

**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 THREE POLICE CRUISERS WITH UPFIT, ONE PICK-UP TRUCK AND NINETY (90) PARKING METERS 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 \$209,186.00.

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 COSTARS three 2020 Ford Police Interceptor cruisers, a 2020 Ram 1500 pick-up truck and ninety (90) Standard Mk5, Model 795 Single Space Parking Meters for the City; and

WHEREAS, in response to the foresaid request for proposals, Branch Banking and Trust ("BB&T"), submitted a proposal dated February 28, 2020; and

WHEREAS, the total price through COSTARS will include the gross vehicle price plus accessory charges (upfit costs) and destination charges, as well as installation charges for the parking meters, it being understood that the purchases shall not exceed \$209,186.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.54%, 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 vehicles. Further, the useful life of the vehicles 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 outdated vehicles and installing parking meters at a reasonable cost.

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 set forth under its Charter, the City hereby enacts and ordains 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 28, 2020, attached hereto as Exhibit-A, to purchase three 2020 Police Interceptor cruisers, a 2020 Dodge 1500 pick-up truck and ninety (90) Standard Mk5, Model 795 Single Space Parking Meters.
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 11th day of May, 2020.



Linda Lavender-Norris, President City Council

ATTEST:



Michael T. Trio, City Manager

CERTIFICATION

I HEREBY CERTIFY that the foregoing Ordinance was introduced on the 27th day of April, 2020, was duly enacted by the Council of the City of Coatesville, Chester County, Pennsylvania, on the 11th day of May, 2020, 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.

Exhibit - A



Branch Banking & Trust Company

Governmental Finance
5130 Parkway Plaza Boulevard
Charlotte, North Carolina 28217
Phone (704) 954-1700
Fax (704) 954-1799

February 28, 2020

Richard Troutman
City of Coatesville, PA
One City Hall Place
Coatesville, PA 19320
USA

Dear Richard:

Truist Bank ("Lender") is pleased to offer this proposal for the financing requested by the City of Coatesville, Pennsylvania ("Borrower").

PROJECT: Lease purchase three police cruisers, one pickup truck and 90 parking meter heads

AMOUNT: \$209,186.00

TERM OR MATURITY DATE: 5 years

INTEREST RATE: 2.54%

TAX STATUS: Tax Exempt-Bank Qualified

PAYMENTS: Interest: Quarterly
Principal: Quarterly

INTEREST RATE CALCULATION: 30/360

SECURITY: All property being purchased with the proceeds

PREPAYMENT TERMS: Prepayable in whole at any time without penalty

RATE EXPIRATION: April 15, 2020

FUNDING: Proceeds will be deposited into an account held at Lender pending disbursement unless equipment is delivered prior to closing.

DOCUMENTATION: Lender proposes to use its standard form financing contracts and related documents for this installment financing. We shall provide a sample of those documents to you should Lender be the successful proposer.

