

TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services  
SUBJECT: Lease-Purchase Financing for Heavy Rescue Vehicle Acquisition  
DATE: August 16, 2005

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Needs:

For the City Council to consider a resolution approving a lease-purchase agreement and various related documents with Municipal Finance Corporation for the purchase of a heavy rescue vehicle.

Facts:

1. The current budget contains an appropriation for the purchase of a heavy rescue vehicle and the debt service payments for the lease-purchase financing.
2. Requests for quotes for lease-purchase financing were distributed to twelve (12) firms. The responses are tabulated as follows:

Municipal Finance Corporation	3.67%
Ashford Capital Corporation	3.71%
SunTrust Leasing Corporation	3.74%
LaSalle Nat'l Leasing Corporation	3.87%

3. Municipal Finance Corporation quoted the lowest interest cost at 3.67% with no additional fees or charges and a \$1 buy-out at expiration date.
4. At this interest rate, over the five year term, the City will pay a total of \$316,767.00 towards equipment costing \$289,012.

Analysis  
and  
Conclusion:

While the City has the resources in reserves to purchase the heavy rescue vehicle outright, financing the acquisition will continue the availability of reserves for other Council priorities.

Currently, the interest cost on the lease-purchase is more than the interest earned on the investment of City funds. However, it is expected that over time, investment yields will exceed the interest cost.

Fiscal  
Impact:

None. Appropriations for the acquisition and the lease-purchase payments have been provided for in the current operating budget.

Options:

- a.** Adopt Resolution No. 05-xx approving a lease-purchase agreement and various related documents with Municipal Finance Corporation for the purchase of a heavy rescue vehicle and authorize the Director of Administrative Services/City Treasurer to execute any and all documents associated with said financing; or
- b.** Amend, modify, or reject the above option.

**QUOTATION SUBMITTAL FORM**

**LEASE-PURCHASE FINANCING**

**For**

**One Heavy Rescue Vehicle**

Vendors interested in submitting a quotation for lease-purchase financing must complete and submit this quote form no later than 4:00 p.m. on Wednesday, July 13, 2005 to the City of Paso Robles, Attn: Mike Compton, Director of Administrative Services, Paso Robles, 1000 Spring Street, California 93446. The submission must be clearly labeled "QUOTE ON LEASE-PURCHASE FINANCING".

Payment Option: Monthly in Arrears (attach payment schedule)

Annual Interest Rate 3.67 %

Total Aggregate Payments \$ \_\_\_\_\_

Vendors must identify any and all special fees or charges that will be added to the acquisition cost (amount financed) or as may be collected outside of the financing. If any, the special fees and charges are identified as follows:

None  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Note: For the purposes of this quotation form submittal, do NOT include any special fees or charges in to the acquisition cost or the attached payment schedules.

I hereby certify that I have the authority to bind the Company to the quote submitted. Receipt of this form by email by default shall also certify that the returnee has the authority to bind the Company to the quote submitted. Said quotation is valid from the date below for 60 calendar days.

Quote Submitted By:

Municipal Finance Corporation  
Company Name

William Norton, President  
Name and Title of Submitter

William Norton 7/12/05  
Signature Date

PREPARED BY MUNICIPAL FINANCE CORPORATION DATE: July 12, 2005  
 PROPOSED LEASE PURCHASE FOR: City of El Paso de Robles

RE: Vehicle

NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED

Purchase Option amount is exclusive of the rental payment due on same date.  
 Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

Payments: Monthly in ARREARS

5 years

3.67%

PMT #	Due Date	Rent Payment	Purchase Option	To Principal	To Interest
1		\$5,279.45	291,719.52	\$4,395.59	883.86
2		5,279.45	287,200.26	4,409.03	870.42
3		5,279.45	282,667.18	4,422.52	856.93
4		5,279.45	278,120.24	4,436.04	843.41
5		5,279.45	273,559.39	4,449.61	829.84
6		5,279.45	268,984.59	4,463.22	816.23
7		5,279.45	264,395.80	4,476.87	802.58
8		5,279.45	259,792.97	4,490.56	788.89
9		5,279.45	255,176.07	4,504.30	775.15
10		5,279.45	250,545.04	4,518.07	761.38
11		5,279.45	245,899.86	4,531.89	747.56
12		5,279.45	241,240.46	4,545.75	733.70
13		5,279.45	236,566.82	4,559.65	719.80
14		5,279.45	231,878.88	4,573.60	705.85
15		5,279.45	227,176.61	4,587.58	691.87
16		5,279.45	222,459.96	4,601.61	677.84
17		5,279.45	217,728.88	4,615.69	663.76
18		5,279.45	212,983.34	4,629.80	649.65
19		5,279.45	208,223.28	4,643.96	635.49
20		5,279.45	203,448.65	4,658.17	621.28
21		5,279.45	198,659.43	4,672.41	607.04
22		5,279.45	193,855.56	4,686.70	592.75
23		5,279.45	189,037.00	4,701.04	578.41
24		5,279.45	184,203.70	4,715.41	564.04
25		5,279.45	179,355.63	4,729.83	549.62
26		5,279.45	174,492.72	4,744.30	535.15
27		5,279.45	169,614.94	4,758.81	520.64
28		5,279.45	164,722.25	4,773.36	506.09
29		5,279.45	159,814.59	4,787.96	491.49
30		5,279.45	154,891.92	4,802.60	476.85
31		5,279.45	149,954.20	4,817.29	462.16
32		5,279.45	145,001.37	4,832.03	447.42
33		5,279.45	140,033.40	4,846.80	432.65
34		5,279.45	135,050.23	4,861.63	417.82
35		5,279.45	130,051.82	4,876.50	402.95
36		5,279.45	125,038.12	4,891.41	388.04
37		5,279.45	120,009.09	4,906.37	373.08
38		5,279.45	114,964.69	4,921.37	358.08
39		5,279.45	109,904.85	4,936.43	343.02
40		5,279.45	104,829.54	4,951.52	327.93
41		5,279.45	99,738.70	4,966.67	312.78
42		5,279.45	94,632.29	4,981.86	297.59
43		5,279.45	89,510.28	4,997.09	282.36
44		5,279.45	84,372.60	5,012.37	267.08
45		5,279.45	79,219.21	5,027.70	251.75

Payments: Monthly in ARREARS

5 years

3.67%

PMT #	Due Date	Rent Payment	Purchase Option	To Principal	To Interest
46		5,279.45	74,050.05	5,043.08	236.37
47		5,279.45	68,865.09	5,058.50	220.95
48		5,279.45	63,664.27	5,073.97	205.48
49		5,279.45	58,447.54	5,089.49	189.96
50		5,279.45	53,214.85	5,105.06	174.39
51		5,279.45	47,966.17	5,120.67	158.78
52		5,279.45	42,701.43	5,136.33	143.12
53		5,279.45	37,420.59	5,152.04	127.41
54		5,279.45	32,123.59	5,167.80	111.65
55		5,279.45	26,810.40	5,183.60	95.85
56		5,279.45	21,480.97	5,199.45	80.00
57		5,279.45	16,135.22	5,215.36	64.09
58		5,279.45	10,773.13	5,231.31	48.14
59		5,279.45	5,394.64	5,247.31	32.14
60		5,279.45	0.00	5,263.06	16.39
<b>TOTALS:</b>		<u>\$316,767.00</u>		<u>\$289,000.00</u>	<u>\$27,767.00</u>

Approved and agreed to:

City of El Paso de Robles

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE WITH OPTION  
TO PURCHASE, AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION  
THEREWITH WITH MUNICIPAL FINANCE CORPORATION

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WHEREAS, the City of El Paso de Robles (the "City") is a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, the current operating budget contains a budget appropriation for the purchase of a heavy rescue vehicle and for the annual debt service payments for a lease-purchase financing for said purchase; and

WHEREAS, the City purchased said heavy rescue vehicle in accordance with the adopted Purchasing Policy and Procedures; and

WHEREAS, the City has sought lease-purchase financing rates on a competitive basis; and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective lease purchase financing arrangement at a 3.67% interest rate.

THEREFORE BE IT HEREBY RESOLVED AS FOLLOWS:

SECTION 1. Lease with Option to Purchase. The Director of Administrative Services/City Treasurer is hereby authorized to enter into a Lease with Option to Purchase (the "Lease") with the Corporation to finance the Property, subject to approval as to form by the City Attorney.

SECTION 2. Attestations. The Clerk or other appropriate City officer are hereby authorized and directed to attest the signature of the Director of Administrative Services/City Treasurer, and to affix and attest the seal of the City, as may be required or appropriate in connection with the execution and delivery of the Lease.

SECTION 3. Other Actions. The Director of Administrative Services/City Treasurer and other officers of the City are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all agreements, documents and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Lease. Such actions are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Lease is hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The City, together with all subordinate entities of the City, do not reasonably expect to issue during the calendar year in which the Lease is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Reimbursement of Prior Expenditures. The City declares its official intent to be reimbursed from the proceeds of the Lease approved hereby for a maximum principal amount of \$289,000 of expenditures occurring no earlier than sixty days prior to the adoption of this Resolution. All reimbursed expenditures will be capital expenditures as defined in Section 1.150-1(b) of the Federal Income Tax Regulations.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 16<sup>th</sup> day of August 2005 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk

INCUMBENCY CERTIFICATE

I do hereby certify that I am the duly elected or appointed and acting Deputy City Clerk of City of El Paso de Robles, a body corporate and politic duly organized and existing under the laws of the State of California, that I have custody of the records of such entity, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of such entity holding the offices set forth opposite their respective names. I further certify that (i) the signatures set opposite their respective names and titles are their true and authentic signatures, and (ii) such officers have the authority on behalf of such entity to enter into that certain Equipment Lease/Purchase Agreement dated as of **DATE** (the "Agreement") between such entity and LaSalle Bank National Association.

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Michael J. Compton	Director of Admin. Svcs.	_____

I hereby further certify that the individual named below holds the office set forth opposite his name and is duly authorized to execute Certificates of Acceptance, Requisition Requests, and other documents relating to the Agreement.

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Michael J. Compton	Director of Admin. Svcs.	_____

IN WITNESS WHEREOF, I have duly executed this Certificate and affixed the seal of the City hereto this 17<sup>th</sup> day of August, 2005.

[SEAL]

\_\_\_\_\_  
Sharilyn M. Ryan, Deputy City Clerk