

Agenda Item: 3.h

Meeting Date: September 1, 2020

MEMORANDUM

To: City Commission

Date: 2020-08-18

From: Les Tyler, Director of Finance

Subject: STARRED ITEM: Resolution 20-27 which approves financing for Schedule of Property #4 of the Master Lease Agreement with Bank of America, National Association to borrow \$503,484 to finance the purchase of two Solid Waste vehicles.

Presenter(s): Les Tyler, Director of Finance

Recommend: Staff recommends:
A. To place this item on the agenda
B. To adopt Resolution 20-27.

Epic Goal(s): Be the Statewide Model for Environmental Sustainability Stewardship

Boards & Committees: N/A

Budget Impact: Funds will be budgeted in the Solid Waste Fund in fiscal year 2021 and subsequent fiscal years for the lease payments.

Past Action: City Commission approved the Master Lease Agreement and Schedules #1 and #2 in December 2015 and approved Schedule #3 to the agreement on July 9, 2019.

Next Action: N/A

Attachments: [A. Resolution 20-27](#), [B. Schedule 4 Escrow Agreement](#), [C. Schedule #4.pdf](#),

Background: The City Commission awarded the above referenced contract to Bank of

America in December 2015 as a result of RFP 16-1055. The City entered into the Master Lease Agreement with Bank of America on December 29, 2015 as a result of that award. The purpose of the project was to identify a financial institution with which the City could contract to finance the purchase of various vehicles, the purchase of which the City Commission had approved. The RFP requested financing rates for a lease-purchase of the vehicle(s). The rate quoted was to be added to or subtracted from an index rate known as the "Interest Rate Swap 5-year Rate." Payments were to be made in arrears on an annual basis. The agreement is for a five-year term ending in December 2020.

The City Commission approved the purchase of two Solid Waste vehicles as part of the fiscal year 2020 Fleet Replacement Package. The City Commission was informed that City Staff would finance the purchase of two of those vehicles. Chuck Ankney, Purchasing Agent, obtained a proposal from Bank of America to finance the purchase of the two vehicles based on the existing Master Lease. Les Tyler, Finance Director, and Tom Trask, City Attorney, reviewed the proposal and lease documents. Bank of America proposed an interest rate of 1.85% over a five-year period with payment-in-arrears. The borrowed amount will be \$503,484. The annual payment in arrears, if this amount is borrowed, will be \$106,354. The five-year total amount will be \$531,768.80. The cost of the funds will be \$28,284.80 (\$531,768.80 - \$503,484).

The acceptance of Schedule #4 to the Master Lease Agreement requires the approval of Resolution 20-27. Therefore, Staff is requesting that the City Commission approve Resolution 20-27 and accept Schedule #4 to the Master Lease Agreement with Bank of America to borrow \$503,484 to finance the purchase of two new Solid Waste vehicles. I concur with this recommendation. All documents will be subject to City Attorney review and approval.