

July 28, 2023

Town of Gray
Attn: Nate Rundy, Town Manager
24 Main Street
Gray, Maine 04039

MUNICIPAL LEASE PURCHASE PROPOSAL

- Lessee:** Town of Gray
- Equipment:** One Gas/Hybrid SUV along with associated accessories and equipment (as more particularly described in vendor invoices to be provided by Lessee prior to closing).
- Total Lease Amount:** \$43,000.00
- Lease Term:** 3 Years
- Interest Rate:** 5.95% (Fixed Tax-Exempt)
- Number of Payments:** 3 Annual Installments of principal and interest
- Payment Amount:** \$15,169.27* (*Final payment may vary slightly)
- First Payment Due:** The first payment of principal and interest shall be due and payable at lease closing. A closing date of August 17, 2023 has been scheduled, but may be changed upon request of the Lessee.
- Purchase Option:** One Dollar (\$1.00) at end of lease term.
- Prepayment:** There are no prepayment penalties.
- Insurance:** Prior to the delivery of leased assets, Lessee at its sole cost and expense, will provide all-inclusive physical damage and liability insurance in the joint names of the Lessee and Lessor, in amounts satisfactory to Lessor, and forward proof of said coverage to Lessor.
- Collateral:** Lessee shall be listed as owner and Lessor listed as lien holder on BMV Title documents and UCC filing statements providing a perfected 1st security interest. Lessor will also hold a security interest in any lease escrow account established by Lessee.
- Non-appropriation:** The lease will contain a non-appropriation clause.

- Confirmation:** Lessee to confirm that anticipated total borrowings for 2023 year will not exceed Ten Million dollars (\$10,000,000.00), making the lease “Bank Qualified”.
- Type of Lease:** The lease shall be considered a Municipal Lease/Purchase by all parties. Lessee is a State or a political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1986.
- Advances / Deposits:** If Lessor advances any deposits or pays any invoices prior to Delivery and Acceptance of the equipment by Lessee, interest will accrue at the above rate on said payments and be due at closing.
- Legal Opinion:** Leases greater than One Hundred Thousand dollars (\$100,000.00) require Lessee to provide an Opinion of Counsel acceptable to the bank. Said opinion must contain a statement confirming the lease is a duly authorized and approved, valid and binding obligation of the Lessee and further that the lease is a “qualified tax exempt obligation” for the purposes of Section 265 (b) (3) (B) (ii) of the Internal Revenue Code of 1986, as amended.
- Financial Data:** Lessee will provide Androscoggin Bank with its most recent audited financial statement, current year’s budget, annual report, a copy of meeting minutes or Board order approving the transaction, and any other supporting data requested during the term of the lease.
- Lease Rates:** This Lease request will be closed within 60 days of the original proposal date, or the stated rate will be subject to change based on public sector rates then existing in the market.
- Expiration:** This lease proposal shall expire if not accepted by a duly qualified Lessee official by 5:00 PM on August 25, 2023.

Thank you for the opportunity to present this lease proposal for consideration. If you are in agreement with the terms of the proposal, please sign and return it with the requested information. Should you have any questions regarding this proposal, please contact me at (207) 330-0531.

Sincerely,



John Simko
Director of Government Banking

AWARD / ACKNOWLEDGEMENT: (Please sign and return)

This proposal is accepted and this financing is awarded to Androscoggin Bank.

Name & Title

Date: _____

Lease Amortization - Town of Gray
3 Year Lease: Hybrid SUV

Annual Rate 5.95%

	Start Date	Amount	Number	Period	End Date
Lease	8/17/2023	\$43,000.00	1		
Payment	8/17/2023	\$15,169.27	3	Annual	8/17/2025

<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
8/17/2023	\$ 15,169.27		\$15,169.27	\$27,830.73
8/17/2024	\$ 15,169.27	\$1,655.93	\$13,513.34	\$14,317.39
8/17/2025	\$ 15,169.27	\$851.88	\$14,317.39	\$0.00
<u>Totals</u>	<u>\$45,507.81</u>	<u>\$2,507.81</u>	<u>\$43,000.00</u>	