBA/SCUBA fill Station System |
| | | | \$44,266 | 1 | SUV |
| | \$43,776 | | 1 | Cargo Van | |
| Ocean Rescue - 2250 | \$2,941 | | | 1 | Surf ski |
| | \$1,529 | | | | Helmet with radio headset |
| | \$4,435 | | | 4 | Paddleboard |
| | | \$46,411 | | 2 | UTVs |
| | | \$14,353 | | 1 | ATV |
| | | \$39,460 | 1 | SUV | |
| Fire Prevention - 2260 | | | \$37,100 | 1 | SUV |
| Fire Training - 2270 | \$1,500 | | | 1 | Smoke machine |
| | \$1,500 | | | 1 | Rescue dummy |
| | \$4,204 | | | 1 | Smart TV |
| Engineering - 3010 | | | \$28,000 | 1 | Ford Explorer |
| Streets - 3030 | | \$23,000 | | 1 | Air Compressor |
| | | \$300,000 | | 1 | Street Sweeper |
| | \$7,500 | | | 3 | Walk Behind Saw |
| | | \$240,000 | | 2 | Freightliner |
| | | \$74,108 | | 1 | Trash truck |

| | | | | | |
|---|----------|-----------|----------|------------------|---|
| Grounds and Parks Maintenance - 3040 | | \$14,347 | | 1 | Toro ride on fertilizer spreader/sprayer |
| | | \$43,000 | | 1 | John Deere tractor 3520 |
| | | \$79,000 | | 5 | Skag Mower |
| | | \$10,000 | | 1 | Lawn Trailer |
| | | \$18,000 | | 1 | Club Car Carryall 295 |
| | | \$117,000 | | 1 | International Trash Truck |
| Animal Control - 3050 | | \$12,500 | | 1 | ATV |
| Facilities Maintenance - 3060 | | \$141,214 | | 1 | Baldor TS350T |
| | | \$54,697 | | 1 | Kohler 45 KW/portable |
| | | | \$40,000 | 1 | Ford Van E-250 |
| Cemetery - 3070 | | \$15,800 | | 1 | 61' Scagg Mower |
| Aquatics - 3910 | \$15,000 | | | | Updates to aquatic great room |
| | | \$13,842 | | | Awnings- HS |
| | | \$7,651 | | | ADA chair lift- HS |
| | | \$7,651 | | | ADA chair lift- AC |
| | \$3,940 | | | | AED- HS |
| | | \$125,000 | | | geothermal heating/cooling |
| | | \$14,685 | | | 50M Backwash Valve- AC |
| | | \$36,713 | | | 50M Filter tanks- AC |
| | \$2,898 | | | | 50M pump impeller - AC |
| | \$3,075 | | | | 50M soloniod Filters- AC |
| | | \$5,796 | | | backstroke flag system-AC |
| | | \$18,696 | | | 50M filter valves- AC |
| | \$2,898 | | | | scoreboard parts |
| | | \$6,550 | | | pool vacuum - HS |
| | | \$28,885 | | | starting blocks- AC |
| | \$6,550 | | | pool vacuum - AC | |
| | \$27,280 | | | lane lines- AC | |
| Recreation Activities - 3920 | \$40,000 | | | | Install entrance gates on all 4 fields at the softball fields at Community Park. |
| | | \$100,000 | | 2 | Two batting cages on the north side of baseball Field A at Community Park. |
| | \$40,000 | | | | Flooring in the 2 concession buildings at North Pompano Park. |
| | | \$30,000 | | | Purchase, delivery, permits and installation of stand alone storage building at North Pompano Park. |
| | \$7,000 | | | 2 | Portable AED machines. |
| | | \$9,500 | | 1 | Golf cart for Athletics. |
| | \$18,000 | | | | Amphitheater security screen |
| | \$10,350 | | | | Fencing at various facilities/ parks |
| | \$60,000 | | | | Facility painting |
| | \$12,293 | | | | Facility lighting - LED fixtures |
| | \$26,336 | | | | Tables and chairs- Highlands Park |
| | \$20,000 | | | | Hallway flooring- Civic Center |
| | \$6,107 | | | | Anchor sound system- events |

| | | | | | |
|--|------------------|--------------------|------------------|-------------------------|--|
| Recreation Activities - 3920 | \$8,000 | | | | Kitchen floor- Civic Center |
| | \$16,000 | | | | Picnic tables- North Pompano |
| | | \$5,000 | | | Event podium- Civic Center |
| | | \$14,700 | | | Genie lift- Civic Center |
| | \$4,386 | | | | Ice machine- Kester Park |
| | | \$8,000 | | | Kitchen refrigerator- Civic Center |
| | \$4,780 | | | 1 | Ice machine- McNair |
| | | \$100,000 | | 1 | Ford Bus F-550 |
| | \$12,000 | | 1 | Club Car- Athletics | |
| | \$12,000 | | 1 | Club Car - Civic Center | |
| Tennis - 3950 | | \$32,000 | | 1 | Installation of one (1) Pickle ball court and safety fencing |
| | | \$9,000 | | 1 | Triple feature water fountain. |
| | | \$6,000 | | 1 | Ice Machine |
| | | \$28,000 | | | Fast Dry Lines |
| | | \$18,000 | | 1 | Club Car - Carry All |
| Golf - 3960 | \$155,451.00 | | | | Golf cart fleet replacement |
| TOTAL GENERAL FUND | | | | | |
| | \$543,006 | \$2,326,725 | \$188,826 | | |
| Building Inspections Fund - 110 | | | | | |
| Building Inspections - 110-1550 | \$94,632 | | | 3 | Ford Escape |
| | \$26,500 | | | 1 | Second DS/4 Roll Network Print System |
| EMS Fund -140 | | | | | |
| EMS - 2231 | \$2,655 | | | | Automatic external defibrillator (AED) |
| | | \$21,869 | | | Toughbook computers |
| | \$1,787 | | | 1 | Computer |
| | \$7,445 | | | 5 | AEDs |
| | | \$41,569 | | | CPR Lucas Devices |
| | | \$82,337 | | 12 | Lead EKG |
| | | \$428,954 | | 1 | Rescue truck |
| Project Admin Fund - 309 | | | | | |
| CIP Admin. - 3011 | \$3,000 | | | 2 | Computer |
| | \$3,000 | | | | Furniture and fixture |
| G.O. Bond Admin. - 3012 | \$5,000 | | | 3 | Computer |
| | \$1,250 | | | | Light equipment |
| TOTAL SPECIAL REVENUE FUNDS | \$145,269 | \$574,729 | \$0 | | |
| Utility Fund - 412 | | | | | |
| Water Treatment Plant - 3320 | \$16,163 | | | | Afton-Membrane Cleaning Pump |
| | \$24,192 | | | | 5 Ton -Amer Standard-Air conditioner 3rd Floor Filter |
| | \$50,000 | | | | Well Flow meters |
| | \$3,281 | | | | Rosemount pH Analyzer 4 Log |
| | \$9,000 | | | | Thermofisher Oven |
| | \$11,000 | | | | Thermofisher Incubator |

| | | | | | |
|---|-----------|--|--|---|---|
| | \$4,000 | | | | YSI Data Logger for DO |
| | \$3,000 | | | | Laptop |
| | \$29,754 | | | | Fork Lift Yale Vehicle |
| Water Distribution - 3330 | | | | | |
| | \$1,880 | | | | Pipe Saw-Stihl |
| | \$19,205 | | | | American Signal-Sign |
| | \$9,418 | | | | Light Tower-Terex RL4000 |
| | \$37,620 | | | | Trailer-Eager Beav |
| | \$40,000 | | | | Backflow Van |
| | \$225,000 | | | | Service installation |
| Reuse Water Treatment Plant - 3340 | | | | | |
| | \$12,642 | | | | Hach Online Turbidity Meter FE (2) |
| | \$52,603 | | | | Sullair Air Compressor System- duplex unit |
| | \$10,960 | | | | Allen-Bradley PanelView Touchscreen (2) |
| | \$100,177 | | | | Flowserve High Pressure Jockey |
| | \$2,600 | | | | Orion STAR A214 pH/ISE Meter (Reuse Lab) |
| | \$5,500 | | | | Hach TU 5200 Turbidity Meter (Reuse Lab) |
| | \$5,200 | | | | Orion STAR A214 pH/ISE Meter (Operations) |
| | \$11,637 | | | | Air Condition Unit- Control |
| | \$28,021 | | | | Air Condition Unit- MCC 2 Westside |
| Reuse Distribution - 3355 | | | | | |
| | \$4,000 | | | | Hydrostatic Test Pump-Wheeler |
| | \$180,000 | | | 1 | Backhoe-John Deere 410J |
| | \$75,000 | | | | Service installation |
| Wastewater Pumping - 3510 | | | | | |
| | \$198,899 | | | | Wastewater Lift Station Pumps |
| | \$84,510 | | | | LS 12 Replacement Pump 2 of 4 |
| | \$18,381 | | | | LS 12 VFD Pump Controls 2 of 4 |
| | \$84,510 | | | | LS 12 Replacement Pump 3 of 4 |
| | \$18,381 | | | | LS 12 VFD Pump Controls 3 of 4 |
| | \$66,944 | | | | Computer |
| | \$50,091 | | | | SCADA Upgrades and Replacement Parts |
| Wastewater Transmission - 3520 | | | | | |
| | \$2,700 | | | 1 | Conductivity Meter |
| | \$526,197 | | | | Jet Vac Truck /w nozzles |
| Stormwater Fund - 425 | | | | | |
| Stormwater Distribution - 3805 | | | | | |
| | \$8,000 | | | | Upgrade Avondale stormwater pump station to the 219 frequency |
| | \$526,197 | | | | Kenworth-2100 Plus Vector w/ nozzles |
| Airpark Fund - 462 | | | | | |
| Airpark Operation - 4610 | | | | | |
| | \$195,000 | | | 1 | John Deere Loader |
| Parking Fund 472 | | | | | |
| Parking Operations - 4710 | | | | | |

| | | | | | |
|--------------------------------------|--------------------|--------------------|------------------|---|---|
| | \$280,000 | | | | North Elevator |
| | \$15,000 | | | | Fire sprinkler/fire pump |
| | \$3,000 | | | | Generator |
| | \$20,000 | | | | Overhead gate renewal dumpster |
| Solid Waste Fund - 488 | | | | | |
| Environmental Services - 4910 | \$135,832 | | | 1 | Ford 650 |
| TOTAL ENTERPRISE FUNDS | | | | | |
| | \$3,205,495 | \$0 | \$0 | | |
| Information Technologies Fund | | | | | |
| Telecommunications - 5220 | \$527,900 | | | | Security Cameras in various parks and city buildings and/or License Plate Recognition cameras |
| | \$60,000 | | | | Computes |
| Central Services Fund - 503 | | | | | |
| Central Services - 5310 | \$27,000 | | | 1 | Mail processing machine |
| Vehicle Services Fund - 507 | | | | | |
| Garage - 5710 | \$8,000 | | | 1 | Coats Tire Changer |
| TOTAL INTERNAL SERVICE FUNDS | | | | | |
| | \$622,900 | \$0 | \$0 | | |
| TOTAL ALL FUNDS | | | | | |
| | \$4,516,670 | \$2,901,454 | \$188,826 | | |

Items Below \$5,000 (revised) GF and EMS \$64,994