



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 9, 2014  
Action Item for the City Council Meeting of December 16, 2014

**DATE:** December 9, 2014

**TO:** Ronald L. Olson, City Manager

**FROM:** Christela Morales, Procurement Manager  
[christelam@cctexas.com](mailto:christelam@cctexas.com)  
361-826-3169

Constance P. Sanchez, Director of Financial Services  
[constancep@cctexas.com](mailto:constancep@cctexas.com)  
361-826-3227

Third Amendment to the Municipal Lease Line of Credit Agreement with Frost Bank

### **CAPTION:**

Motion authorizing the City Manager or designee to execute a third amendment to the existing Municipal Lease Line of Credit Agreement between the City of Corpus Christi and Frost Bank for an estimated annual expenditure of \$496,704.13 and authorizing the City Manager or designee to execute future amendments necessary to adjust the annual amount financed as agreed to by the parties.

### **PURPOSE:**

The City uses municipal lease purchase financing to fund equipment and rolling stock replacement needs. This third amendment will change the date the City's annual equipment schedule must be provided to the bank, from August 30<sup>th</sup> to October 31<sup>st</sup>. Secondly, it will modify the annual maximum credit amount to be financed under the agreement from \$9,020,422.80 to \$8,339,725.00. Finally, it will correct language inadvertently deleted by the second amendment and add language regarding the Municipal Advisor Disclosure/Acknowledgement.

### **BACKGROUND AND FINDINGS:**

As equipment is requisitioned to be purchased, the equipment is purchased under all applicable statutes and city procurement policies. The financing for the purchase is provided through this lease line of credit agreement. An estimated \$8,339,725.00 million worth of equipment is projected to be purchased during the next twelve month period of this agreement.

### **ALTERNATIVES:**

Not applicable.

### **OTHER CONSIDERATIONS:**

The actual interest rate will fluctuate throughout the term of the contract based on the index rate at the time of the purchase. Based on the index rate at the time of the bid, on October 1, 2014, the interest rate charged to the City for a 60 month lease is 2.30%. The current year financial impact shown on the following table represents interest costs, at 2.30%, associated with

financing 45 separate awards of equipment that has either been delivered or is on order and expected to be delivered throughout the remainder of this fiscal year.

**CONFORMITY TO CITY POLICY:**

This purchase conforms to the City's purchasing policies and procedures and Texas State procurement laws.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency.

**DEPARTMENTAL CLEARANCES:**

Finance Department

**FINANCIAL IMPACT:**

X Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2014-2015</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$5,419,512.77	\$321,605.12	\$5,741,117.89
Encumbered / Expended Amount		\$551,856.95		\$551,856.95
This item		\$175,099.01	\$321,605.12	\$496,704.13
BALANCE		\$4,692,556.81		\$4,692,556.81

Fund(s): General, Engineering, Street, Wastewater and Water Fund

**Comments:**

The \$175,099.01 financial impact shown above represents estimated interest costs that will be encumbered through the end of this fiscal year. The remaining \$321,605.12 of the interest costs will be requested for future fiscal years during the normal budget process.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet  
Master Lease Purchase Agreement