

Memorandum



CITY OF DALLAS

DATE March 22, 2024

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse
Moreno, Jaime Resendez

SUBJECT **Upcoming Agenda Item 24-938 for April 10, 2024: Authorizing a Five-Year Public
Property Finance Contract with JP Morgan Chase, N.A., with Two One-Year
Renewal Options, to Finance the Purchase of Capital Equipment, Fleet, and
Technology Items**

The March 27, 2024 City Council agenda includes a resolution to authorize a five-year Public Property Finance Contract, with two one-year renewal options, with JPMorgan Chase Bank, N.A., as part of a Master Municipal Lease Agreement (“Master Lease”) to finance the purchase of capital equipment, fleet, and technology items. The City utilizes a municipal equipment lease purchase program as a feasible means to purchase or otherwise acquire, use, and finance public property, pursuant to the Public Property Finance Act, Texas Local Government Code §§ 271.001 - 271.009.

The use of a tax-exempt finance contract providing a line of credit permits more cost-efficient use of financing as funds are borrowed to closely match the amount and timing of the payment for equipment, or “just-in-time” borrowing. Currently, finance contract interest rates are comparable to tax-exempt short-term note issuance and the initial and annual costs of the program are less than other types of debt issuance, such as tax-exempt commercial paper. There are no fees for financial advisory, rating agency, paying agent, or liquidity facility services since the finance contract is considered a private placement. The only expense associated with the program is for legal services, such as reviewing the finance contract and issuing an opinion that the lease is a tax-exempt obligation.

The following items are financed using the finance contract program, including but not limited to:

- Sanitation collection and landfill vehicles
- Fire apparatus - fire engines and aerial trucks
- General purpose fleet - light, medium, and heavy-duty vehicles
- Information technology (IT) - items associated with fleet management, City equipment fuel management, computer aided dispatch, public safety, customer service/performance management applications, budget/finance enterprise applications, and replacing/upgrading the City’s computers and IT infrastructure

Following a Request for Proposals issued in June 2023, a five-member evaluation committee consisting of members from the City Controller’s Office, Department of Aviation, Office of Budget, Small Business Center, and the Office of Procurement

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Services, JPMorgan Chase Bank, N.A., was determined to be the most advantageous qualifying proposer of three. The utilization of the Master Lease program is determined on an annual basis and included in the adoption of the budget book.

Please let me know if you need any additional information.



Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors