



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

CASH RISK AND CAPITAL FUNDING
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Executive Summary

A resolution to authorize the Manager of Finance to provide financing through a capital equipment lease purchase transaction on behalf of the Denver Police Department to purchase a new Bell 407 GXP helicopter in a principal amount not to exceed \$4,108,537.

The Department of Finance is seeking approval to finance the acquisition of a replacement helicopter to be procured from Bell Helicopter Textron Inc. through a capital equipment lease purchase transaction. The total cost of the helicopter, including law enforcement customization and equipment is \$5,108,537. The amount to be financed, net of trade-in and 2018 budget funds, will not exceed \$4,108,537.

The financing structure will consist of a 10-year capital lease between the City and Banc of America Public Capital Corp, selected via a competitive bid process. Banc of America Public Capital Corp bid the lowest interest rate of 3.06%, which translates to a total interest cost of \$762,159 through 2029. The annual lease payments of \$487,068 are subject to annual appropriation by City Council and will be repaid from the Police Capital Budget. If City Council does not appropriate a lease payment, Banc of America can take possession of the helicopter. The City may prepay the lease after seven years.

There are two resolutions to this transaction:

- 1) The financing agreement with Banc of America Public Capital Corp., total principal and interest of approximately \$4,870,696.
- 2) Equipment procurement contract with Bell Helicopter Textron Inc, the manufacturer of the replacement helicopter being financed.

Description of the Equipment purchase:

This resolution request is for the purchase of a new, replacement helicopter for the Denver Police Department which has a base price of \$3,100,000 and will have \$2,008,537 of law enforcement customization and equipment for a total cost of \$5,108,537. The new aircraft will replace the City's helicopter currently used by the police department. The manufacturer is offering to apply an amount to the transaction from the trade in of the City's current helicopter. An estimate of \$500,000 is assumed although trade-in estimates informally obtained have been up to \$750,000. The estimated useful life of the new helicopter is up to 15 years. The City has \$500,000 in its 2018 budget to be deposited into an escrow account to be combined with the estimated trade in value and the balance of the financing from Banc of America Public Capital Corp.