

TAB 10



City of Palmetto Agenda Item

Meeting Date

12/13/10

Presenter: Jim Freeman

Department: City Clerk

Title:

Resolution #2010-41 - Lease Documents for 2011 Capital Lease

During the 2011 budget season, the City Commission approved the budget for the financing of three police cruisers, the new phone system and a trailer mounted diaphragm for Public Works for a total not to exceed \$227,000. The cruisers have been delivered and the financing needs to be approved. The breakdown of the equipment is as follows:

Police Cruisers	\$97,000
Telephone System	71,944
Diaphragm Unit	58,560

The City will be financing the equipment with a capital lease from BB&T which has provided a proposal to the City. The capital lease would be financed at the interest rate of 2.49% for four years at quarterly payments of an estimated \$14,950. The 2011 budget includes sufficient budget for lease payments.

The final financing documents are forthcoming, will be reviewed by the attorneys and the closing date is projected to be on or around January 10, 2011.

Budgeted Amount:	\$227,000 .00	Budget Page No(s):		Available Amount:	\$227,000 .00	Expenditure Amount:	\$227,000 .00
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Additional Budgetary Information: Budget for phone system is in operating leases in the respective cost centers and will be moved pending approval of this lease

Funding Source(s):		Sufficient Funds Available:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Budget Amendment Required:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Source:	
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City Attorney Reviewed:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Advisory Board Recommendation:	<input type="checkbox"/> For <input type="checkbox"/> Against <input checked="" type="checkbox"/> N/A	Consistent With:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
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Potential Motion/Direction Requested: Motion to approve Resolution 2010-41 and authorize the Mayor to execute the financing documents for the capital lease purchase of three police cruisers, telephone system and trailer mounted diaphragm.

Staff Contact: Karen Simpson | City Hall | x109

Attachments: Resolution 2010-41; Financing proposal dated Jan. 10, 2011; Lease Agreement; Project Fund Agreement; Closing certificate; Use of proceeds certificate

RESOLUTION NO. 2010-41

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER LEASE/PURCHASE AGREEMENT WITH BRANCH BANKING AND TRUST (BB&T) AUTHORIZING A LEASE OF EQUIPMENT THEREUNDER; AUTHORIZING THE EXECUTION OF SUCH OTHER DOCUMENTS AS MAY BE NECESSARY TO COMPLETE THE TRANSACTIONS CONTEMPLATED HEREBY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS: The City of Palmetto, FL ("City") has previously determined to undertake a project for the purchase of three Police vehicles, a phone system and a trailer mounted diaphragm unit ("Project"), and the Finance Officer has now presented a proposal for the financing of such projects.

BE IT THEREFORE RESOLVED, as follows:

- Section 1. The City hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated December 8, 2010. The amount financed shall not exceed \$227,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.49% and the financing term shall not exceed four (4) years from closing.
- Section 2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Projects as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and a Project Fund Agreement as BB&T may request.
- Section 3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.
- Section 4. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

Section 5. The City intends that the adoption of this resolution will be a declaration of the City's official intent to reimburse expenditures for the Projects that are to be financed from the proceeds of the BB&T financing described above. The City intends that funds that have been advanced, or that may be advanced, from the City's general fund, or any other City fund related to the Projects, for project costs may be reimbursed from the financing proceeds.

Section 6. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict.

Section 7. This resolution shall take effect immediately.

PASSED AND DULY ADOPTED, in regular session, by the City Commission of the City of Palmetto, with a quorum present and voting, this 13th day of December, 2010

CITY OF PALMETTO, FLORIDA
BY AND THROUGH THE CITY
COMMISSION OF THE CITY OF
PALMETTO

By: _____
SHIRLEY GROOVER BRYANT,
MAYOR

ATTEST: JAMES R. FREEMAN

By: _____
City Clerk

255 S. Orange Avenue
Orlando, FL 32801
(407) 241-3570
Fax (877) 320-4453

December 8, 2010

Ms. Karen Simpson
Finance Director
City of Palmetto
516 8th Avenue West
Palmetto, FL 34220

Dear Ms. Simpson:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the City of Palmetto, FL ("City").

- (1) **Project:** Financing of 3 Police Vehicles, a phone system and a trailer mounted diaphragm unit (for the Water Department)
- (2) **Amount To Be Financed:** Not to exceed \$227,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Term</u>	<u>BQ Rate</u>
4 years	2.49 %

Principal and Interest on this financing transaction shall be due quarterly unless otherwise requested by the City. Interest on the principal balance will accrue on a 30/360 day count basis. Upon being awarded this transaction BB&T must approve of the final amortization schedule.

In the event that the above mentioned equipment or vehicles have not been received by the City prior to closing, the financing proceeds shall be deposited on behalf of the City into a project fund account with BB&T. Earnings on the project fund shall accrue to the benefit of the City for use on project costs or interest payments.

The interest rate stated above is valid for a closing not later than 45 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T and upon the condition of the property acceptable to BB&T.

All applicable taxes, permits, costs of counsel for the City and any other costs shall be the City's responsibility and separately payable by the City.

The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The stated interest rate above assumes that the City expects to borrow less than \$30,000,000 in the calendar year 2010 and less than \$10,000,000 in 2011 and that the financing shall comply with the applicable IRS Code Sections 141, 148, 149(e), 265(b)(3) and the American Recovery and Reinvestment Act of 2009, if applicable. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Financing Documents:

BB&T shall use its standard form financing contracts and related documents for this installment financing. We shall provide a sample of those documents to you should BB&T be the successful proposer. BB&T shall also require that the City's local counsel provide an acceptable legal opinion. A draft of this opinion will be provided with our documents.

(5) Security:

This financing shall be secured by a covenant to budget and appropriate from legally available non ad-valorem revenues of the City.

* * * * *

BB&T appreciates the opportunity to make this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the City or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Should we become the successful proposer, we have attached the form of a resolution that your governing board can use to award the financing to BB&T. If your board adopts this resolution, then BB&T shall not require any further board action prior to closing the transaction.

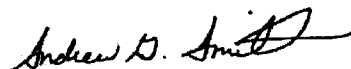
Please call me at (803) 251-1328 with your questions and comments or contact Michael C. Smith in our Orlando, FL office at:

255 South Orange Avenue
Orlando, FL 32801
Phone: 407.241.3570
Fax: 877.320.4453
Email: mcsmith@bbandt.com

We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Andrew G. Smith
Senior Vice President