

A P S T I N C I T Y C O U N C I L
AGENDA

Thursday, September 28, 2006

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**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION****ITEM No. 10**

Subject: Approve a resolution authorizing the negotiation and execution of a Master Equipment Lease/Purchase Agreement and related agreements with Banc of America Leasing & Capital, LLC, as lessor, to finance the lease/purchase acquisition of up to \$2,340,000 in equipment referred to as the Airport Revenue Control System.

Amount and Source of Funding: \$349,000 in the first year debt service requirement is included in the Fiscal Year 2006-2007 Approved Operating Budget of the Aviation Department.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

**Additional Backup
Material**

(click to open)

Resolution

For More Information: John Stephens, Chief Financial Officer, 974-2076

Prior Council Action: May 18, 2006, Council appropriated \$2.3 million for a parking access revenue control system and authorized the assumption of the AMPCO parking agreement with Associated Time and Parking Controls to purchase the system.

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City staff has determined that a master lease purchase agreement is the best alternative for financing the purchase of the system for the following reasons:

1. Transaction timeline is shorter than with a bond issuance
2. Money is borrowed when funds are needed, which reduces total interest cost.
3. Prepayment options are generally more flexible than with bond offerings.

RESOLUTION NO.

WHEREAS, the City proposes to enter into a Master Equipment Lease/Purchase Agreement ("Master Lease") with Banc of America Leasing & Capital, LLC, as lessor ("Lessor"), and the City as lessee, and proposes to enter into Schedule A under the Master Lease to enable the City to finance the lease/purchase acquisition of up to \$2,340,000 principal amount of Equipment referred to as the Airport Revenue Control System, as more particularly described in Schedule A ("Equipment"), for a term not to exceed five years (including renewal terms) with the intent that the interest portion of the Rental Payments (as defined in the Master Lease), in an amount not to exceed 5.0 % per annum, be excluded from gross income for federal income tax purposes, and, as security for such Rental Payments, the City has agreed to grant a first lien security interest in the Equipment to Lessor, and to make payments, as set forth in Schedule A, sufficient to pay both the principal and interest portion of the Rental Payments under the Master Lease and Schedule A; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

1. That the City Manager, or designee, is authorized to negotiate, execute and enter into a Master Lease, and Schedule A appurtenant to the Master Lease, to finance acquisition of the Equipment in a principal amount not to exceed \$2,340,000 at an interest rate not to exceed 5.0 % per annum, for a lease term

not to exceed five years (including renewal terms), and in order to secure the Master Lease and Schedule A, to grant a first lien security interest in the Equipment, in accordance with the Master Lease and Schedule A, on such terms and conditions as are necessary and advisable to effect the stated purposes of this Resolution; and

2. That the City Manager or designee is authorized to execute, acknowledge and deliver in the name and on behalf of the City attachments, financing statements and other schedules to the Master Lease, other agreements, instruments, certificates and documents, and to take such other action as may be necessary or advisable to enter into the Master Lease and Schedule A.

3. That the City Manager or designee is authorized to make replacements or otherwise substitute other equipment for any of the items that comprise the Equipment if necessary due to inability of the vendor of the Equipment to deliver an item of equipment, so long as such substitution or replacement does not frustrate the purpose for which the Equipment is being leased, or result in an increase in the amount required to be paid by Lessee for the Equipment.

ADOPTED: _____, 2006 **ATTEST:** _____

Shirley A. Gentry
City Clerk