

**CITY OF COATESVILLE
COUNTY OF CHESTER**

AN ORDINANCE AUTHORIZING THE CITY OF COATESVILLE TO ENTER INTO A BANK QUALIFIED LEASE-PURCHASE AGREEMENT WITH BRANCH BANKING AND TRUST FOR PURPOSES OF ACQUIRING A DUMP TRUCK WITH UPFIT FOR THE USE OF THE CITY PURSUANT TO A COSTAR CONTRACT EXEMPT FROM PUBLIC BIDDING, WITH NO PLEDGE OF FULL FAITH AND CREDIT AND TAXING POWER OF THE CITY AS SECURITY FOR REPAYMENT, A NON-APPROPRIATION CLAUSE WHICH TERMINATES THE LEASE IF PAYMENTS ARE NOT APPROPRIATED BY THE CITY, CONTAINING FULL PAYMENT TERMS WHICH ARE LESS IN DURATION THAN THE USEFUL LIFE OF THE VEHICLES BEING LEASED, SAID AGREEMENT TO REQUIRE INTEREST PAYMENTS AT RATES SET FORTH IN THE ATTACHMENT FOR A FIVE (5) YEAR TERM FOR A MAXIMUM LEASE AMOUNT OF \$147,559.31.

WHEREAS, the City of Coatesville (hereinafter the "City") is a third class City operating by mean of a home rule charter; and

WHEREAS, the City has issued a request for proposals to provide lease financing for the purchase through COSTARS of a dump truck with upfit for the City; and

WHEREAS, as in response to the foresaid request for proposals, Branch Banking and Trust ("B&T"), submitted a proposal dated February 4, 2019; and

WHEREAS, the total price though COSTARS will include the gross vehicle price plus accessory charges (upfit costs) and destination charges, it being understood that the purchase shall not exceed \$147,560.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.15%, and the financing term shall not exceed five (5) years; and

WHEREAS, the lease-purchase agreement will not rely upon the full faith and credit and taxing power of the City for repayment, and will have provisions such that in any given year where there is a failure to appropriate funds for the payment that comes due during such year, under the lease, there are remedies including repossession of the vehicle. Further, the useful life of the vehicle being leased exceeds five (5) years, a period which is greater than the term of the lease at issue; and

WHEREAS, the aforementioned form of financing constitutes a true "lease" not a debt obligation of the City subject to the requirements of the Local Government Unit Debt Act, 53 Pa.C.S. §8001, *et. seq.*; and

WHEREAS, the City will not rent out the vehicles for private hire and will otherwise comply with the requirements for a tax exempt "bank qualified" lease; and

WHEREAS, the City hereby designates its obligations to make principal and interest payments under the lease-purchase agreement as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3); and


WHEREAS, the City Charter, §2-301.D, requires that the City pass an Ordinance authorizing the borrowing of money; and

WHEREAS, the lease-purchase through BB&T is extremely beneficial by providing a basis for replacing an outdated vehicle at a reasonable cost.


NOWTHEREFORE, 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 set forth under its Charter, the City is hereby enact and ordain as follows:

1. The City Council of the City of Coatesville does hereby authorize and direct the City Manager, the City Finance Director and the President of City Council to enter into an appropriate lease-purchase agreement in accordance with the Branch Banking and Trust proposal dated February 4, 2019, attached hereto as Exhibit-A, to purchase a dump truck.
2. All ordinances or parts of ordinances conflicting with any provisions of this ordinance are hereby repealed insofar as the same affects this ordinance.
3. If any sentence, clause, section or part of this Ordinance is for any reason found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts hereof.
4. This Ordinance shall be effective thirty (30) days after publication following final adoption in accordance with the City Charter and the Third-Class City Code.

ENACTED AND ORDAINED this 25th day of February, 2019.


Linda Lavender-Norris, President City Council

ATTEST:


Michael T. Trio, City Manager

CERTIFICATION

I HEREBY CERTIFY that the foregoing Ordinance was introduced on the 11 day of February, 2019, was duly enacted by the Council of the City of Coatesville, Chester County, Pennsylvania, on the 25 day of February, 2019, and 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.