

CITY COUNCIL
COMMUNICATION:

03-240

AGENDA:

MAY 19, 2003

SUBJECT:

EXTENSION OF
MASTER LEASE-
PURCHASE
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R.
STANLEY
FINANCE DIRECTOR

ITEM _____

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

SYNOPSIS —

To extend the Master Lease-Purchase Agreement with Banc of America Leasing & Capital for a one-year term as provided in the agreement.

FISCAL IMPACT —

The fiscal impact will be determined as each supplement is approved. A supplement represents the periodic leasing of specific equipment items for a specified term of three to ten years.

RECOMMENDATION —

Approval.

BACKGROUND —

In November 1999, the City Council approved a Master Lease-Purchase Agreement with Banc of America Leasing for a period of three years with the option of two one-year renewals. The Master Lease has been used to issue 12 supplements for the short-term financing of equipment purchases totaling \$7,263,868 to date. The City Council recently authorized financing up to a total of \$9,000,000. Additional supplements are planned that would bring total financings to an amount of approximately \$8,800,000.

The Master Lease is an attractive financing vehicle for the purchase of equipment due to the low issuance costs and attractive interest rates. A rate-setting formula was established in the original agreement whereby interest rates are based on a fixed percentage of the Treasury Note Index and the term of the specific supplement, which can vary from three to ten years.

