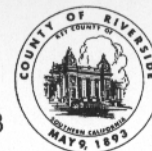


606  
SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Purchasing & Fleet Services

SUBMITTAL DATE: June 11, 2003

SUBJECT: APPROVAL OF MULTI-YEAR LEASE LINE OF CREDIT FOR FINANCING PURCHASES OF  
FIXED ASSETS

RECOMMENDED MOTION: In accordance with Ordinance 459.4, that the Board of Supervisors:

1. Approve the amended master lease line of credit agreement with Banc of America Leasing & Capitol LLC, in the aggregate amount of \$35,500,000, and;
2. Authorize the Purchasing Agent to exercise the option of a \$10,000,000 increase if funds are exhausted before fiscal year 2006, and;
3. Authorize the Purchasing Agent to extend the agreement until funds are exhausted but no later than June 30, 2006;
4. Authorize the Purchasing Agent to execute the agreement on behalf of the County.

**BACKGROUND:** To meet the needs of County operations, departments have had alternative ways to procure equipment when funds for outright purchase are not available from current budgets. Over the last several years, combinations of CORAL, equipment vendor financing, and third party financing have been utilized. In order to provide financing on an "as needed" basis, the Purchasing Department formally solicited an open line of credit via the Request for Proposal (RFP) process for a total amount to be accessed over a period of time. This provides for a readily available funding source that does not require us to repeatedly go to the Board of Supervisors for approval of multi-year financing each time a department wishes to lease purchase equipment. Through the Budget process or separate Form 11, the Board of Supervisors approves items for purchase either on a cash basis or through financing, and therefore, all items financed through this line of credit have received prior approval from the Board of Supervisors.

(Continued on Page 2)

  
 ROBERT J. HOWDYSHELL, Director  
 Purchasing and Fleet Services

**FINANCIAL DATA:**

CURRENT YEAR COST: \$-0-  
NET COUNTY COST: \$-0-

ANNUAL COST: \$  
IN CURRENT YEAR BUDGET: YES/NO  
BUDGET ADJUSTMENT: YES/NO FOR FY: 03/04

**SOURCE OF FUNDS:**

C.E.O. RECOMMENDATION: **APPROVE.**

County Executive Officer Signature



Policy  
 Policy

Consent  
 Consent

Department Recommendation:  
Per Executive Office:

Prev. Agn. ref.  
NONE

Dist.  
ALL

AGENDA NO.

3.46

**BACKGROUND (Continued)**

In March 2003 Purchasing issued RFP # PUARC157 to establish a new line of credit to meet future requirements. Bids were sent to 24 major lending institutions including such companies as Citicorp, Banc of America, Ford Motor Credit Corp., GE Capital Public Finance, as well as advertised on the Internet, requesting rates for \$35.5 million to be used as required by the County. Bids were received from five financial institutions, which was narrowed down to one vendor for best and final offer. The other institutions were eliminated due to higher interest rates, or other special terms, conditions or requirements that were unacceptable or less attractive to the County. The original master lease with Banc of America was in the amount of \$18, 000,000 and Pitney Bowes had the balance of \$17,000,000, however with the new RFP, Banc of America was the lowest responsive bidder for the total amount of \$35,500,000.

Based on the evaluation criteria set forth in the RFP, Banc of America was determined as the most responsive and responsible bidder and offered the lowest rates. On May 15, 2003 Purchasing presented the Debt Advisory Committee (DAC) the results of the RFP and recommended selection of Banc of America. The Debt Advisory Committee unanimously approved the recommendation of Banc of America as the overall responsive/responsible vendor to meet the needs of the County. Additionally, the DAC requested the County include, as an option, the ability to increase the line of credit by an additional \$10,000,000, should the base amount be utilized faster than anticipated. Banc of America has a current master lease agreement that has been approved by County Counsel, therefore the county has elected to utilize the master lease agreement and issue only an amendment.

Banc of America uses a percentage formula based on the index quoted in the Federal Reserve Publication H. 15 (519) report for the prior week average utilizing interest rates for 2, 3, 5, and 7-year schedules. (See Attachment "A" for rates). The other institutions were eliminated due to higher interest rates, or other special terms, conditions, or requirements that were unacceptable or less attractive to the County.

**PRICE REASONABLENESS:** Banc of America offered the lowest interest rate and was selected based on the competitive bids received.

**REVIEW AND APPROVAL:** This agreement has been reviewed and approved by the Purchasing Agent, County Counsel, and the Debt Advisory Committee.