



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 13

Agenda Date: February 6, 2025

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Award recommendation to Webster Bank, National Association for the 2025 Master Tax-Exempt Lease Purchase Agreement for Solid Waste Management, Fire and Police Equipment.

SUMMARY:

This ordinance approves the Master Tax-Exempt Lease Purchase Agreement for Solid Waste Department, refuse collection containers and lids; Fire Department, ambulance, enhanced squad vehicles, bunker gear, and life saving devices; and Police Department, police vehicles; with Webster Bank, National Association; approving an Escrow and Account Control Agreement with Webster Bank, National Association and Frost Bank; and approving Exhibits and related Schedules to the Master Tax-Exempt Lease Purchase Agreement in the amount of \$12,533,626 for the acquisition of equipment for Solid Waste Management, Fire, and Police Departments.

BACKGROUND INFORMATION:

The Finance Department released a Request for Bid (“RFB”) for Tax-Exempt Equipment Lease/Purchase Financing Agreement for Solid Waste Department, refuse collection containers and lids; Fire Department, ambulance, enhanced squad vehicles, bunker gear, and life saving devices; and Police Department, police vehicles. The lease was to be awarded to the bank that

provided 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 Request for Bid on December 18, 2024. The RFB was advertised in the HartBeat News, TVSA channel, the City's Bidding and Contracting Opportunities website, the San Antonio e-Procurement System (SAEPS) and an email notification was released to nineteen (19) potential respondents. The City received six (6) responses on January 10, 2025. The results are listed below.

Firm	Solid Waste Equipment 7-Year Rate
Webster Bank, National Association	4.120%
JP Morgan Chase Bank, N.A.	4.239%
Bank Funding, LLC	4.350%
US Bank Corp Government Leasing & Finance Inc.	4.822%
Frost Bank	4.940%
Flagstar Public Funding Corp	5.240%

Firm	Fire Equipment 7-Year Rate
Webster Bank, National Association	4.120%
JP Morgan Chase Bank, N.A.	4.239%
Bank Funding, LLC	4.350%
US Bank Corp Government Leasing & Finance Inc.	4.822%
Frost Bank	4.940%
Flagstar Public Funding Corp	5.240%

Firm	Police Equipment 3 – Year Rate
Webster Bank, National Association	3.930%
JP Morgan Chase Bank, N.A.	4.177%
Bank Funding, LLC	4.239%
US Bank Corp Government Leasing & Finance Inc.	4.440%
Frost Bank	4.480%
Flagstar Public Funding Corp	4.930%

The City contacted Webster Bank, National Association for the contract negotiation process since it was determined that they had the lowest interest cost, and their terms and conditions were consistent with the City's objectives.

The financing term with Webster Bank, National Association is seven (7) years at an interest rate

of 4.120% for the Solid Waste and Fire departments' equipment, and three (3) years at an interest rate of 3.930% for Police Department equipment. Funds in the amount of \$12,533,626 will be deposited into an escrow account at Frost Bank on or before February 14, 2025. Lease proceeds of \$12,508,626 will be utilized for the purchase of the equipment and \$25,000 will be allocated to costs of issuance for a total amount of \$12,533,626. 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 vendors when final acceptance is provided in writing by the applicable City departments and the Finance Department.

ISSUE:

The utilization of Webster Bank, National Association to provide Lease Purchase Financing for the aforementioned equipment is consistent with the Fiscal Year 2025 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 budgets of the Solid Waste Management, Fire, and Police Departments. The proposed Lease Purchase Financing mechanism minimizes the impact of the expenditure in FY 2025 by allocating it out over a seven-year period for the Solid Waste and Fire Departments, and over a three-year period for the Police Department.

FISCAL IMPACT:

Payments will be made quarterly to Webster Bank, National Association commencing on or about May 1, 2025.

Lease payments for the carts and lids are anticipated to be made from the Solid Waste Management Department's operating budget for a seven (7) year schedule with anticipated total principal of \$5,012,300 and total interest of \$827,288.

Lease payments for the bunker gear, enhanced squad vehicles, ambulance, and life saving devices are anticipated to be made from the Fire Department's operating budget for a seven (7) year schedule with anticipated total principal of \$6,585,329 and total interest of \$1,086,841.

Lease payments for the police vehicles are anticipated to be made from the Police Department's operating budget for a three (3) year schedule with anticipated total principal of \$935,998 and total interest of \$68,714.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of a Master Tax-Exempt Lease Purchase Agreement with Webster Bank National Association to provide Lease Purchase Financing.