
KIRKSVILLE CITY COUNCIL REPORT

Council Meeting Date: September 19, 2011

Agenda Item: 1

Report Prepared by: Laura Guy, Finance Director

Recommended Motion: To authorize the City Manager to enter into an agreement with SunTrust Equipment Finance & Leasing Corp. for lease financing the upgrade of the City's emergency communications system.

Background: On August 15, 2011, the City Council awarded the bid for upgrade of the City's radio system to Command 1 at a total cost of \$260,888. Included in the 2011 budget is an appropriation of \$60,000 for an annual payment towards the lease purchase of this system. Instead, this allocation will be used towards the down payment on the radio system with the remainder of \$200,888 to be financed.

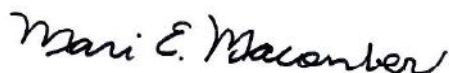
Twelve banks were sent proposals for lease financing through direct delivery in addition to the request for proposal being advertised on the City's web site. Seven financing companies responded to the web site announcement, of which four responded with a bid. In total, eight bids were received. Four options of financing were requested and analyzed: semi-annual in arrears for four and five years and annual in arrears for four and five years.

SunTrust Equipment Finance & Leasing Corp. offered the lowest interest rates on all options with the lowest interest cost to be realized through payback semi-annually over four years in arrears. Payback will commence in 2012. The lease proceeds will be escrowed with interest earnings to be used to offset any escrow servicing fees.

This is contingent upon the City Attorney giving approval to the documents proposed by SunTrust Equipment Finance & Leasing Corp.

Fiscal Impact: Total debt service to the City will be \$209,940, with the financing cost to be \$9,940 over a four-year term. The equipment and debt service will be paid from the Capital Improvement Sales Tax Fund, with the lease proceeds to be also recorded through that Fund.

Respectfully submitted,



Mari E. Macomber
City Manager