

Agenda Item: 3.b

Meeting Date: January 18, 2022

MEMORANDUM

To: City Commission

Date: 2022-01-07

From: Les Tyler, Director of Finance

Subject: RFP 22-1195 Equipment Master Leasing Services (Solid Waste Vehicle), Resolution 22-04

Presenter(s): Les Tyler, Director of Finance, Chuck Ankney, Purchasing Agent

Recommend: Staff recommends approval of Resolution 22-04, Equipment Master Leasing Services with Bank of America, National Association.

Epic Goal(s): Goal#5- Enhance community relationship strategies that strengthen inclusiveness, respect, transparency and collaborative engagement.

Boards & Committees: N/A

Budget Impact: Funds will be budgeted in the Solid Waste Fund in fiscal year 2023 and subsequent fiscal years for the payments.

Past Action: 02/16/21 City Commission approved Solid Waste Vehicle Purchase.

Next Action: None

Attachments: [A. Resolution 22-04 Equipment Master Leasing Services with Bank of America, National Association.pdf](#), [B. RFP 22-1195 Equipment Master Leasing Services Memo.pdf](#), [C. RFP 22-1195 Tabulation.pdf](#),

Background: The purpose of the project was to identify a financial institution with which the City could contract to finance the purchase of one (1) new Solid Waste vehicle of which the City Commission approved on 02/16/2021. The City

Commission was informed that City Staff would finance the purchase of the vehicle. The Vehicle is titled in the City's name upon delivery of vehicle. The RFP requested financing rates for a lease-purchase of the vehicle. The rate quoted was to be based on a formula and a published index rate. The suggested index rate is known as the "Interest Rate Swap 3-year Rate." The Swap Rate is the benchmark used to set future borrowing costs on future leases. Payments are to be made in arrears on an annual basis. The term of the agreement is five-years. This will allow the City to use the agreement for purchases during the next four years.

Two proposals were submitted in response to the RFP. An Evaluation Committee (Committee) was developed to review, score and rank the proposals. Banc of America Public Capital Corp. (B of A) of Richmond, VA submitted the proposal that was ranked highest by the Committee. B of A proposed an interest rate of 1.65% over a five-year period with payment-in-arrears. The borrowed amount will be \$333,808. The annual payment in arrears will be \$70,184.23. The five-year total amount will be \$350,921.15. The cost of the funds would be \$17,113.15 (\$350,921.15 - \$333,808.00).

The City would be required to enter into a Master Lease Agreement with B of A as part of this process. Nikki Day, City Attorney, and Duane Draper, BMO Bond Counsel, reviewed the terms and conditions of the lease documents and finds them to be acceptable. The Master Lease Agreement requires the approval of Resolution 22-04 prior to the approval of the lease documents. Therefore, Staff is requesting that the City Commission approve Resolution 22-04 and authorize Staff to enter into a Master Lease Agreement with Banc of America to borrow \$333,808.00 to finance the purchase of one Solid Waste vehicle.