

2017A Capital Equipment Financing (Public Safety, RPU, CEDD)

Finance Department

City Council
March 14, 2017

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BACKGROUND

1. In December 2016, the City of Riverside completed a solicitation of proposals to seek financing for the following capital equipment and software:

Department	Capital Equipment	Cost
Public Safety	Radio Hardware/Software	\$5,118,115
Public Safety	Records Management Software	\$1,304,070
CEDD	POSSE Software	\$1,500,000
RPU	Water System Heavy Vehicles	\$2,300,000
Total		\$10,222,185

2. The City received seven completed responses from qualified private placement banks.
3. Staff determined that the proposal submitted by Bank of America provided the most cost effective financing solution.

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PLAN OF FINANCE

1. The City plans to finance \$10.22 million of Capital Equipment through a Master Lease Agreement with Bank of America.
2. The financing will be secured by annually appropriated Base Rental payments from the City's General Fund.
3. The financing will be tax-exempt and will not have a reserve fund requirement.



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PLAN OF FINANCE (CONT'D)

4. The Capital Equipment will be ready to be purchased/funded on the day of closing currently scheduled for March 23.
5. A portion of the proceeds raised will be used to reimburse the General Fund for funds already spent.
6. A summary of the financing results is shown below:

	Radio Hardware/Software	Records Management Software	POSSE Software	Water System Heavy Vehicles
Department	Public Safety	Public Safety	CEDD	RPU
Borrowing Amount	\$5,135,000	\$1,310,000	\$1,510,000	\$2,305,000
Borrowing Term	8-Years	8-Years	8-Years	10-Years
Interest Rate*	2.37%	2.37%	2.37%	2.37%
Average Payment	\$707,228	\$180,422	\$207,968	\$259,799
Total Payments	\$5,657,827	\$1,443,379	\$1,663,743	\$2,597,998

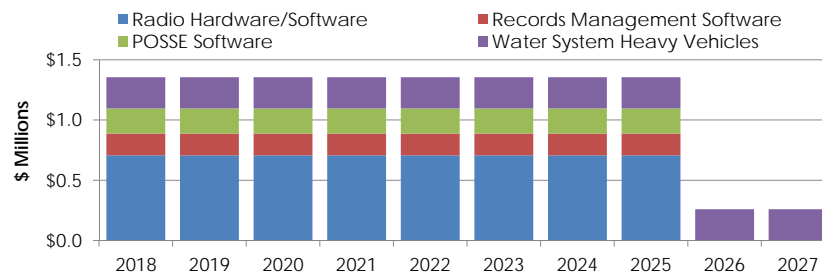
* Represents the blended interest rate of the financing for the 8-year and 10-year portions of the loan.

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PROJECTED ANNUAL DEBT SERVICE



	Radio Hardware/Software	Records Management Software	POSSE Software	Water System Heavy Vehicles	Total
FY Ending	Public Safety	Public Safety	CEDD	RPU	
2018	\$707,228	\$180,422	\$207,968	\$259,799	\$1,355,418
2019	707,228	180,422	207,968	259,799	1,355,418
2020	707,228	180,422	207,968	259,799	1,355,418
2021	707,228	180,422	207,968	259,799	1,355,418
2022	707,228	180,422	207,968	259,799	1,355,418
2023	707,228	180,422	207,968	259,799	1,355,418
2024	707,228	180,422	207,968	259,799	1,355,418
2025	707,228	180,422	207,968	259,799	1,355,418
2026	-	-	-	259,799	259,799
2027	-	-	-	259,799	259,799
Total	\$5,657,827	\$1,443,379	\$1,663,743	\$2,597,998	\$11,362,946



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