

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 11, 2011
	Agenda Item No. 39 Roll Call No. <u>11-1221</u> Communication No. <u>11-474</u> Submitted by: Allen McKinley, Deputy City Manager

AGENDA HEADING:

Approval of Lease-Purchase Master Agreement with Wells Fargo Bank, N.A., Government & Institutional Banking, MAC N8200-026, 666 Walnut Street, Des Moines, Iowa 50309.

SYNOPSIS:

The City of Des Moines has utilized a master lease arrangement to finance certain equipment acquisitions over the past several years. Currently, the City has no master lease agreement in place to finance needed equipment acquisitions. Staff recommends approving a new master lease agreement with Wells Fargo Bank, N.A.

FISCAL IMPACT:

Amount: To be determined as equipment is purchased.

Funding Source: Will vary depending on purpose of equipment.

ADDITIONAL INFORMATION:

In May 2008, the City entered into a master lease agreement with De Lage Landen for a three-year period through a RFP process. After the first year of the contract, De Lage Landen notified the City that they were ceasing their master lease operations as an overall business plan, but would honor the supplements that were in process at the time. A new RFP process was initiated that resulted in one bid response (Wells Fargo Bank) and that one response did not meet the City’s minimum requirements contained in the RFP. When a competitive RFP process yields no responses that meets the minimum requirements, the City can proceed to negotiate with a vendor. Since Wells Fargo was the only vendor to submit a proposal in response to the RFP, the Finance Department, with assistance from Legal, successfully negotiated a master lease agreement that meets nearly all of the requirements contained in the original RFP.

The original RFP requested a commitment to provide a fixed spread over an index that would be in place the entire three-year life of the agreement. Due to the uncertainty of the economy and the wild fluctuations in the various indexes, Wells Fargo (and virtually all other financing companies) was not willing to make such a commitment. Under this agreement Wells Fargo and the City will reach a mutual agreement on an interest rate based on current market conditions and terms of a particular lease.

PREVIOUS COUNCIL ACTION(S):

Date: May 5, 2008

Roll Call Number: 08-794

Action: [Master](#) Lease-Purchase Agreement with De Lage Landen Public Finance LLC. ([Council Communication No. 08-242](#)) **Moved by Vlassis to approve. Motion Carried 6-1.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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