

4(A)

**CITY OF SAN ANTONIO** AGENDA ITEM NO. 7  
**FINANCE DEPARTMENT**  
**CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Milo Nitschke, Director, Finance Department

**SUBJECT:** Second Draw of the 2005 Tax-Exempt Master Lease Purchase Agreement

**DATE:** June 30, 2005

**SUMMARY AND RECOMMENDATIONS**

An ordinance authorizing the second draw on the 2005 Master Lease Purchase Agreement with Banc of America Leasing and Capital, LLC, for \$629,396.00 for the acquisition of one fire truck at a rate of 3.26% for a 60 month term to pay the costs of the transaction; and enacting other provisions incident and related to the subject and purpose of this ordinance.

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

The City participates in lease purchase transactions on an annual basis. For efficiency purposes the City initiated a request for bids for a five-year Master Lease Purchase Program in the fall of 2004. The anticipated draw amount is not to exceed \$5,000,000.00 per year.

On January 3, 2005, the City released a Request for Bid for a Tax-Exempt Master Lease Purchase Financing Provider. The Master Lease Purchase Agreement was awarded to the bidder whose bid produced the lowest total interest cost to the City and whose terms and conditions of the Master Lease Purchase Agreement were consistent with the City's objectives. Evaluation of the interest cost for bid purposes was calculated assuming delivery of funds on February 24, 2005. The first interest payment was paid on May 1, 2005 and principal and interest payments thereafter are calculated in equal quarterly payments commencing August 1, 2005.

On January 18, 2005, twelve (12) firms submitted bids that included (2) two alternate bids for a total of fourteen (14) bids. Three (3) bids were deemed not responsive because they did not comply with the terms of the Request for Bid.

On February 17, 2005, Ordinance No. 100438 approved Banc of America Leasing and Capital, LLC, with the low bid of 3.11%. The original agreement term began on February 24, 2005 and will end on February 23, 2006, with annual automatic renewals for (4) four additional (1) one-year renewal terms as approved by the Director of Finance. City Council authorized the Director of Finance to execute the annual renewals. The funds are to be received by the City pending final acceptance of the equipment, and invested in the interim with interest earnings accruing to the

benefit of the City. Payment for the equipment will not be made to the respective vendors until final acceptance is given in writing by the department receiving the equipment, City Finance Department and Banc of America Leasing and Capital, LLC. Purchases of equipment and financing will be presented to Council for approval.

On February 24, 2005 the City executed the first draw of the 2005 Tax-Exempt Master Lease Purchase Agreement. The initial draw amount was \$2,606,436.85, which funded the Sirius Mainframe Computer and EGO software in the amount of \$1,447,311.12, Fire Department's Self-Contained Breathing Apparatus Components in the amount of \$1,142,125.73 and fees associated with the cost of the transaction in the amount of \$17,000.00.

The City will execute additional draws through the 2005 Master Lease Purchase Agreement with Banc of America in the aggregate principal amount of \$6,561,027.15 which includes a cost of \$6,550,027.15 for the purchase of the 13 fire trucks and \$11,000.00 in fees associated with the cost of the transaction. Payments will be made upon delivery and acceptance of the trucks. The initial amount of \$629,396.00 represents the second draw of the original agreement term of the five-year agreement. It is planned that a third draw of the original agreement, in the amount of \$1,764,167.15 will be made in January of 2006.

In February 2006 under the second annual renewal agreement, a new draw of \$5,000,000.00 will be made to coincide with the timed anticipated delivery of trucks.

### **POLICY ANALYSIS**

The utilization of Banc of America Leasing and Capital, LLC to provide lease purchase financing for the aforementioned fire trucks is consistent with the City's Master Lease Purchase Agreement approved by City Council in February 2005.

### **FISCAL IMPACT**

Payments for the second draw will be made on a quarterly basis to Banc of America Leasing and Capital, LLC, commencing on or about August 1, 2005.

The proposed payment schedule for the second draw assuming delivery of funds on July 20, 2005, is as follows:


<u>Fiscal Year</u>	<u>Annual Payment</u>
2005	\$ 626.95
2006	174,210.60
2007	98,430.51
2008	136,928.08
2009	136,928.08
2010	<u>136,928.07</u>
Total	\$ 684,052.29

## COORDINATION

This action has been coordinated with the departments of Finance, Purchasing & General Services, Fire, Office of Management and Budget, the City Attorney's Office and the City's Bond Counsel.

## SUPPLEMENTAL COMMENTS

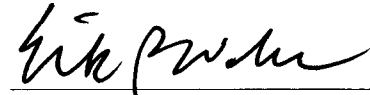
The disclosure required by the City's Ethics Ordinance for Banc of America Leasing & Capital, LLC is attached.



Milo D. Nitschke  
Director, Finance Department



Melissa Byrne Vossmer  
Assistant City Manager



J. Rolando Bono  
Interim City Manager

**City of San Antonio**  
**Discretionary Contracts Disclosure\***

*For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2  
Attach additional sheets if space provided is not sufficient.  
State "Not Applicable" for questions that do not apply.*

\* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

**Disclosure of Parties, Owners, and Closely Related Persons**

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

(2) the identity of any **business entity**<sup>1</sup> that would be a party to the discretionary contract:

Bank of America Leasing

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract:

Bank of America, N.A.

<sup>1</sup> A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

N/A.

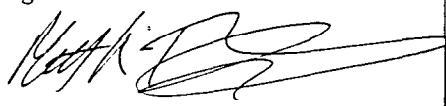
#### Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None Made		

#### Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: Associate Leasing Specialist Company: Bank of America Leasing	Date: 1/14/2005

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.