Agenda Report

Fullerton City Council

MEETING DATE: **DECEMBER 2, 2025**

TO: **CITY COUNCIL / SUCCESSOR AGENCY**

SUBMITTED BY: **KINGSLEY OKEREKE, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES**

PREPARED BY: **STEVEN AVALOS, BUDGET AND PURCHASING MANAGER**

SUBJECT: **MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT WITH BANC OF AMERICA PUBLIC CAPITAL CORP FOR AMBULANCES AND RELATED EQUIPMENT**

SUMMARY

Staff requests City Council approval to enter a Master Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp (“BAPCC”) and / or an affiliate of BAPCC (the “Lender”) in an amount not to exceed $2 million to finance acquisition of ambulance vehicles and ancillary equipment for the City-Operated Ambulance Program.

PROPOSED MOTION

1. Adopt Resolution No. 2025-XXX.

   RESOLUTION NO. 2025-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, APPROVING A MASTER EQUIPMENT LEASE / PURCHASE AGREEMENT AND ESCROW AND ACCOUNT CONTROL AGREEMENT, MAKING REQUIRED FINDINGS AND AUTHORIZING RELATED ACTIONS IN CONNECTION THEREWITH

2. Authorize City Manager, or designee, to execute and administer Master Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp (“BAPCC”) and / or an affiliate of BAPCC (“Lender”) and all related documents and accounts including Escrow Account, in a form approved by the City Attorney.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Public Safety
- Fiscal and Organizational Stability.

FISCAL IMPACT

The City issued purchase orders in April 2025 totaling $1,463,927.71 to order seven ambulances and $444,338.56 for gurney equipment under the context that the City would finance vehicles and equipment with a lease-to-own arrangement. Urban Futures, Inc. (UFI), the City financial advisor, and staff determined private placement financing offers the most beneficial and cost-effective solution for the City.

UFI solicited indicative interest rates from vendors and obtained the lowest 3.5% interest rate from Bank of America (BofA). Staff estimates the proposed Master Equipment Lease-Purchase Agreement with BofA would have a $1,955,000 principal amount and result in approximately $362,440 annual debt service for a six-year term. The debt issuance includes financing costs for related bond counsel and financial advisory services. Staff would include and appropriate the annual debt service payment in the General Fund annual budget (Fund 10). Staff believes the cost savings accruing over time from transitioning to the in-house Ambulance Program would offset some or all debt service costs.

BACKGROUND AND DISCUSSION

City Council approved transitioning to an in-house, City-Operated Ambulance Program, on April 1, 2025 including approval to issue purchase orders to purchase seven ambulance vehicles and related gurney equipment. Staff indicated it would finance these ambulance vehicles and equipment with a lease-to-own financial structure and arrangement.

Staff and the City financial advisor, Urban Futures, Inc. (UFI), determined private placement financing offers the most benefit and cost effectiveness to the City. UFI has provided financial advisor services to the City since 2020, assisting the City with several bond issuances, refundings and private placement loans. Staff engaged Stradling, Yocca, Carlson & Rauth LLP (Stradling) as City bond counsel on this issuance. Stradling has extensive experience in City bond issuances and worked successfully with the City on prior financings, including the 2021 Energy Efficiency Project financing and 2020 Successor Agency bond refinancing.

UFI solicited indicative interest rates from five financial institutions in early October 2025 and received interest rates ranging from 3.50% to 3.95% from lenders including Bank of America and Bank of Montreal.

Staff chose Banc of America Public Capital Corp or better known as Bank of America (BofA) as the lender for this transaction, which proposed the lowest interest rate at 3.50%. The interest rate provided by BofA is locked through the anticipated December 23, 2025 closing date. BofA and the City agreed to the substantive business terms and covenants reflected in the attached Summary of Terms and Conditions document (Attachment 2). In addition, the City maintained a positive relationship and credit worthiness with BofA, which financed the 2021 Energy Efficiency Project.

Staff requests City Council approve the attached Resolution (Attachment 1), authorizing the City to enter into a Master Equipment Lease-Purchase Agreement (Attachment 3) and purchasing the ambulances and equipment as outlined in Equipment Schedule No. 1 (Attachment 4). Staff attached the Escrow and Account Control Agreement (Attachment 5) with BofA with financing information for the ambulances and equipment purchases. This Master Equipment lease agreement would allow the City to enter future financing arrangements with BofA at the best indicative rates for financing additional vehicles and equipment, such as the anticipated heavy fire apparatus purchase.

Staff would deposit financing proceeds into an escrow account, allowing the City to draw down funds as needed up to 18 months as the City receives ambulance and equipment delivery.

<u>Attachments:</u>

- Attachment 1 – Draft Resolution
- Attachment 2 – Summary of Terms and Conditions
- Attachment 3 – Master Equipment Lease-Purchase Agreement
- Attachment 4 – Equipment Schedule No. 1
- Attachment 5 – Escrow and Account Control Agreement
- Attachment 6 – Ambulance and Gurney Equipment Order Forms

cc: Interim City Manager Eddie Manfro