



## AGENDA MEMO

### 11/17/2020 Agenda

**TO:** Honorable Mayor and City Council

**FROM:** Dale Harwell, Director of Information Services

**SUBJECT:** Approval of Master Tax-Exempt Lease/Purchase Agreement with American Capital Financial Services for Nutanix Hardware Maintenance, Software Licensing and Support

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#### **BACKGROUND:**

On November 3, 2020, the City Council approved a 5-year contract with SHI Government Solutions for the provision of the Nutanix Virtualized Server Environment. During the presentation, it was stated that the City would pay \$63,910.76 per year for five years for Nutanix hardware maintenance, software licensing and support. However, it was not explicitly indicated that the City would be entering into a Master Tax-Exempt Lease/Purchase Agreement with American Capital Financial Services to finance the cost of hardware maintenance, software licensing and support.

Staff recommends the decision to enter into a lease with American Capital Financial Services based on the following information:

- The amount proposed for the FY21 Capital Improvements Program only covers hardware cost, implementation services and one year of software licensing and support.
- The proposed cost to purchase Nutanix hardware maintenance, licensing and support on a **year-to-year** basis would amount to \$96,405.04 per year or \$482,025.20 for 5 years.
- The proposed cost to purchase Nutanix hardware maintenance, licensing and support with a **5-year commitment paid upfront and leased through a financial institution** would cost \$63,910.76 per year or \$319,553.80 for 5 years.
- The finance charge for the 5-year lease is \$14,573.96 or \$2,914.79 per year.
- Selecting the option to purchase 5 years of Nutanix hardware maintenance, software licensing and support upfront and financing the cost through a lease results in a savings of \$162,471.40 when compared to the option of purchasing year-to-year.

The City Attorney has reviewed the agreement and recommends no changes.

#### **RECOMMENDATION:**

Staff recommends that the City Council approve the five-year Master Tax-Exempt Lease/Purchase Agreement with American Capital Financial Services for Nutanix Software Licensing and Support in the amount of \$319,553.80.