

MEMORANDUM

September 9, 2010

TO: Cape Elizabeth School Board

FROM: Pauline Aportria, Business Manager

RE: School Bus Purchase

The purchase of a new school bus was approved through the budget process for 10-11 with funding for 1/3 of the cost included in the transportation budget.

We participated in the State School Bus Purchasing Program bidding process to receive the best possible price on a 2011 International 77 passenger Integrated Body Conventional School Bus. The total purchase price is \$85,782.

A Municipal Lease Purchase proposal was requested from three local banks, Gorham Savings Leasing Group LLC, Key Government Finance, Inc; and TD Equipment Finance, Inc. The low bidder was Gorham Savings Leasing Group LLC with a 2.98% fixed interest rate for a total interest payment of \$2,530.92 over three years.

My recommendation is for the School Board to authorize the Superintendent to sign a lease purchase agreement with Gorham Savings Leasing Group.

VOTE TO BE ADOPTED

Voted: That under and pursuant to the provisions of Title 20-A M.R.S.A. Sections 1001 and 1055 the Superintendent of Schools be and hereby is authorized to execute and deliver a tax-exempt lease purchase agreement with Gorham Savings Leasing Group LLC in the name and on behalf of the Town of Cape Elizabeth, a municipal school unit, acting by and through its School Board (the "Issuer") for a school bus, with a purchase price of Eighty Five Thousand Seven Hundred Eighty-Two Dollars (\$85,782.00), in such form as the Superintendent may approve; and that the appropriate officials of the Issuer be and hereby are authorized to execute and deliver on behalf of the Issuer such other documents and certificates as may be required in connection with such tax-exempt lease purchase agreement; and that no part of the proceeds of said tax-exempt lease purchase agreement shall be used, directly or indirectly, to acquire any securities and obligations, the acquisition of which would cause the tax-exempt lease purchase agreement to be a "private activity bond" or an "arbitrage bond" within the meaning of Sections 141 and 148, respectively, of the Internal Revenue Code of 1986, as amended (the "Code"); and that the tax-exempt lease purchase agreement issued pursuant hereto be designated as a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of said Code; and that the Superintendent be and he/she hereby is authorized to covenant on behalf of the Issuer to file any information report and pay any rebate due to the United States in connection with the issuance of said tax-exempt lease purchase agreement, and to take all other lawful actions necessary to insure the interest portion of the rental payments under and pursuant to the tax-exempt lease purchase agreement will be excluded from the gross income of the owners thereof for purposes of federal income taxation and to refrain from taking any action which would cause such interest portion of the rental payments to become includable in the gross income of the owners thereof.

Note: 3 year lease at 2.98% interest rate (total interest \$2,530.92)