



June 26, 2025

Recommendation Memorandum

To: Gil Polanco, Finance Director
From: Jay Glover, Managing Director – PFM Financial Advisors LLC
Re: Master Lease Purchase Agreement - Recommendation Memorandum

PFM Financial Advisors LLC (“PFM”) was engaged by the City of Marco Island, Florida (the “City”) to serve as financial advisor for the City’s proposed issuance of a Master Lease Purchase Agreement (the “Agreement”) to finance water efficiency improvements under a guaranteed savings performance contract with Johnson Controls. Because of the small financing amount, ability to add lease schedules for future purchases, desire to move in an expediated manner, and reduced cost of issuance, PFM recommended the City pursue the Agreement via a direct placement, which in today’s market was expected to be an efficient and cost-effective method of financing.

As part of the performance contract package, the City received a lease financing proposal from Banc of America Public Capital Corp. (BAPCC) with a 15-year repayment term. The fixed interest rate, which will be held for 60 days, is 4.019% and allows for prepayment on any payment date with 2% premium. Based on recent experience with similar financings, PFM believed this interest rate/prepayment option was consistent with current market conditions. In order to further confirm this, PFM contacted two other potential lease providers to request interest rate indications (JP Morgan and TD Bank). Both of them provided interest rate indication higher than what is proposed by BAPCC. Bryant Miller Olive (Bond Counsel) also reviewed the BAPCC proposal for legal sufficiency and noted no legal issues. Based on the interest rate and acceptable terms and conditions provided in their proposal, PFM is recommending BAPCC as the provider of the Agreement.

We anticipate bringing a resolution authorizing the Agreement to the City Council for final consideration at the July 21, 2025 meeting. If you have any questions, please feel free to contact me at 407-406-5760 or gloverj@pfm.com.