



HISTORIC
FRANKLIN
TENNESSEE

ITEM #9
FINANCE
01-23-13

MEMORANDUM

January 15, 2013

TO: Board of Mayor and Aldermen
FROM: Eric S. Stuckey, City Administrator
Russ Truell, Assistant City Administrator
SUBJECT: U S Bank Lease Property Schedule 2

Purpose

The purpose of this agenda item is to consider authorizing the Mayor and City Administrator to execute a second lease schedule with U. S. Bank for items related to the FY12-13 Operating Budget.

Background

The City of Franklin entered a master lease arrangement with U. S. Bank in October, 2012. Items approved in our operating budget were covered by a document in the lease agreement titled Property Schedule 1. The interest rate of 1.07% was determined in a procurement process that included proposals from six banks.

Since adoption of the budget, several instances have arisen that require purchase of items not contemplated in the original budget. Three of the four items involved are additional equipment to existing projects, an emergency purchase, and new equipment that staff believes is more cost effective than undertaking expensive repairs on aged equipment. U. S. Bank is willing to extend their previous interest rate commitment to an additional borrowing for the needed equipment.

If fully utilized, Property Schedule 2 would add \$782,240.24 to the overall lease amount. Payments would be made semi-annually over a three year period.

Financial Impact

Impact to the General Fund in FY13 is included in the adopted budget. Future payments would be made from the General Fund operating budget or the Solid Waste operating budget adopted in FY14, FY15 and FY16.

Recommendation

Staff recommends approval.

EXHIBIT A

Property Description

One (1) 19" capacity drum style brush chipper, 137 HP John Deere 4045 Tier 4i as described in the Vermeer Heartland Sales Order dated 12/12/2012, Quote No. 121212HCP179A, incorporated herein by this reference.

One (1) 2013 Mack MRU 613 front-end loading refuse collection truck as described in the Stringfellow, Inc. Quote dated 11/30/2012, incorporated herein by this reference.

One (1) Heil 22 cubic yard CP Python automated side loader mounted on a 2014 Mack chassis as described in the Stringfellow, Inc. Quote dated 12/31/2012, incorporated herein by this reference.

Power source equipment as described in the Mission Critical Solutions Quote dated 10/30/2012, Quote # 2012-101-revision, incorporated herein by this reference.

EXHIBIT 1

Property Description and Payment Schedule

Re: **Property Schedule No. 2** to Master Tax-Exempt Lease/Purchase Agreement U.S. Bancorp Government Leasing and Finance, Inc. and City of Franklin.

THE PROPERTY IS AS FOLLOWS: The Property as more fully described in Exhibit A incorporated herein by reference and attached hereto. It includes all replacements, parts, repairs, additions, accessions and accessories incorporated therein or affixed or attached thereto and any and all proceeds of the foregoing, including, without limitation, insurance recoveries.

PROPERTY LOCATION:

Address

City, State Zip Code

USE: Miscellaneous Vehicles - This use is essential to the proper, efficient and economic functioning of Lessee or to the services that Lessee provides; and Lessee has immediate need for and expects to make immediate use of substantially all of the Property, which need is not temporary or expected to diminish in the foreseeable future.

Lease Payment Schedule

Total Principal Amount: \$767,897.40

Payment No.	Due Date	Lease Payment	Principal Portion	Interest Portion	Termination Amount (After Making Payment for said Due Date)
1	15-Aug-2013	130,390.04	126,281.79	4,108.25	660,864.08
2	15-Feb-2014	130,390.04	126,957.39	3,432.65	530,097.97
3	15-Aug-2014	130,390.04	127,636.61	2,753.43	398,632.26
4	15-Feb-2015	130,390.04	128,319.47	2,070.57	266,463.20
5	15-Aug-2015	130,390.04	129,005.98	1,384.06	133,587.05
6	15-Feb-2016	130,390.04	129,696.16	693.88	0.00
TOTALS:		782,340.24	767,897.40	14,442.84	

Interest Rate: 1.07%

Lessee: City of Franklin
By:
Name:
Title:

EXHIBIT 3

Lessee's Certificate

Re: **Property Schedule No. 2** to Master Tax-Exempt Lease/Purchase Agreement U.S. Bancorp Government Leasing and Finance, Inc. and City of Franklin.

The undersigned, being the duly elected, qualified and acting _____ of the City of Franklin ("Lessee") do hereby certify, as of February 15, 2013, as follows:

1. Lessee did, at a meeting of the governing body of the Lessee held _____ by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Property Schedule (the "Property Schedule") and the Master Tax-Exempt Lease/Purchase Agreement (the "Master Agreement") by the following named representative of Lessee, to wit:

NAME OF EXECUTING OFFICIAL	TITLE OF EXECUTING OFFICIAL	SIGNATURE OF EXECUTING OFFICIAL
And/ Or		

2. The above-named representative of the Lessee held at the time of such authorization and holds at the present time the office set forth above.

3. The meeting(s) of the governing body of the Lessee at which the Master Agreement and the Property Schedule were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Master Agreement and the Property Schedule and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Lessee relating to the authorization and delivery of Master Agreement and the Property Schedule have been: (a) held within the geographic boundaries of the Lessee; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body; and (d) conducted in accordance with the charter of the Lessee, if any, and the laws of the State.

4. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default or a Nonappropriation Event (as such terms are defined in the Master Agreement) exists at the date hereof with respect to this Property Schedule or any other Property Schedules under the Master Agreement.

5. The acquisition of all of the Property under the Property Schedule has been duly authorized by the governing body of Lessee.

6. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Lease Payments scheduled to come due during the current budget year under the Property Schedule and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Lessee in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Property Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Lessee to execute the Master Agreement or the Property Schedule, or the validity of the Master Agreement or the Property Schedule, or the payment of principal of or interest on, the Property Schedule; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Property Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Property Schedule.

City of Franklin
By:
Title:
SIGNER MUST NOT BE THE SAME AS THE EXECUTING OFFICIAL(S) SHOWN ABOVE.

EXHIBIT 5

Acceptance Certificate

U.S. Bancorp Government Leasing and Finance, Inc.
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

Re: **Property Schedule No. 2** to Master Tax-Exempt Lease/Purchase Agreement between U.S. Bancorp Government Leasing and Finance, Inc. and City of Franklin

Ladies and Gentlemen:

In accordance with the above-referenced Master Tax-Exempt Lease/Purchase Agreement (the "Master Agreement"), the undersigned ("Lessee") hereby certifies and represents to, and agrees with, U.S. Bancorp Government Leasing and Finance, Inc. ("Lessor"), as follows:

- (1) The Property, as such terms are defined in the above-referenced Property Schedule, has been acquired, made, delivered, installed and accepted on the date indicated below.
- (2) Lessee has conducted such inspection and/or testing of the Property as it deems necessary and appropriate and hereby acknowledges that it accepts the Property for all purposes.
- (3) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default or a Nonappropriation Event (as such terms are defined in the Master Agreement) exists at the date hereof.

Acceptance Date: _____

Lessee: City of Franklin
By:
Name:
Title:

EXHIBIT 6

Bank Qualification And Arbitrage Rebate

U.S. Bancorp Government Leasing and Finance, Inc.
13010 SW 68th Parkway, Suite 100
Portland, OR 97223

Re: **Property Schedule No. 2** to Master Tax-Exempt Lease/Purchase Agreement U.S. Bancorp Government Leasing and Finance, Inc. and City of Franklin

Bank Qualified Tax-Exempt Obligation under Section 265

Not applicable.

Arbitrage Rebate

Eighteen Month Exception:

Pursuant to Treasury Regulations Section 1.148-7(d), the gross proceeds of this Property Schedule will be expended for the governmental purposes for which this Property Schedule was entered into, as follows: at least 15% within six months after the Commencement Date, at least 60% within 12 months after the Commencement Date, and 100% within 18 months after the Commencement Date. If Lessee is unable to comply with Section 1.148-7(d) of the Treasury Regulations, Lessee shall compute rebatable arbitrage on this Agreement and pay rebatable arbitrage to the United States at least once every five years, and within 60 days after payment of the final Lease Payment due under this Agreement.

Lessee: City of Franklin
By:
Name:
Title:

VEHICLE TITLING ADDENDUM

Master Tax-Exempt Lease/Purchase Agreement dated August 1, 2012 and related Property Schedule No. 2 dated February 15, 2013, between City of Franklin as Lessee and U.S. Bancorp Government Leasing and Finance, Inc. as Lessor.

1. Lessor and Lessee hereby agree to amend the above referenced Agreement to add additional terms and conditions as set forth below:

Lessee agrees that it will provide to Lessor the original title documentation to the Equipment. Lessee shall provide such title documentation to Lessor within 15 days of Lessee's receipt of such title documentation from the appropriate titling authority. Lessee's failure to provide Lessor with title documentation to the Equipment in a timely fashion shall be deemed a condition of Default as defined in the default paragraph herein subject to remedies available to Lessor pursuant to the remedies paragraph. Lessee further agrees to pay a month to month unobtained titling fee if Lessor has not received the correct transferred title in Lessor's office.

2. Location: Lessor agrees that in regard to the location of the equipment, Lessee must be responsible for maintaining records showing the location of each piece of Leased equipment. Lessee will report this location to Lessor upon written request by Lessor. Failure to do so shall constitute a breach of the Agreement, which default shall be governed by the terms and conditions specified in the default and/or remedies paragraph of the Agreement.

3. Lessee will complete the physical titling of the vehicle as required by the state of Lessee's residence and guarantee U.S. Bancorp Government Leasing and Finance, Inc. that U.S. Bancorp Government Leasing and Finance, Inc. will receive the original title to the leased vehicle in a timely manner. Lessee agrees to indemnify U.S. Bancorp Government Leasing and Finance, Inc. from any damage or loss it incurs, including legal fees, due to its failure to complete its agreement herein.

THE APPLICATION FOR TITLE MUST INCLUDE THE FOLLOWING AS 1ST LIEN HOLDER:

**U.S. BANCORP GOVERNMENT LEASING AND FINANCE, INC.
1310 MADRID STREET
MARSHALL, MN 56258**

By signing this Addendum, Lessee acknowledges the above changes to the Agreement and authorizes Lessor to make such changes. In all other respects the terms and conditions of the Agreement remain in full force and effect.

Lessor: U.S. Bancorp Government Leasing and Finance, Inc.
By:
Name:
Title:
Date:

Lessee: City of Franklin
By:
Name:
Title:
Date: