

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:

ITEM _____

01-112

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

AGENDA:

MARCH 12, 2001

SUBJECT:

MASTER LEASE -
PURCHASE
AGREEMENT FOR
COMPUTER
EQUIPMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ALLEN MCKINLEY
ACTING FINANCE
DIRECTOR

MICHAEL
ARMSTRONG
INFORMATION
TECHNOLOGY
DIRECTOR

SYNOPSIS -

The Information Technology Department is purchasing computer equipment, components and upgrades for the City's information, data management and communications systems through State bid contracts. A portion of the funding for these components is to come from the planned sale of general obligation bonds later this year. However, due to the need to begin upgrading the system immediately, a portion of the acquisition is being financed in the interim through a lease-purchase arrangement.

FISCAL IMPACT -

The estimated cost for the equipment to be leased is \$620,000. However, there is no fiscal impact on the City's General Fund. All costs associated with this financing will be paid by the Information Technology capital improvement project.

RECOMMENDATION -

Approval.

BACKGROUND -

On November 1, 1999, by Roll Call No. 99-3389 and 99-3425, City Council approved the selection of Banc (sic) of America Leasing & Capital, LLC (317 6th Avenue, Des Moines; Hugh McColl Jr., Chairman and CEO), as the City's Master Lease-Purchase provider for a three-year term with two, one-year renewal options. There have been three lease-purchase actions under the contract involving equipment purchased for the Airport and Stormwater Utility.

The cost for each lease-purchase financing is determined based on the interest rate computed as a fixed percentage of the Treasury Note Index. The actual interest rate is set based on the lowest applicable

U.S. Treasury security of like maturity as published in the Wall Street Journal at the close of business, five business days before the date of the Supplement. Currently that rate is in the range of 4.00 percent to 4.50 percent. The Supplement is the document issued under the Master Lease-Purchase Agreement for each financing.

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