

# Memorandum

**To:** Keith Lee, Finance Director  
**From:** Cory Salley, Contract Manager  
**Date:** 1/3/2014  
**Re:** Georgia Municipal Association (GMA) Lease Supplement Agreement for Two (2) Horton Fire Rescue Trucks

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## **Introduction**

Mayor and Council approved an annual lease payment of \$50,000 for two (2) fire rescue trucks for the Fire Department in the FY2014 Budget. After careful consideration, the Fire Department has chosen to purchase Horton fire rescue trucks for a total cost of \$333,516. GMA has submitted a proposal to staff that will allow the City to purchase the fire rescue trucks while keeping the annual lease payment at the budgeted amount.

## **Summary of Transaction**

The proposed lease supplement will be incorporated into the August 1, 2013 Master Lease Agreement between the City and GMA. According to the proposed lease supplement, the City would receive the full \$333,516 at closing, which would be held in an interest earning, escrow account until the fire rescue trucks were delivered. Once the trucks are delivered, the City would request a draw down to pay the chosen vendor the total amount.

Under the lease agreement, the City would make annual payments with the first payment due at closing for seven (7) years at an interest rate of 1.80%. The terms of the lease are detailed below:

	<b>Proposal</b>
Total Principal for two (2) fire rescue trucks	\$333,516
Number of Years	7
Interest Rate	1.80%
Annual Payment	\$50,233
Total Interest Paid	\$18,112

## **Timeline of Transaction**

<b>Action</b>	<b>Date</b>
Mayor and Council Approval	January 27, 2014
Closing Date	February 1, 2014
First Payment Due	February 1, 2014
Delivery of Fire Rescue Trucks	August-September