

**CITY COUNCIL
COMMUNICATION:**

03-027

AGENDA:

JANUARY 27, 2003

SUBJECT:

AMENDMENT TO
LEASE-PURCHASE
MASTER
AGREEMENT AND
AUTHORIZATION OF
ACQUISITION FUND
AGREEMENT FOR
SUPPLEMENT NO. 8

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of Amendment to the Governmental Lease-Purchase Master Agreement with Banc (sic) of America Leasing and Capital, LLC (317 - 6th Avenue, Des Moines, Iowa, Hugh L. McColl Jr., Chairman and Chief Executive Officer) for an increase of the maximum purchase price from \$5,000,000 to \$6,000,000 and provides for the financing of equipment from an escrow account pursuant to an Acquisition Fund Agreement. Included in this proceeding is authorization for the execution and delivery of an Acquisition Fund Agreement in connection with Supplement No. 8 for the financing of nine recycling vehicles.

FISCAL IMPACT —

There is no immediate fiscal impact for this specific action; however, the Amendment to the Governmental Lease-Purchase Master Agreement increases the maximum purchase price from \$5,000,000 to \$6,000,000. This increase will allow the City the ability to use the lease-purchase mechanism for future equipment needs.

RECOMMENDATION —

Approval.

BACKGROUND —

On November 1, 1999, by Roll Call No. 99-3389 and 99-3425, the City Council approved the selection of Banc (sic) of America Leasing and Capital, LLC as the City's Master Lease-Purchase provider for a three-year term with two one-year renewal options.

The Amendment to the Governmental Lease-Purchase Master Agreement increases the maximum purchase price from \$5,000,000 to \$6,000,000. This increase will allow the City the ability to utilize this financing mechanism in the future. Furthermore, the Amendment provides for the financing of equipment from an escrow account pursuant to an Acquisition Fund Agreement. The Acquisition Fund Agreement gives the City the ability to pay the purchase price of the applicable equipment directly to the relevant vendor upon delivery. Currently, the vendor must wait until all of the equipment is delivered until receiving payment. Authorization for use of the Acquisition Fund Agreement is being requested in connection with Supplement No. 8, which was approved on September 9, 2002, by Roll Call No. 02-2205.

There have been ten lease-purchase actions under this contract involving

equipment purchased for the Airport, Solid Waste, and Stormwater Utility. The Supplement is the document issued under the Master Lease-Purchase Agreement for each financing. The total cumulative amount for all lease-purchase supplements equals \$4,670,207.75.

<u>Supplement No.</u>	<u>Amount</u>	<u>Fund Source</u>
1	\$161,000.00	Stormwater
2	359,739.00	Airport
3	499,119.00	Airport
4	331,955.00	Airport
5	806,457.00	Airport
6	354,656.00	Solid Waste
7	81,268.75	Solid Waste
8	934,722.00	Solid Waste
9	805,345.00	Airport
10	<u>335,946.00</u>	Stormwater
Total	<u>\$4,670,207.75</u>	

