



# City of San Antonio

## Agenda Memorandum

**File Number:**16-1436

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**Agenda Item Number:** 10.

**Agenda Date:** 2/11/2016

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Authorizing the Execution of the 2016 Master Tax-Exempt Lease Purchase Agreement for Solid Waste Equipment

### **SUMMARY:**

- A. This Ordinance approves the Master Tax-Exempt Lease Purchase Agreement for Solid Waste Equipment with Banc of America Public Capital Corp and an Escrow and Account Control Agreement with Banc of America Public Capital Corp and Frost Bank, approves Exhibits and related Schedules to the Master Tax-Exempt Lease Purchase Agreement for Solid Waste Equipment in the amount of \$24,030,918 for the acquisition of collection trucks and totes for the Solid Waste Management Department.
- B. This Resolution authorizes the reimbursement of funds previously expended from the proceeds of the 2016 Master Tax-Exempt Lease Purchase Agreement for Solid Waste Equipment entered into between the City of San Antonio and Banc of America Public Capital Corp.

### **BACKGROUND INFORMATION:**

On December 13, 2015, the City released a Request for Bid ("RFB") for a Tax-Exempt Equipment Lease/Purchase Financing Agreement for Solid Waste Equipment (the "Lease"). The Lease was to be awarded to the firm that provided the lowest interest rate producing the lowest interest cost to the City over the life of the Lease and whose terms and conditions of the proposed Lease are most consistent with the City's objectives. The notification of the RFB was emailed to thirty-four (34) firms on December 13, 2015. On January 15, 2016, eight (8) firms submitted bids. The results were as follows:

Firm	Toter 3-Year Rate
Banc of America Public Capital Corp	1.090%
Regions Bank	1.120%
JP Morgan Chase Bank	1.270%
Santander Melville	1.360%
US Bancorp Government Leasing	1.360%
Frost Bank	1.454%
Pinnacle Public Finance	1.630%
PNC Bank	1.650%

Firm	Truck 5-Year Rate
Banc of America Public Capital Corp	1.290%
Regions Bank	1.430%
JP Morgan Chase Bank	1.460%
Santander Melville	1.590%
US Bancorp Government Leasing	1.664%
Frost Bank	1.710%
PNC Bank	1.840%
Pinnacle Public Finance	1.850%

The City contacted Banc of America Public Capital Corp for the contract negotiation process because it was determined that they had the lowest interest cost and terms and conditions of the proposed Lease that were most consistent with the City's objectives.

The financing term for the toters is three (3) years at an interest rate of 1.09%, and the financing term for the collection trucks is five (5) years at an interest rate of 1.29%. Funds in the amount of \$24,030,918 will be deposited into an escrow account at Frost Bank on or before February 17, 2016. Lease proceeds of \$24,008,418 will be allocated to the purchase of the equipment and \$22,500 will be allocated to costs of issuance for a total amount of \$24,030,918. Pending final acceptance of the equipment, the funds will be invested with interest earnings accruing for the benefit of the City. Payment for the equipment will be made to the respective vendor (s) when final acceptance is provided in writing by the applicable City department and the Finance Department.

#### **ISSUE:**

The utilization of Banc of America Public Capital Corp to provide Lease Purchase Financing for the aforementioned equipment is consistent with the Fiscal Year 2016 Adopted Budget, the City's bidding policies, and previous actions to obtain similar financings.

#### **ALTERNATIVES:**

An alternative to this financing mechanism would be to fund these expenses out of the operating budget of the Solid Waste Management Department. The proposed Lease Purchase Financing mechanism minimizes the impact of the expenditure in FY 2016 by allocating it out over three (3) year and five (5) year periods.

#### **FISCAL IMPACT:**

Payments will be made quarterly to Banc of America Public Capital Corp commencing on or about May 1,

2016.

The lease payments are anticipated to be made from the Solid Waste Management Department Operating Budget with: 1) the lease payment for the toters for the three (3) year schedule anticipated to be \$18,945,936 in principal amount with total interest of \$379,704 for a total payment of \$19,325,640; and 2) the lease payment for the collection trucks for the five (5) year schedule anticipated to be \$5,084,982 in principal amount, with total interest of \$187,429 for a total payment of \$5,272,411.

**RECOMMENDATION:**

Staff recommends approval of this ordinance authorizing the execution of a Master Tax-Exempt Lease Purchase Agreement for Solid Waste Equipment, an Escrow Agreement, and Exhibits and related Schedules with Banc of America Public Capital Corp in the amount of \$24,030,918 for the financing of collection trucks and toters for the Solid Waste Management Department and also recommends approval of this reimbursement resolution.