

# GENERAL

## Ordinance Fact Sheet

130341

Ordinance Number

### Brief Title

Authorizes financing of television communication equipment for government cable Channel 2 through a master lease purchase agreement.

### Reason

To upgrade the quality and effectiveness of Channel 2 television equipment through a draw down under a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corporation.

### Details

#### Reason for Legislation

Authorizing the Director of Finance to accept the proposal of Banc of America Public Capital Corporation ("BAPCC") for financing the acquisition of television communication equipment for government cable Channel 2 (the "Project") under a Master Equipment Lease/Purchase Agreement ("Lease") in an approximate principal amount not to exceed \$302,000.00.00; estimating and appropriating \$302,000.00 in lease proceeds; authorizing the execution of any and all documents and agreements necessary for the financing; designating requisitioning authorities; authorizing the Director of Finance to close project accounts upon project completion; declaring the intent of the City to reimburse itself from the lease purchase proceeds for certain expenditures; and recognizing an emergency.

### Positions/Recommendations

<b>Sponsor</b>	Troy Schulte, City Manager Randall J. Landes, Director of Finance
<b>Programs, Departments, or Groups Affected</b>	
<b>Applicants / Proponents</b>	<b>Applicant</b>  City Department City Manager's Office Finance Department  <b>Other</b>
<b>Opponents</b>	<b>Groups or Individuals</b>  None Known <b>Basis of opposition</b>
<b>Staff Recommendation</b>	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against  <b>Reason Against</b>
<b>Board or Commission Recommendation</b>	<b>By</b> <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)
<b>Council Committee Actions</b>	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold <input type="checkbox"/> Do not pass

### Discussion

Legislation authorizes the Director of Finance to execute a lease purchase schedule ("Schedule") under a Lease to finance the Project. The legislation estimates and appropriates the proceeds of the financing, in an amount not to exceed \$302,000.00, in order for the Project to commence.

#### Background

The City Council, under Ordinance no. 090881 authorized the Director of Finance to accept the proposal of BAPCC to provide for financing of the costs of various leased property pursuant to a Lease. The Lease could be utilized for one year and the optional renewal of four (4) additional one year terms.

#### Project: Description

Kansas City's Channel 2 provides a vital service and information to the citizens of Kansas City. It is a critical piece of the emergency alert system and daily connects residents with their government. Key components of Channel 2 have been in operation since initially installed in 1994. As with all older equipment, it becomes increasingly difficult and in many cases impossible to find replacement parts to repair components which are essential to maintaining Channel 2's presence on the air.

Layered on the age of the current broadcasting backbone, are changes in television technology. Current Standard Definition broadcasting capabilities are largely being replaced by cable providers with High Definition broadcasting. Channel 2, as it is currently configured, can only broadcast in Standard Definition. Additionally, upgrading Channel 2 will allow the City to better utilize opportunities soon available with the installation of Google Fiber at City Hall.

Recent emergency events have also highlighted the need for the ability to broadcast live from the Emergency Operations Center allowing critical incident briefings to be broadcast directly to Kansas City residents.

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**Policy/Program Impact**

<b>Policy or Program Change</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Operational Impact Assessment</b>	

**Background Continued**

Technology upgrades will allow City Communications to improve quality and effectiveness of Channel 2 for City residents and decrease the amount of time spent repairing an outdated system. Without upgrades, the City could lose this important communications resource.

**Details**

Annual debt service on the Schedule, anticipated to be executed in September 2013 with a deferral of its first payment until May 1, 2014, is estimated at \$65,133 annually over a successive five year period at an assumed 2.44% interest rate. It is anticipated that general municipal revenues will fund debt service appropriations during the term of the Schedule.

The final interest rate will be locked based upon an index formula agreed upon by BAPCC and the City at the time the lease proceeds are drawn.

Is it good for the children? Televising governmental meetings educates children on how City government conducts business. Channel 2 provides a critical piece of the emergency alert system that assists with public safety.

How will this contribute to a sustainable Kansas City? The low tax-exempt interest rates will save the City resources in financing the project.

**Finances**

<b>Cost &amp; Revenue</b>	Estimated debt service calculated on 04/16/13, assuming one draw of \$302,000.00 at 2.44% interest, will be \$325,665 or an annual estimated debt service of \$65,133 over a five (5) year term. The Schedule is anticipated to be executed in September 2013 with a deferral of its first payment until May 1, 2014.
<b>Financial Impact</b>	
<b>Fund Source (s) and Appropriation Account Codes</b>	Debt service payment is anticipated to be paid from available City municipal general revenues.

(Use this space for further discussion, if necessary)

**Applicable Dates:**

**Fact Sheet Prepared by:**

Name: Dan Grandcolas  
Title: Sr. Analyst

Date:

**Reviewed by:**

Name: Tammy L. Queen  
Title: City Treasurer

**Reference Numbers**