



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 2/7/05

Communication

No.: 05-055

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

Setting the date of public hearing (February 28, 2005) for Supplement #B2 to the City's Master Lease-Purchase Agreement for the purchase of two large equipment items for the Airport.

SYNOPSIS—

A public hearing will be held on February 28, 2005 to consider lease-purchasing a Runway Paint Striper and a Street Sweeper for the Airport.

FISCAL IMPACT—

The estimated cost for the equipment to be leased is less than \$475,000. The cost for each lease-purchase financing is determined based on an interest rate computed as a fixed percentage of the Treasury Note Index. The lease will be amortized over five years. Funding for the lease payments will be provided by the Airport enterprise fund. Airport revenues will be pledged for the repayment, so the debt will not count against the city's general obligation debt limit.

RECOMMENDATION—

Approval

BACKGROUND—

This is the second lease supplement to be considered under the 2004 Master Lease Agreement (MLA) with Banc of America Leasing and Capital, LLC, 101 South Tryon St., Charlotte, NC (Douglas H. Bowers, President). Sixteen (16) lease supplements totaling \$8,559,015.22 was approved by the City Council under an earlier lease agreement with Banc of America as a

means to provide flexible, affordable financing for city equipment. The first supplement of the 2004 MLA was approved for \$686,097.00.

On February 1, 2005, the Des Moines International Airport Board approved and recommended to City Council (Resolution #A05-20 & #A05-21) the acquisition of a Street Sweeper in the amount of not-to-exceed \$200,000 and a Runway Paint Striper in the amount of not-to-exceed \$275,000 to be financed through the City Master Lease Program. The equipment will be bid through the City's Purchasing Department. The required steps are being taken simultaneously to have financing in place when it is time to award bids for the equipment.

The equipment will be lease-purchased over a five-year term. Interest rates will be determined one week prior to closing based on Treasury Note Rates published in the Wall Street Journal, and factored by percentages quoted by Banc of America in their 2004 proposal and included in the 2004 Master Lease-Purchase Agreement.