CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Finance	Aimee Tihonovich - Finance Director	July 16, 2024

AGENDA ITEM
Second reading of ordinance 2024-10 authorizing the execution and delivery of a site lease, a lease purchase agreement, and related documents in connection with the acquisition of certain property for City purposes; approving the forms of such documents; and providing for other matters related thereto.

BACKGROUND
At the regular meeting of June 4, 2024; Council approved a contract to buy real estate located at 325 W. Hwy 50 in Salida with the expectation of utilizing a direct placement lease purchase agreement to finance the cost of the purchase. This ordinance outlines the parameters of this financing mechanism and provides the necessary authorizations to staff to carry out activities necessary to accomplish this transaction.

FISCAL NOTE
Section 3 of the ordinance constitutes maximum thresholds for the purposes of establishing parameters and delegating authority to award the site lease lender. Staff will be authorized to enter into a lease within these parameter but have no authority to do so outside of those parameters. It is anticipated that the maximum principal amount payable by the city under the Lease shall not exceed $1,400,000 and that the tax-exempt interest rate shall not exceed 5.0% and the taxable interest rate shall not exceed 6.65%. The maximum total amount of the rent payable by the City under the Lease shall not exceed $2,267,197.

The lender has been selected (Collegiate Peaks Bank) in a competitive process by issuing a Request for Information (RFI) The amounts stated in the above paragraph are "high" estimates to allow for some flexibility in pricing, but these are amounts that cannot be exceeded without additional council action.

RECOMMENDATION
Staff recommends approval of Ordinance 2024-10.

MOTION
A City Councilmember should state "I move to _____Ordinance 2024-10 on second reading", followed by a second and a roll call vote.