



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 10/24/05
Agenda Item Type: Resolution

Communication No.: 05-605
Roll Call No.:

Submitted by: Merrill Stanley, Assistant City Manager/Finance Director

SUBJECT—

Setting the date of public hearing (November 7, 2005) for Supplement #B3 to the City's Master Lease-Purchase Agreement for the purchase of three trucks for the Solid Waste enterprise.

SYNOPSIS—

A public hearing will be held on November 7, 2005 to consider lease-purchasing two front-loading refuse trucks and one automated refuse truck for the Solid Waste enterprise.

FISCAL IMPACT—

The estimated cost for the equipment to be leased is less than \$400,000. 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 six years. Funding for the lease payments will be provided by the Solid Waste enterprise fund. The debt will not count against the city's general obligation debt limit because the lease contains an annual appropriation provision.

RECOMMENDATION—

Approval

BACKGROUND—

This is the second lease supplement to be issued 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). 16 lease supplements totaling \$8,559,015.22 were 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, B-1, of the 2004 MLA was approved for \$686,097.00. What would have been supplement B-2 was started for the Airport, but they chose to make their purchase with cash instead.

The equipment will be lease-purchased over a six-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.