

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: **December 10, 2018**

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
- Dedication/Vacation Appropriation/Supplemental DRMC Change
- Other:

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Authorizes the Manager of Finance to provide financing through a capital lease purchase transaction, on behalf of the Department of Parks and Recreation and the Golf Enterprise, to purchase turf equipment and golf carts in a principal amount not to exceed \$6,465,028.

3. Requesting Agency: Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Beth Strauss	Name: Beth Strauss
Email: beth.strauss@denvergov.org	Email: beth.strauss@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

This resolution seeks approval to finance the acquisition of turf equipment and golf carts (“Equipment”) for the Department of Parks and Recreation (“Parks”) and the Golf Enterprise (“Golf”). The turf equipment will replace existing equipment used by Parks and Golf at various City-owned parks and golf courses, and the golf carts will replace existing golf carts used by Golf at six City-owned golf courses (City Park, Evergreen, Kennedy, Overland, Wellshire and Willis Case). The Equipment will be financed through a capital lease purchase transaction in the principal amount not to exceed \$6,465,028. JPMorgan Chase Bank, N.A., selected via a competitive bid process, will serve as the lessor. The proposed financing structure will consist of a 5-year lease purchase transaction with annual lease payments of approximately \$1,400,000, which will be repaid from the Golf Enterprise Fund Budget and Parks Administration Budget, that are subject to annual appropriation by City Council. The interest rate will be locked at 2.924% assuming closing prior to February 1, 2019, which translates to total interest cost of approximately \$520,300.

This capital lease purchase resolution request is being submitted in conjunction with two equipment procurement contract requests submitted by Parks and Golf for delivery of the Equipment by: 1) Pattlen Enterprises, Inc./LL Johnson; and 2) Textron Inc./E-Z-GO. Approval of the equipment resolution request will allow for the procurement of the Equipment, while the lease purchase resolution request will allow for the funding of the Equipment through a lease purchase transaction with JPMorgan Chase Bank, N.A.

6. City Attorney assigned to this request (if applicable): Laurie Heydman

7. City Council District: Citywide

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: RR18 1505

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Standard Expenditure

Vendor/Contractor Name: JPMorgan Chase Bank, N.A.

Contract control number: FINAN-201846542-00

Location: Citywide

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates): 5 years

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
N/A	\$6,985,228.54	\$6,985,228.54

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
N/A	N/A	5-year term (10/1/2023)

Scope of work: This resolution approves the financing of new turf equipment and golf carts for Parks and Golf. The acquisition of the turf equipment is in contracts PARKS-201845940 (Pattlen Enterprises, Inc./LL Johnson) and PARKS-201845941 (Textron Inc./E-Z-GO).

Was this contractor selected by competitive process? Yes

If not, why not?

Has this contractor provided these services to the City before? Yes No

Source of funds: Golf Enterprise Fund Budget and Parks Administration Budget

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): None

Who are the subcontractors to this contract? None

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Date Entered: _____



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

CASH RISK AND CAPITAL FUNDING
201 WEST COLFAX AVE.
DENVER, COLORADO 80202
PHONE: (720) 913-5500

Executive Summary

A resolution to authorize the Manager of Finance to provide financing through a capital lease purchase transaction, on behalf of the Department of Parks and Recreation and the Golf Enterprise, to purchase turf equipment and golf carts in a principal amount not to exceed \$6,465,028.

The Department of Finance is seeking approval to fund the acquisition of turf equipment and golf carts (“Equipment”) to be procured from Pattlen Enterprises, Inc./LL Johnson and Textron Inc./E-Z-GO, respectively, through a capital lease purchase transaction on behalf of the Department of Parks and Recreation (“Parks”) and the Golf Enterprise (“Golf”). The total cost of the Equipment to be financed will not exceed \$6,465,028.

The proposed financing structure will consist of a 5-year capital lease between the City and JPMorgan Chase Bank, N.A., selected via a competitive bid process. JPMorgan Chase Bank, N.A. submitted the lowest bid of 2.924% interest per annum, which translates to total interest cost for the City of approximately \$520,300 through 2023. The annual lease payments of approximately \$1,400,000 are subject to annual appropriation by City Council and will be repaid from the Golf Enterprise Fund Budget and Parks Administration Budget. The City may prepay the lease at par, without penalty, on any payment date after an initial 12 months.

This lease financing agreement is part of a package that will consist of a total of three (3) resolutions, and it is requested that they be presented as a single project. The resolutions are:

- 1) The above financing agreement, which entails the capital lease financing with JPMorgan Chase Bank, N.A.; total principal and interest is approximately \$6,985,228.54.
- 2) Equipment procurement contract with Pattlen Enterprises, Inc./LL Johnson, the vendor for the turf equipment for Parks and Golf that are being financed.
- 3) Equipment procurement contract with Textron Inc./E-Z-GO, the vendor the golf carts for Golf that are being financed.

Description of the Equipment purchase:

The turf equipment will replace existing equipment used by Parks and Golf at various City-owned parks and golf courses, and the golf carts will replace existing golf carts used by Golf at six City-owned golf courses (City Park, Evergreen, Kennedy, Overland, Wellshire and Willis Case). The financed Equipment will include various turf equipment purchased from Pattlen Enterprises, Inc./LL Johnson, and 490 golf carts purchased from Textron Inc./E-Z-GO. The approximate useful life of the turf equipment is 5-10 years and 7 years for the golf carts. The estimated total cost to be financed for the turf equipment and golf carts is \$6,465,027.03, comprised of the following:

To be completed by Mayor’s Legislative Team:

<u>Equipment</u>	<u>Financed Amount</u>
Turf Equipment	\$4,143,547.03
Golf Carts (net of \$735,550 trade-in)	\$2,321,480.00
TOTAL	\$6,465,027.03

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