

# CITY OF OAKLAND

## AGENDA REPORT

2007 MAY 13 PM 3:30

TO: Office of the City Administrator  
ATTN: Deborah A. Edgerly  
FROM: Finance & Management Agency  
DATE: May 22, 2007

**RE: Resolution Awarding a Lease Financing to CitiCapital in an Amount Not-to-Exceed Four Million, Eight Hundred Thousand Dollars (\$4,800,000) to Purchase Multi-Space Pay and Display Parking Meters and Authorizing the Execution and Delivery of a Lease-Purchase Agreement, Escrow Agreement and Related Documents**

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### SUMMARY

On February 6, 2007, City Council approved Resolution No. 80392 C.M.S. awarding a contract to Cale Parking Systems USA, Inc. to purchase and install approximately 500 multi-space pay and display parking meters ("Meters"). Under the same resolution, City Council authorized the City Administrator or her designee to proceed with a competitive process for a lease financing company to finance the purchase of the Meters.

On April 25, 2007, staff received bids from qualified lease financing providers in connection with the Meter financing. This resolution has been prepared to award and execute a finance lease agreement with CitiCapital on behalf of the City of Oakland in an amount not to exceed \$4,800,000 in order to finance the Meters plus the cost of financing.

### FISCAL IMPACT

City Council has already examined the fiscal impact of the Meter purchase with the approval of Resolution No. 80392 C.M.S. It was disclosed that any increase in expenditures to cover financing costs is expected to be offset by the increase in parking meter revenue generated by the more reliable and efficient nature of the multi-space system.

As a result of the competitive bid process related to the lease financing, staff has determined that the City's overall debt service payments will be lowest by awarding CitiCapital. CitiCapital proposed the lowest effective lease rate of 3.90% with no pre-payment penalty for the financing. Pre-payment penalty is an important fiscal consideration as pre-payment penalties result in additional cost for the City in the event that the City needs to "prepay" the lease during the term of the financing for any reason.

### BACKGROUND

On April 25, 2007, staff received bids from five qualified lease financing providers (namely, Bank of America, CitiCapital, Grant Capital Management, Koch Financial, and SunTrust

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Leasing Corporation) in connection with the Meter financing. Based on the evaluation of these responses, staff determined that CitiCapital would provide the lowest cost of financing for the Meter purchase at an effective lease rate of 3.90%. The results of the bids are as follows:

<b>Firm Name</b>	<b>Proposed Rate*</b>	<b>Pre-Payment Penalty</b>
1. <i>CitiCapital</i>	<b>3.90%</b>	<i>No pre-payment penalty</i>
2. Bank of America	3.93%	No pre-payment penalty
2. Koch Financial	3.93%	No pre-payment penalty
3. Grant Capital Management	3.9327%	No pre-payment penalty
4. SunTrust Leasing Corporation	3.93%	3% pre-payment penalty

\* Assumes semi-annual debt service payments.

### **KEY ISSUES AND IMPACTS**

This Resolution will award the lease financing for the purchase of the Meters to CitiCapital as CitiCapital proposed the lowest cost of funding. In the case that CitiCapital can not provide the financing for any reason, the lease financing will be awarded to the company that would provide the most flexible and favorable terms to the City.

Proceeds of the lease financing will be used to finance the Meters plus the costs of issuance. It is intended that the lease financing will be in place for seven (7) years, during which the City will make semi-annual debt service payments. The “no prepayment penalty” aspect of the financing will provide maximum financial flexibility for the City in the future.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The purchase of the Meters will result in additional parking revenues for the City.

**Environmental:** There are no environmental opportunities associated with this report.

**Social Equity:** The Meters will maximize short-term parking availability, which should benefit merchants and their customers.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

There are no disability or senior citizen access issues contained in this report.

**RECOMMENDATION(S) AND RATIONALE**

Staff recommends that City Council award the lease financing to CitiCapital given their low cost of funding relative to the other bidders and authorize the execution and delivery of the legal documents required for the financing.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that City Council award the lease financing in an amount not to exceed \$4,800,000 in order to finance the Meters plus the cost of financing and authorize the execution and delivery of a Lease Purchase Agreement, Escrow Agreement and related documents.

Forms of the Lease Purchase Agreement and Escrow Agreement are available with the City Clerk's Office.

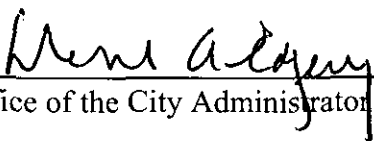
Respectfully submitted,



William E. Noland  
Director, Finance & Management Agency

Prepared by:  
Katano Kasaine, Treasury Manager  
Treasury Division

APPROVED AND FORWARDED TO THE  
FINANCE & MANAGEMENT COMMITTEE

  
Office of the City Administrator

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OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

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*Kathleen Helen Boyd*  
City Attorney

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# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

**RESOLUTION AWARDING A LEASE FINANCING TO CITICAPITAL IN AN AMOUNT NOT-TO-EXCEED FOUR MILLION, EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000) TO PURCHASE MULTI-SPACE PAY AND DISPLAY PARKING METERS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE-PURCHASE AGREEMENT, ESCROW AGREEMENT AND RELATED DOCUMENTS**

**WHEREAS**, on February 6, 2007, the City Council approved Resolution No. 80392 C.M.S. (the "Prior Resolution") awarding a contract to Cale Parking Systems USA, Inc. to purchase and install approximately 500 multi-space pay and display parking meters (the "Meters"); and

**WHEREAS**, the Prior Resolution authorized the City Administrator or her designee to proceed with a competitive process for a lease financing for the purchase of the Meters; and

**WHEREAS**, on April 25, 2007, staff received bids from qualified lease financing providers in connection with the Meter financing; and

**WHEREAS**, the bid submitted by CitiCapital was evaluated and qualified as the lowest effective lease rate; and

**WHEREAS**, the City Council desires to award the lease financing for the Meters to CitiCapital and to authorize the execution and delivery of a Lease-Purchase Agreement, Escrow Agreement and other related documents; now therefore be it

**RESOLVED:** that the City Council hereby awards the lease financing for the purchase of the Meters to CitiCapital; and be it

**FURTHER RESOLVED:** that the term of the lease shall not exceed seven years and the principal amount to finance the Meters and any cost related to the financing shall not exceed \$4,800,000; and be it

**FURTHER RESOLVED:** that the City Administrator, Director of the Finance and Management Agency or the Treasury Manager, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver a lease-purchase agreement with Citimortgage, Inc., a Citigroup, Inc. legal entity doing business under the CitiCapital trade name, and an escrow agreement with The Bank of New York Trust Company, N.A. in substantially the same form as lodged with the City Clerk, and with such changes as shall be approved by the officer executing the agreement; and be it

**FURTHER RESOLVED:** that in the event that CitiCapital for any reason cannot provide the financing, the City Administrator, Director of the Finance and Management Agency or the Treasury Manager, or a designee of any such official, is hereby authorized to execute and deliver the lease-purchase agreement in the same form with the qualified bidder providing the most flexible and favorable terms to the City; and be it

**FURTHER RESOLVED:** that the City Administrator, Director of the Finance and Management Agency, Treasury Manager and other appropriate officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby; and be it

**FURTHER RESOLVED:** that all actions heretofore taken by the officers and agents of the City Council with respect to the transactions contemplated hereby are hereby ratified, confirmed and approved; and be it

**FURTHER RESOLVED:** that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California