

**CITY COUNCIL
COMMUNICATION:**

03-523

AGENDA:

NOVEMBER 3, 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 —

Extend the Master Lease-Purchase Agreement with Banc (sic) 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 (sic) of America Leasing for a period of three years with the option of two one-year renewals. The renewal to November 15, 2004 is the last renewal available under current Council authorization. A Request for Proposals (RFP) will be issued in July 2004 to solicit banks and financial service companies that are interested in continuing the program.

The Master Lease has been used to issue 13 supplements for the short-term financing of equipment purchases totaling \$7,763,393.75 to date. All purchases to date have been for the benefit of enterprise fund operations. The City Council has authorized financing up to a total of \$9,000,000.

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.

