



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 20

Agenda Date: January 25, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Award recommendation to JP Morgan Chase Bank, N.A. for the 2024 Master Tax-Exempt Lease Purchase Agreement for Solid Waste Management Equipment.

SUMMARY:

This ordinance approves the Master Tax-Exempt Lease Purchase Agreement for Solid Waste refuse collection containers with JP Morgan Chase Bank, N.A. and an Escrow and Account Control Agreement with JP Morgan Chase Bank, N.A. and Frost Bank; and approves Exhibits and related Schedules to the Master Tax-Exempt Lease Purchase Agreement in principle amount of \$4,716,887.20 and interest of \$620,455.42 for the acquisition of carts for the Solid Waste Management Department. Funding in the amount of \$265,455.53 is available from the Solid Waste Operating and Maintenance Fund FY 2024 Adopted Budget. Funding for subsequent fiscal years is contingent upon City Council approval of the annual budget.

BACKGROUND INFORMATION:

The Finance Department released a Request for Bid (“RFB”) for Tax-Exempt Equipment Lease/Purchase Financing Agreement for Solid Waste refuse collection containers. The lease was to be awarded to the bank that provides the lowest interest rate producing the lowest interest cost to the City over the life of the lease and whose terms and conditions of the proposed lease were

most consistent with the City's objectives.

The City issued the RFB on November 27, 2023. The RFB was advertised in the Hart Beat, TVSA channel, the City's Bidding and Contracting Opportunities website, the San Antonio e-Procurement System (SAEPS) and an email notification was released to eighteen (18) potential respondents. The City received five (5) responses on December 13, 2023. The results are listed below.

Firm	Solid Waste Equipment 6-Year Rate
JP Morgan Chase Bank, N.A.	3.769%
Bank Funding, LLC	4.310%
US Bank Corp Government Leasing & Finance Inc.	4.805%
Frost Bank	4.95%
KS State Bank	5.228%

The City contacted JP Morgan Chase Bank, N.A. for the contract negotiation process since it was determined that this bank had the lowest interest cost, and their terms and conditions of the proposed leases were most consistent with the City's objectives.

The financing term with JP Morgan Chase Bank, N.A. is six (6) years at an interest rate of 3.769%. Funds in the amount of \$4,716,887.20 will be deposited into an escrow account at Frost Bank on or before January 30, 2024. Lease proceeds of \$4,691,887.20 will be utilized for the purchase of the equipment and \$25,000 will be allocated to costs of issuance for a total amount of \$4,716,887.20. Pending final acceptance of the equipment, the funds will be invested with interest earnings accruing for the benefit of the City. Payment for the equipment will be made to the respective vendor when final acceptance is provided in writing by the applicable City department and the Finance Department.

ISSUE:

The utilization of JP Morgan Chase Bank, N.A. to provide Lease Purchase Financing for the aforementioned equipment is consistent with the Fiscal Year 2024 Adopted Budget, the City's bidding policies, and previous actions to obtain similar financings.

ALTERNATIVES:

An alternative to this financing mechanism would be to fund these expenses out of the operating budget of the Solid Waste Management Department. The proposed Lease Purchase Financing mechanism minimizes the impact of the expenditure in FY 2024 by allocating it out over a six-year period.

FISCAL IMPACT:

This ordinance approves the Master Tax-Exempt Lease Purchase Agreement for Solid Waste refuse collection containers with JP Morgan Chase Bank, N.A. and an Escrow and Account Control Agreement with JP Morgan Chase Bank, N.A. and Frost Bank. This ordinance also will approve Exhibits and related Schedules to the Master Tax-Exempt Lease Purchase Agreement in the amount of \$4,716,887.20 for the acquisition of carts for the Solid Waste Management Department.

The lease payments for carts in the principal amount of \$4,716,887.20 and total interest of \$620,455.42 are anticipated to be made from the Solid Waste Operating and Maintenance Fund quarterly over six years for a total payment of \$5,337,342.62.

Funding in the amount of \$265,455.53 is available from the Solid Waste Operating and Maintenance Fund FY 2024 Adopted Budget for the first-year payment for the tax-exempt lease. Funding for subsequent fiscal years is contingent upon City Council approval of the annual budget.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of Master Tax-Exempt Lease Purchase Agreement with JP Morgan Chase Bank, N. A. to provide Lease Purchase Financing.