

Bill No. 2016-04

Ordinance No. 1473 - 2016

ORDINANCE AUTHORIZING THE CITY OF COATESVILLE (THE "CITY") TO ENTER INTO A "BANK QUALIFIED" LEASE AGREEMENT WITH MANUFACTURERS AND TRADERS TRUST COMPANY (M & T BANK) FOR PURPOSES OF ACQUIRING TWO POLICE VEHICLES (2016 FORD INTERCEPTOR AND 2016 FORD EXPEDITION EL) AND A STREET SWEEPER (2016 JOHNSTON VT-651DS VACUUM STREET SWEEPER) PURSUANT TO COSTAR CONTRACTS AND INCURRING LEASE OBLIGATIONS (NOT IN EXCESS OF \$89,993.17 (FOR THE POLICE VEHICLES) AND \$ 270,668.75 (FOR THE STREET SWEEPER) TO BE EVIDENCED BY TWO (2) LEASE PURCHASE AGREEMENTS WITH MANUFACTURERS AND TRADERS TRUST COMPANY (THE "LESSOR") TO WHICH THE CITY WILL PAY TO LESSOR THE RENTAL PAYMENTS FOR THE PURPOSES OF PROVIDING THE SAID EQUIPMENT FOR THE CITY; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH LEASE PURCHASE AGREEMENTS; SETTING FORTH THE AMOUNTS OF THE RENTAL PAYMENTS TO BE MADE THEREUNDER AND COVENANTING TO PAY SUCH AMOUNTS FROM CURRENT REVENUES, SUBJECT TO ANNUAL APPROPRIATION; AUTHORIZING AND DIRECTING THE TAKING OF NECESSARY OR APPROPRIATE ACTIONS INCLUDING EXECUTION AND DELIVERY OF REQUISITE DOCUMENTS IN CONNECTION WITH THE LEASE PURCHASE AGREEMENTS; AND TAKING RELATED ACTIONS.

WHEREAS, the City of Coatesville (hereinafter "the City") is a Third Class City operating by means of a Home Rule Charter; and

WHEREAS, the City has issued a Request for Proposals to provide lease financing for the purchase through COSTAR Contracts of needed Police Vehicles and a Street Sweeper for the City of Coatesville (hereinafter the "Equipment") as more specifically described in Exhibit "A" annexed hereto and made a part hereof; and

WHEREAS, in response to the aforementioned Request for Proposals, Manufacturers and Traders Trust Company (also referred to as "M&T Bank") has submitted a fixed rate, fully amortized privately placed tax-exempt lease agreement with the City at two proposed interest rates for a three year term (two police vehicles total net price \$89,993.17) and a Johnston Vacuum Street Sweeper at two proposed interest rates for a five year term (Vacuum Street Sweeper total net price of \$270,668.75) as set forth in the correspondence dated March 21, 2016 (and with respect to which M & T Bank has agreed to the waiver of "Documentation Fees and Escrow Account Fees" as identified therein) said letter being attached hereto as Exhibit "B" annexed hereto and made a part hereof; and,

WHEREAS, the City desires by this Ordinance to authorize the execution and delivery on behalf of the City the Lease Purchase Agreements, as referenced previously (it being specifically noted that the City elects to opt for the 3 year Term/Annual in Advance the rate of 2.321% and for the 5 year Term/Annual in Advance rate of 2.483%), and to authorize the taking of necessary or appropriate actions to perform the Lease Purchase Agreements.

NOW THEREFORE, in accordance with the foregoing authority - which incorporates all rights and powers granted to the City of Coatesville under the Third Class City Code and those powers granted to the City under its Charter - THE CITY DOES HEREBY ENACT AND ORDAIN AS FOLLOWS:

Section 1. Approval by the City Council of the City of Coatesville. The City Council hereby authorizes and approves the financing of the Equipment pursuant to the Lease Purchase Agreements. The City of Coatesville determines to incur lease obligations debt in an aggregate principal amount not to exceed \$89,993.17 + \$270,668.78 (for a total of \$360,681.92) by the execution and delivery of Lease Purchase Agreements. The City of Coatesville hereby finds and determines that the realistic estimated useful life of the Equipment is at least three (3) years with respect to the police vehicles and at least five (5) years with respect to the Street Sweeper.

Section 2. Form of Lease Purchase Agreements. The Lease Purchase Agreements will be in form and substances satisfactory to the City of Coatesville with the advice of counsel, and shall provide that the City's repayment obligations thereunder.

Section 3. Execution and Delivery of Lease Purchase Agreements. The proper officers of the City of Coatesville are hereby authorized and directed to execute, attest, seal and delivery the Lease Purchase Agreements in the form provided in Section 2 hereof. Such execution, attestation and delivery of the Lease Purchase Agreement shall constitute conclusive evidence of such approval.

Section 4. Amounts Payable Under Lease Rental Debt Documents. The amounts required to be paid under the Lease Purchase Agreements from the current revenues of the City of Coatesville are as set forth in Exhibit "C" annexed hereto and made a part hereof.

Section 5. Rental Payments from Current Revenues of the City of Coatesville. The City covenants to pay Lessor the rental payments as set forth in Exhibit "C" hereto from current revenues subject to annual appropriate.

Section 6. Qualified Tax-Exempt Obligations. The City of Coatesville hereby represents that the reasonably anticipated amount of qualified tax-exempt obligations which have been and will be issued by the City of Coatesville does not exceed \$10,000,000 for the calendar year within which this Lease Purchase Agreement is to be a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code.

Section 7. Further Action. The proper officers of the City of Coatesville, i.e., the City Manager and City Finance Director and City Council President are hereby severally authorized and empowered on behalf of the City of Coatesville to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or appropriate for the implementation of this Ordinance and to effectuate the authorization, execution, delivery and performance of the Lease Purchase Agreement.

Section 8. Headings and Preambles. The preambles and heading of this Ordinance are inserted for ease of reference only and shall not constitute a part of this Ordinance.

Section 9. Inconsistent Ordinances and Repealed. All ordinances and resolutions to the extent inconsistent herewith shall be and same hereby are rescinded, canceled and annulled.

This Ordinance shall be effective following adoption in accordance with the City Charter and the Third Class City Code.

ENACTED AND ORDAINED this 11th day of April, 2016.



Linda Lavender-Norris
President, City Council


ATTEST:



Michael T. Trio, City Manager

CERTIFICATION

I HEREBY CERTIFY that the foregoing Ordinance was introduced on the 28th day of March, 2016 and was duly enacted by the Council of the City of Coatesville, Chester County, Pennsylvania, on 11th day of April, 2016, that the vote upon the said Ordinance has been recorded in the Minutes of the City Council and that the Ordinance has been fully recorded.



Michael T. Trio, City Manager

EXHIBIT "A"
DESCRIPTION OF EQUIPMENT

2016 Ford Police Interceptor	\$ 38,752.29
2016 Ford Expedition EL	\$ 51,240.88
2016 Johnston VT-651DS Vacuum Street Sweeper	\$270,668.75



M&T Bank

Understanding what's important[®]

March 21, 2016

Mr. John Marcarelli
Director of Finance
City of Coatesville
One City Hall Place
Coatesville, PA 19320

Re: 2016 Vehicle Lease RFP (Due March 21, 2016)

Dear John,

Manufacturers and Traders Trust Company ("M&T Bank") is pleased to outline the following financing proposal for the City of Coatesville. The terms and provisions outlined below are to be set forth more fully in lease documents and subject to review and approval by both Lessor's and Lessee's counsel.

LESSOR: M&T Bank (its nominees, assigns or affiliates)

LESSEE: City of Coatesville

EQUIPMENT & FUNDING AMOUNT (APPROXIMATE):	<u>Lease #1</u>	
	2016 Ford Police Interceptor	\$38,752.29
	2016 Ford Expedition EL	\$51,240.88 \$89,993.17
	<u>Lease #2</u>	
	2016 Johnson VT-65IDS Vacuum Street Sweeper	\$270,668.75

Equipment to be funded on two separate lease schedules. Lessor reserves the option to require award for leasing all vehicles.

FACILITY: Tax-Exempt Municipal Lease Purchase Agreement

This will be a non-cancelable, net lease transaction whereby maintenance, insurance, applicable taxes, and all items of a similar nature will be the responsibility of the Lessee. Provisions of the lease will require that Lessor be named Lender/Loss Payee on the insurance coverage.

TERMS & PAYMENT: Lease Term: 3 Years for Lease #1
5 Years for Lease #2
Closing Date: May 1, 2016 (estimate)

1310 West Chester Pike, Havertown, PA 19083
Phone: (610) 449-3944 • Fax: (610) 449-3945

Payment Frequency: Annual
Interest Rate: 2.321% for 3 Year Term / Annual in Advance
2.405% for 3 Year Term / Annual in Arrears
2.483% for 5 Year Term / Annual in Advance
2.555% for 5 Year Term / Annual in Arrears
Payment Schedule: See attached sample Amortization Schedules. Other structures are available.

ESCROW: If required, a lease schedule will be funded into an escrow disbursement account held by M&T Bank at the closing date. This will lock the interest rate at closing and protect against any future rate increases. During the construction/build period, with Lessee's approval, payments to the vendor(s) will be made from this escrow account as needed. Any interest earned on this account will accrue to the benefit of Lessee.

BASIS OF RENTAL FACTORS: The interest rates quoted in this proposal are based on M&T Bank's applicable Cost of Funds (COF) indicated below as of March 18, 2016 for a Bank Qualified transaction. The actual rate will be fixed three days prior to the closing and may be indexed to this cost of funds at discretion of Lessor.

3 Year Term / Annual in Advance = 2 Year COF
3 Year Term / Annual in Arrears = 3 Year COF
5 Year Term / Annual in Advance = 4 year COF
5 Year Term / Annual in Arrears = 5 Year COF

Cost of Funds shall mean the most recent yield on United States Treasury Obligations adjusted to a constant like-term maturity in effect three (3) business days prior to closing date as published by the Board of Governors of the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the Bank, plus the ask side of the like-term swap spread in effect three (3) business days prior to closing date as set forth in Bloomberg, L.P., or by such other quoting service, index or commonly available source utilized by the Bank.

TAX INDEMNIFICATION: Pennsylvania
Lessee will provide to Lessor the appropriate Commonwealth of Pennsylvania Exempt Organization certificate. This proposal assumes that this transaction qualifies as tax exempt, Bank Qualified pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. This offer is subject to Lessee providing bond counsel tax opinion, at Lessee's expense, stating the aforementioned qualifications.

DOCUMENTATION & APPLICABLE FEES: All documentation will be provided by Lessor and must be satisfactory to all parties. Lessee will pay to Lessor a documentation fee equal to \$250. The fee for an escrow account, if required, would be \$500. No acquisition fees, disposition fees or security deposit will be charged to this account.

END OF LEASE OPTIONS: Provided the Lessee has met all the terms and conditions of the lease agreement, the Lessee at lease expiration will have clear title of equipment upon payment of all amounts due under the lease.

EARLY TERMINATION: Pursuant to General Municipal Law the lease will allow for early termination for reasons of non-appropriation.

CONDITIONS:

This proposal is For Discussion Purposes Only. Final approval, if any, may only be granted upon receipt of all information deemed appropriate by Lessor and in accordance with Lessor's loan, legal and other applicable policies. This proposal is subject to Lessor's final credit and investment approval. Lessor takes a general exception to the application of any contract terms and conditions included in any solicitation for quotations. The terms and conditions applicable to the provision of our products and services will be those reflected in those final signed agreements and documents.

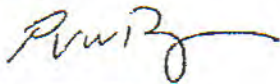
Lessee shall have delivered to M&T Bank, sufficiently in advance of closing, all documentation and other information required by the Bank in accordance with all applicable banking laws and regulations in effect from time to time, including, without limitation, the USA PATRIOT Act. Any failure by Lessee or any necessary third party to deliver to the Bank, in a timely manner, any material information requested, or any misrepresentation or inaccuracy with respect to any such information received, or if Bank's due diligence reveals that opening the accounts contemplated herein would potentially violate the Bank's regulatory compliance policies or applicable law, shall permit the Bank, in its sole discretion, to withdraw and/or cancel this proposal without liability, and retain any fees.

EXPIRATION:

This proposal shall expire in thirty (30) days unless extended by Lessor.

Thank you for allowing us the opportunity to present this proposal. Please contact me at (610) 449-3944 if you have any questions in reference to this proposal.

Sincerely,



Paul V.W. Black
Vice President - Municipal Leasing
Phone: 610-449-3944
Fax: 610-449-3945
Email: pvblack@mtfb.com

Encl: Sample Amortization Schedules

CC: Ryan McGowan, M&T Bank

M&T Bank
 - Sample Amortization Schedule -

City of Coatesville - 3 Year / Annual in Advance

Compound Period: Monthly

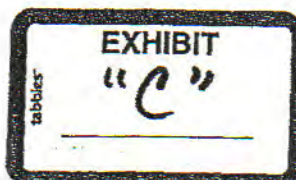
Nominal Annual Rate: 2.321 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	05/01/2016	89,993.17	1		
2 Lease Payment	05/01/2016	30,695.92	3	Annual	05/01/2018

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Lease Payment	Interest	Principal	Balance
Lease	05/01/2016				89,993.17
1	05/01/2016	30,695.92	0.00	30,695.92	59,297.25
2016 Totals		30,695.92	0.00	30,695.92	
2	05/01/2017	30,695.92	1,391.02	29,304.90	29,992.35
2017 Totals		30,695.92	1,391.02	29,304.90	
3	05/01/2018	30,695.92	703.57	29,992.35	0.00
2018 Totals		30,695.92	703.57	29,992.35	
Grand Totals		92,087.76	2,094.59	89,993.17	



M&T Bank
 - Sample Amortization Schedule -

City of Coatesville - 5 Year / Annual in Advance

Compound Period: Monthly

Nominal Annual Rate: 2.483 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	05/01/2016	270,668.75	1		
2 Lease Payment	05/01/2016	56,852.00	5	Annual	05/01/2020

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Lease Payment	Interest	Principal	Balance
Lease	05/01/2016				270,668.75
1	05/01/2016	56,852.00	0.00	56,852.00	213,816.75
2016 Totals		56,852.00	0.00	56,852.00	
2	05/01/2017	56,852.00	5,369.91	51,482.09	162,334.66
2017 Totals		56,852.00	5,369.91	51,482.09	
3	05/01/2018	56,852.00	4,076.96	52,775.04	109,559.62
2018 Totals		56,852.00	4,076.96	52,775.04	
4	05/01/2019	56,852.00	2,751.54	54,100.46	55,459.16
2019 Totals		56,852.00	2,751.54	54,100.46	
5	05/01/2020	56,852.00	1,392.84	55,459.16	0.00
2020 Totals		56,852.00	1,392.84	55,459.16	
Grand Totals		284,260.00	13,591.25	270,668.75	