

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

All fields must be completed.
Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: April 21, 2014

Please mark one: **Bill Request** or **Resolution Request**

1. Has your agency submitted this request in the last 12 months? If yes, please explain:

Yes **No**

2. Title: *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)*

An ordinance to authorize the Manager of Finance to provide financing through a capital lease purchase transaction on behalf of the Parks and Recreation Department for the Golf Enterprise to acquire golf carts and equipment totaling a principal amount not to exceed \$1,756,859.01.

3. Requesting Agency: Department of Finance

4. Contact Person: *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Michelle Wang
- **Phone:** 720-913-9353
- **Email:** michelle.wang@denvergov.org

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Michelle Wang
- **Phone:** 720-913-9353
- **Email:** michelle.wang@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable:

This ordinance seeks approval to finance the acquisition of golf carts and equipment through a capital lease purchase transaction on behalf of the Golf Enterprise in the principal amount of \$1,756,859.01. The equipment will be provided by various vendors and Banc of America Public Capital Corp (“BofA”) will serve as the lessor to the City. The proposed structure will consist of a five-year lease purchase transaction with annual lease payments of approximately \$361,500 that are subject to annual appropriation by City Council. The interest rate will be locked in at 1.38% assuming closing prior to June 4, 2014, which translates to total interest cost of \$50,630.09.

This capital lease ordinance is being submitted in conjunction with one (1) equipment procurement contract request submitted by Parks and Recreation/Golf Enterprise for delivery of the carts and equipment by C&M. A total of three (3) vendors will be supplying the various carts and equipment financed under this lease. However, only the C&M contract totaling \$1,668,405.97 exceeds the \$500,000 threshold which requires City Council approval. The remaining two (2) vendor contract amounts are \$27,251.00 (with L.L. Johnson Distributing Company) and \$61,202.04 (with Bobcat of the Rockies, LLC). Approval of the equipment ordinance request will allow for the procurement of the carts and equipment, while the lease purchase ordinance request would allow for the funding of the equipment through a lease purchase transaction with BofA.

****Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control Number:** TBD
- b. **Duration:** 5 year lease
- c. **Location:** Carts and equipment will be used at the following golf courses: City Park, Overland, Wellshire, Willis, Evergreen, Kennedy
- d. **Affected Council District:** Districts 1, 4, 7, 8
- e. **Benefits:** Allows for the replacement of existing carts and equipment
- f. **Costs:** Interest expense associated with the lease will not exceed \$50,630.09

7. Is there any controversy surrounding this ordinance? *(Groups or individuals who may have concerns about it?)* **Please explain.**No

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____



Michael B. Hancock
Mayor

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

An ordinance to authorize the Manager of Finance to provide financing through a capital lease purchase transaction to acquire golf carts and equipment for the Parks and Recreation Department and Golf Enterprise totaling \$1,756,859.01.

The Department of Finance is seeking approval to fund the acquisition of golf carts and equipment (to be procured from various vendors) through a capital lease purchase transaction on behalf of the Golf Enterprise. The total cost of the carts and equipment to be financed will not exceed \$1,756,859.01.

The proposed financing structure will consist of a five-year capital lease between the City and Banc of America Public Capital Corp ("BofA"), who was selected via a competitive bid process. BofA submitted the lowest bid of 1.38% interest per annum to finance a total principal amount of \$1,756,859.01. The total amount of interest that the City would pay through 2018 at the 1.38% rate is \$50,630.09. The annual lease payments of approximately \$361,500 are subject to annual appropriation by City Council and will be repaid from the Golf Enterprise Fund. The City may prepay the lease at par without penalty 2 years after closing.

This lease financing agreement is part of a package that will entail a total of two (2) ordinances, and it is requested that they be presented as a single project. The ordinances are:

- 1) The above financing agreement, which entails the capital lease financing with BofA. Total principal and interest of \$1,807,489.10
- 2) Equipment procurement contract with C&M, the vendor for the golf carts and equipment that is being financed*

This ordinance request is being submitted to comply with the City's Charter which requires Council approval of any agreement in excess of \$500,000.

*Note a total of three (3) vendors will be supplying the various carts and equipment financed under this lease. However, only one (1) vendor contract exceeds the \$500,000 threshold which requires City Council approval. The remaining two (2) vendor contract amounts are \$27,251.00 (with L.L. Johnson Distributing Company) and \$61,202.04 (with Bobcat of the Rockies, LLC). The total cost of the carts and equipment to be financed of \$1,756,859.01 includes all three (3) vendors.

Description of the Equipment purchase:

The equipment will replace existing golf carts and equipment at various golf courses owned and maintained by the City (specifically at City Park, Overland, Wellshire, Willis, Evergreen and Kennedy) and will have a useful life of over 5 years.

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