



Agenda Commentary

Item Title/ Subject: Lease Purchase Payoffs

Staff Source: Debra Blanchard, City Treasurer

History/Background Information: We currently have 5 lease purchase agreements with varied payment schedules. These agreement all have rates above 5%, except for the newest City Hall Roof/Window project lease. That lease agreement was executed on May 17, 2011 with a rate of 4.14%.

Item/Subject Summary: Lease payoffs on the oldest agreements follow:

Durapatcher/CrackSealer	Welch State Bank	5.16%	\$ 24,545.28
Golf Course Irrigation	Security State Bank	5.40%	\$ 32,366.71
Master Lease Agreement	Security State Bank	5.14%	\$282,177.70

Since our CD Investments are yielding less that .40%, by paying these off with surrendered CD funds we will see a net savings of approximately 4.5% on the remaining principal balances. I estimate approximately \$18,000 interest in future payments scheduled. I have reviewed our cash flow needs over next four months and believe we have all scheduled needs covered. Another Capital Improvement CD comes due in February 2012. All funds for these payoffs would be from the Capital Improvement Fund and the Solid Waste Authority. Solid Waste portion would be around \$74,000.

Price/Cost: \$339,089.69

Recommendation: Payoff three Lease Payment Agreements Listed