

Postponed indefinitely 10/12/10

Submitted by: Chairman of the Assembly at
the Request of the Mayor
Prepared by: Information Technology
Department
For Reading: September 28, 2010

ANCHORAGE, ALASKA
AR NO. 2010-283

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FIVE
2 THOUSAND DOLLARS (\$5,000) FROM INFORMATION TECHNOLOGY FUND
3 BALANCE (FUND 607) TO INFORMATION TECHNOLOGY DEPARTMENT (FUND 607)
4 2010 OPERATING BUDGET TO PAY ADDITIONAL COST OF ISSUANCE FEES, AND
5 IDENTIFYING SUNTRUST EQUIPMENT FINANCE AND LEASING CORPORATION
6 AS THE FINANCE SOURCE FOR THE ENTERPRISE SERVER UPGRADE PROJECT,
7 AND APPROVING THE SUNTRUST MASTER LEASE AS A SOURCE OF FUTURE
8 FINANCINGS IN AN AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS
9 (\$20,000,000).

10
11 THE ANCHORAGE ASSEMBLY RESOLVES:

12
13 **Section 1.** The sum of Five Thousand Dollars (\$5,000) is hereby appropriated from the
14 Information Technology Fund Balance (Fund 607) to the Information Technology
15 Department Fund (607) 2010 Operating Budget to pay for the Enterprise Server Upgrade
16 Project.

17
18 **Section 2.** The source of financing for the Enterprise Server Upgrade Project shall be a
19 Master Lease Agreement with SunTrust.

20
21 **Section 3.** The Master Lease Agreement with SunTrust is hereby approved for purpose
22 of financing future capital projects of the Municipality of Anchorage, not to exceed Twenty
23 Million Dollars (\$20,000,000) outstanding at any given time.

24
25 **Section 4.** This resolution shall take effect immediately upon passage and approval.

26
27 PASSED AND APPROVED by the Anchorage Assembly this ____ day of
28 _____, 2010.

29
30
31 _____
Chair

32 ATTEST:

33
34
35 _____
36 Municipal Clerk
37



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 520-2010

Meeting Date: September 28, 2010

1 **FROM:** Mayor

2
3 **SUBJECT:** A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE
4 APPROPRIATING FIVE THOUSAND DOLLARS (\$5,000) FROM
5 INFORMATION TECHNOLOGY FUND BALANCE (FUND 607) TO
6 INFORMATION TECHNOLOGY DEPARTMENT (FUND 607) 2010
7 OPERATING BUDGET TO PAY ADDITIONAL COST OF ISSUANCE
8 FEES, AND IDENTIFYING SUNTRUST EQUIPMENT FINANCE AND
9 LEASING CORPORATION AS THE FINANCE SOURCE FOR THE
10 ENTERPRISE SERVER UPGRADE PROJECT, AND APPROVING THE
11 SUNTRUST MASTER LEASE AS A SOURCE OF FUTURE FINANCINGS
12 IN AN AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS
13 (\$20,000,000)
14

15 **BACKGROUND:** In May 2010 the Assembly approved AR NO. 2010-151, appropriating
16 \$634,143 to the Information Technology Department for Enterprise Server Upgrades.
17 The source of financing, the tax-exempt lease/purchase agreement was described in AM
18 293-2010.
19

20 The Municipality has an existing Master Tax-Exempt Lease/Purchase Agreement in place
21 with KeyBank. However, to ensure the most favorable rates are obtained the Purchasing
22 Department, Legal Department and the Public Finance and Investments Division have
23 identified a second source of financing with SunTrust Equipment Finance and Leasing
24 Corporation (SunTrust) as a source of financing on a competitive basis. Financing of the
25 Enterprise Server Upgrade Project was approved by AM 293-2010, dated May 11, 2010,
26 as a specific project capital financing in the amount of \$634,143, however, the referenced
27 Assembly Memorandum did not identify SunTrust as the source of that financing.
28

29 During the process to obtain financing both KeyBank and SunTrust were given the
30 opportunity to propose a fee structure and interest rate. The SunTrust response was the
31 most favorable. However the structure of the SunTrust Master Lease Agreement
32 requires a five thousand dollar (\$5,000) cost of issuance fee, paid to Midwest Leasing
33 Inc. applied as a brokerage fee when we finance through the SunTrust Master Lease.
34

35 When evaluating the costs of obtaining this financing the SunTrust Master Lease
36 Agreement, including the additional \$5,000 brokerage fee, remains the least expensive,
37 and therefore most cost effective financing for this project for the MOA's taxpayers.
38

Terms of this lease with SunTrust are quarterly payments for five years at an annual interest rate of 2.25%.

We are now in the process of finalizing the lease agreement documents, assuming approval of this Assembly Memorandum, to fund the project on November 1, 2010.

As stated above, the Municipality wishes to have this method of obtaining competitive financing available for the future. As such, we request the authority to request quotes for financing specifically identified projects up to a maximum ceiling of loans with SunTrust in an amount not to exceed twenty million dollars at any given time. General guidelines to be applied to either KeyBank or SunTrust are:

- a) No escrow fees in the case where an escrow account is necessary;
- b) Loans under the Agreement can be prepaid without prepayment penalty; and
- c) The tax-exempt interest rate for each loan will be fixed for the life of the loan.

PRIOR FINANCING: To date, financings under the two Agreements aggregates to \$4,252,798. Payments have reduced the outstanding principal balance as of July 1, 2010 to \$2,458,857.

PROCESS: The Municipality will follow all applicable procurement requirements under Anchorage Municipal Code Title 7, for the purchase of capital assets financed under the Agreements. All future proposed borrowings under either Agreement will be presented to the Assembly for approval.

OBJECTIVE:

Objectives of this resolution are threefold as follows:

- a) To appropriate the additional \$5,000 as a brokerage fee for the use of the SunTrust financing Agreement, and
- b) To obtain the approval for the use of SunTrust for the financing of the total project in an amount not to exceed \$639,143, and
- c) To obtain approval of the SunTrust Master Lease Agreement for future financings in an amount not to exceed \$20,000,000 in outstanding principal balance(s), at any given time.

BUDGET INFORMATION DETAIL:

REVENUE

<u>Account Number</u>	<u>Account Name</u>	<u>Amount</u>
607-0770-BP2010	Unrestricted Net Assets	\$5,000

EXPENSE

<u>Account Number</u>	<u>Account Name</u>	<u>Amount</u>
607-1440-4302-BP2010	Other Debt Issuance Costs	\$5,000

THE ADMINISTRATION RECOMMENDS APPROVAL OF A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FIVE THOUSAND DOLLARS (\$5,000) FROM INFORMATION TECHNOLOGY FUND BALANCE (FUND 607) TO INFORMATION TECHNOLOGY DEPARTMENT (FUND 607) 2010 OPERATING BUDGET TO PAY ADDITIONAL COST OF ISSUANCE FEES, AND IDENTIFYING SUNTRUST EQUIPMENT FINANCE AND LEASING CORPORATION AS THE FINANCE SOURCE FOR THE ENTERPRISE SERVER UPGRADE PROJECT, AND APPROVING THE SUNTRUST MASTER LEASE AS A SOURCE OF FUTURE FINANCINGS IN AN AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS (\$20,000,000).

Prepared by:	Gail Turner, Acting Director, IT Department
Concur and Fund Certification:	Lucinda Mahoney, CFO
	607-0770-BP2010 \$5,000
	(Information Technology Department Operating Fund Balance)
Concur:	George J. Vakalis, Municipal Manager
Respectfully submitted:	Daniel A. Sullivan, Mayor

Content ID: 009416**Type:** AR_FundsApprop - Funds Approp Resolution

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FIVE THOUSAND DOLLARS (\$5,000) FROM INFORMATION TECHNOLOGY FUND BALANCE (FUND 607) TO INFORMATION TECHNOLOGY DEPARTMENT (FUND 607) 2010 OPERATING BUDGET TO PAY ADDITIONAL COST OF

Title: ISSUANCE FEES, AND IDENTIFYING SUNTRUST EQUIPMENT FINANCE AND LEASING CORPORATION AS THE FINANCE SOURCE FOR THE ENTERPRISE SERVER UPGRADE PROJECT, AND APPROVING THE SUNTRUST MASTER LEASE AS A SOURCE OF FUTURE FINANCINGS IN AN AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS (\$20,000,000).

Author: maglaquijp**Initiating Dept:** Finance**Date Prepared:** 9/22/10 10:11 AM**Director Name:** Lucinda Mahoney**Assembly Meeting Date:** 9/28/10**Public****Hearing Date:** 10/12/10

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	9/24/10 10:51 AM	Exit	Joy Maglaqui	Public	009416
MuniManager_SubWorkflow	9/24/10 10:51 AM	Approve	Joy Maglaqui	Public	009416
MuniManager_SubWorkflow	9/24/10 10:50 AM	Checkin	Joy Maglaqui	Public	009416
OMB_SubWorkflow	9/24/10 10:21 AM	Approve	Cheryl Frasca	Public	009416
Finance_SubWorkflow	9/24/10 9:30 AM	Approve	Lucinda Mahoney	Public	009416
Finance_SubWorkflow	9/23/10 10:38 AM	Checkin	Nina Pruitt	Public	009416
FundsAppropWorkflow	9/22/10 10:17 AM	Checkin	Nina Pruitt	Public	009416

- CONSENT AGENDA - INTRODUCTION