



HISTORIC
FRANKLIN
TENNESSEE

Item #13
BOMA
01/28/2014

MEMORANDUM

January 14, 2014

TO: Board of Mayor & Aldermen
FROM: Eric S. Stuckey, City Administrator
Russ Truell, Assistant City Administrator
SUBJECT: Banc of America Master Lease

Purpose

The purpose of this agenda item is to consider authorizing the Mayor and City Administrator to execute an amendment to our master lease agreement with Banc of America Public Capital Corporation for the purchase of the Human Resource Information System.

Background

The City of Franklin has entered master lease arrangements in each of the last two budget years. The lease for the FY13-14 budget items calls for approximately \$1.7 million in capital equipment to be acquired through a leasing arrangement.

In December, the Board approved a contract with Kronos for a HR Information System with a total multiyear cost of \$ 450,000. The cost of the system was not fully covered in the sizing of our original lease request and the closing documents. An amendment in the amount of \$ 392,000 is necessary to cover the upfront, non-recurring cost of the system.

Bank of America has agreed to amend the lease by adding a second schedule of items to be purchased. The same terms and conditions will apply, with a rate very similar to their original proposal. The rate will not be finalized until a closing date is determined but will be based on the same spread to the municipal index interest rate.

Financial Impact

The financial impact of the master lease amendment will be an additional expenditure of \$392,000, plus interest, over a three year period. The impact on the budget will be minimal, as \$100,000 was budgeted to cover the recurring costs during the first fiscal year and the first six months of lease payments on the non-recurring expense.

Recommendation

Staff recommends approval of the extension/amendment, subject to final review by the City Attorney and City Administrator.