

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	November 3, 2008
	Agenda Item No. 4 Roll Call No. <u>08-</u> Communication No. <u>08-663</u> Submitted by: Allen McKinley, Finance Director/Treasurer	

AGENDA HEADING:

Approving modifications in the interest rates to be charged under Supplement Nos. C-1 and C-2 to the Governmental Lease-Purchase Master Agreement between the City of Des Moines and Delage Landen Public Finance LLC.

SYNOPSIS:

To approve an amended rate structure in the masterlease contract with De Lage Landen LLC for supplements C-1 and C-2 previously authorized by City Council.

FISCAL IMPACT:

Amount: \$40,000 spread over a seven year period

Funding Source: \$10,000 DS001 FIN900100, Debt Service Tax Levy, Page 153; \$30,000 EN151 PWK100119, Solid Waste Collection Fund, Page 298.

ADDITIONAL INFORMATION:

Due to the current status of the financial markets and the apparent separation of US Treasuries, LIBOR and the Tax-Exempt Indexes De Lage Landen (DLL), the city’s designated masterlease contractor, has indicated they cannot honor the terms (interest rates) contained in the contract. DLL has proposed an interim rate structure for the two lease supplements that utilizes the Securities Industry Financial Markets Association (SIFMA) Index. This Index is appropriate to be used in this situation. Staff has compared the proposal to the contract rates and the rates proposed by the other vendors that submitted during the RFP process. The present contract rate is 3.59%. The proposed rate is approximately 32 bps higher or 3.91 %. Even with the increase, the interest remains 25-79 bps lower than the rates contained in the other RFP proposals. As proposals were received in 2008, staff would not expect to receive lower rates in another RFP process.

There are significant vendor payments outstanding that were previously approved by Council to be financed under the masterlease agreement. Supplemental C-1 was for the purchase of 4 Public Works trucks for \$750,000. Purchased with Supplemental C-2, were 32,000 recycling carts and 5 recycling trucks. Approval of the interim rate structure will allow the vendors to be paid immediately.

PREVIOUS COUNCIL ACTION(S):

Date: August 25, 2008

Roll Call Number: 08-1547

Action: Amending principal amount of previously approved Supplement No. C-2 to Governmental Lease-Purchase Master Agreement with Delage Landen Public Finance LLC for purchase of recycling carts and automated recycling trucks from \$3,025,000 to \$2,632,129. Moved by Kiernan to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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