

ORDINANCE NUMBER O- 19618 (NEW SERIES)

DATE OF FINAL PASSAGE MAY 21 2007

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING A MASTER LEASE AGREEMENT FOR THE PURPOSE OF FINANCING THE ACQUISITION OF THE ENTERPRISE RESOURCE PLANNING SYSTEM IN A PRINCIPAL AMOUNT NOT TO EXCEED \$29.5 MILLION AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, from time to time the City of San Diego [City] has acquired equipment for the purposes of providing public services; and

WHEREAS, on January 9, 2007 the City issued a Request for Proposals to, among other purposes, solicit financing proposals for the implementation of the Enterprise Resource Planning System Core Project [ERP System]; and

WHEREAS, IBM Credit LLC, [IBM] submitted a bid expressing interest in financing all components of the ERP System and City staff has determined that the terms of the bid for financing the ERP System is at a cost-effective rate to the City; and

WHEREAS, the total acquisition cost of the ERP System is estimated to be \$36.5 million and the City has determined to cash fund \$7 million of the total acquisition cost and finance \$29.5 million; and

WHEREAS, the City has determined to contribute \$3.5 million of the \$7 million by transferring \$3.5 million from the City's A-List Fund (50066) to the ERP Fund (50071); and

WHEREAS, the financed portion of the ERP System will be in an amount not to exceed \$29.5 million and the City has determined to acquire the ERP system through a lease-purchase arrangement with IBM; NOW THEREFORE

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

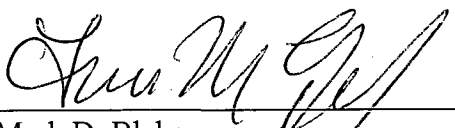
Section 1. That the Mayor or the Chief Financial Officer is hereby authorized to execute, for and on behalf of the City of San Diego, a Master Lease Agreement with IBM Credit LLC for a period not to exceed seven years for the purpose of financing the ERP System through lease-purchase. The Master Lease Agreement shall be in substantially the form presented to this Council, on file in the Office of the City Clerk as Document No. OO- 19618, with such additions and changes therein as the Mayor or the Chief Financial Officer, in consultation with the City Attorney, shall approve as being in the best interest of the City; provided however that (i) the acquisition cost of the equipment and services under the Master Lease Agreement shall not exceed \$29.5 million, (ii) the term of any equipment lease shall not exceed seven (7) years and (iii) the interest rate on any such equipment shall not exceed the legally permissible rate; and provided further that the Mayor or his designee shall not be authorized to make or cause to be made an initial draw against such credit facility until Council shall have affirmatively voted by resolution to acquire the equipment, software, and services as selected by the Data Processing Corporation as herein provided, together with any associated costs related thereto.

Section 2. That the Auditor and Comptroller is authorized and directed to establish an ERP Fund (50071) and to transfer up to \$3.5 million from the A-List Fund (50066) to the ERP Fund.

Section 3. That a full reading of this ordinance is dispensed with prior to passage, since a written copy was made available to the City Council and the public prior to the day of its passage.

Section 4. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

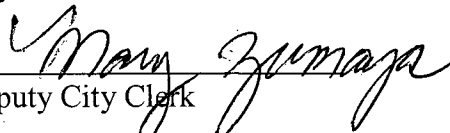
APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
For Mark D. Blake
Chief Deputy City Attorney

MDB:ai:jdf
03/29/07
04/12/07.COR.Copy
05/11/07.COR.Copy2
Or.Dept: Financial
O-2007-125
Companion: R-2007-972

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of MAY 15 2007.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 5-21-07
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor