

## INTEROFFICE MEMORANDUM

**TO:** Mayor and Council  
Tracey Nicholson, City Administrator  
**FROM:** Ron Brooks, Treasurer  
**DATE:** October 13<sup>th</sup>, 2020  
**SUBJECT:** Lease Finance Recommendation to Purchase Delayed FY20 Vehicles for Police Dept.

### Background

In the FY20 Capital Budget City Council approved \$334,777 for Police to purchase new vehicles including related equipment. Due to COVID-19, the manufacturers delivery of vehicles under the State Contract to the vendor Hertricht Fleet Services was delayed until recently. The City was notified that the previously ordered (6) FY20 vehicles were available and took delivery of them last week. To reduce pressure on using cash reserves, funding for the vehicles and equipment will be provided via lease financing. As required in the City's procurement policy, we received three rate quotes and terms for lease financing. Below are quotes received from each company, followed by our recommendation.

<u>Company Name</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Amount</u>
First Capital (a)	3.85%	5 Years	\$331,311
Green Campus Partners (a)	3.95%	5 Years	\$331,311
Tax-Exempt Leasing (b)	3.78%	5 Years	\$331,311

**(a) These two organizations provided quotes, but final approval was contingent on providing the City audit for FY-2019.**

**(b) This organization provided the lowest quote and approval was given with the understanding that the FY-2019 audit be submitted later.**

- Payments Frequency: Quarterly payments, in arrears (first payment due three months from lease date).

### Recommendation

I recommend the City accept the proposal from Tax-Exempt Leasing to provide up to \$331,311 in lease financing at a rate of 3.78% for 5 years to purchase vehicles for Police including related equipment and authorize the City Administrator to execute a lease finance agreement with Tax-Exempt Leasing. The City attorney will review the lease agreement as required by the City Charter.

Should you have questions or need more information, please let me know.

Thank You,



Ron Brooks  
Treasurer