

CITY of REPUBLIC

Established 1871

Exhibit M

AGENDA ITEM STAFF ANALYSIS

Project/Issue Name: Bill #06-79, an Ordinance Authorizing the City of Republic, Missouri to Enter Into a Lease-Purchase Transaction With the Missouri Association of Municipal Utilities.

Submitted by: Aubrey E. Harris, Director of Finance

Date: November 27, 2006

Issue Statement

The expansion of City services into the Northern portion of the City requires funding of \$11,175,000. Lacking those funds, the City has proceeded to work with the Missouri Association of Municipal Utilities to secure the funding.

Discussion and/or Analysis

The financial portion of the lease had been approved and we are now working with Gilmore and Bell, attorneys for Missouri Association of Municipal Utilities, to complete the documentation of the lease-purchase. The value of the lease-purchase is \$11,175,000.

The attached ordinance, drafted by Gilmore and Bell, will, when approved by the Board of Aldermen, formally authorize and commit the City to the terms of the agreement.

1. Exhibit A of the ordinance is the **Lease Agreement** which outlines the duties and responsibilities of both parties in the agreement: Missouri Association of Municipal Utilities and the City of Republic.
2. Exhibit B is the **Base Lease** which provides the terms to all parties of the financial arrangements. The term lease payment is in effect the City's annual debt and debt service payment.
3. Exhibit C is the **Tax Exemption Agreement** which contains the guidelines and requirements to maintain the exemption status of the lease.

Recommendation

The Director of Finance recommends passage of Bill #06-79.