
**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION****Council Meeting Date: 10/27/2016
Agenda Item: 5B23**

ACTION: Award a four-year contract to Clayton Holdings, LLC to provide third party tax exempt lease financing services to fund the acquisition of golf course maintenance equipment for the Public Works Department. (Related to Agenda Items 5B22 and 5C14)

FISCAL IMPACT: Total 4-year cost of this contract is \$395,324.76. This amount is a combination of equipment cost (\$384,199.71) and finance cost (\$11,125.05). Sufficient funds have been appropriated in cost centers 2511 and 2512 (Golf Fund) for the anticipated expenditures in the current fiscal year.

RECOMMENDATION: Award the contract.

BACKGROUND INFORMATION: (Contract 12-161-01) On August 9, 2012, City Council approved a short list of qualified firms to provide lease financing services. Council recently approved the final available renewal period that extended the agreement through August 8, 2017. In accordance with the established selection process, the approved firms were invited to submit competitive interest rate quotes to finance the golf course maintenance equipment that includes six (6) Toro mowers, one (1) Kubota utility cart and one (1) John Deere tractor. The lease/purchase term will be for four years paid in four annual payments. The City will own the equipment at the end of the lease. The tax exempt interest rate quotes are as follows:

| <u>Approved Short List Firms</u> | <u>Interest Rate Quote</u> |
|----------------------------------|----------------------------|
| Clayton Holdings, LLC | 1.98% |
| Banc of American Capitol Group | Declined |

If approved as recommended, this will be the third lease purchase completed with Clayton Holdings, LLC.

ATTACHMENTS: None

STAFF CONTACT(S): Jerry Hart, CPA, Deputy Director for Internal Services – Finance, (480) 350-8505

Department Director: Renie Broderick, Internal Services Director
Legal review by: David Park, Assistant City Attorney
Prepared by: Michael Greene, C.P.M. Procurement Administrator