

Resolution Relating to

RESOLUTION

Sponsor(s): Councilors Keogh,
Wright, Paul, Mulvaney-Stanak; Bd. of Finance

Introduced: 09/12/11

Referred to: _____

Action: _____

Date: _____

Signed by Mayor: _____

AUTHORIZATION OF EXECUTION AND
DELIVERY OF A MASTER LEASE
PURCHASE AGREEMENT FOR EQUIPMENT
FOR FISCAL YEAR 2012

CITY OF BURLINGTON

In the year Two Thousand Eleven.....

Resolved by the City Council of the City of Burlington, as follows:

That WHEREAS, the governing body of the City of Burlington, Vermont ("Lessee") desires to Lease purchase certain equipment (the "Equipment") described in Equipment Schedule No. A-1 to the Master Lease Agreement (collectively, the "Lease Purchase Agreement") with JP Morgan Chase Bank, N.A. of Chicago, Illinois, the form of which has been available for review by the governing body of Lessee prior to this meeting; and

WHEREAS, the Equipment is essential for the Lessee to perform its governmental functions; and

WHEREAS, the funds made available under the Lease Purchase Agreement will reimburse the City for expenditures to acquire essential equipment in Fiscal Year 2012; and

WHEREAS, Lessee has taken the necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment; and

WHEREAS, Lessee proposes to enter into a Five Year Lease Purchase Agreement for \$1,257,403.00 with JPMorgan Chase Bank, N.A. pursuant to the term sheet attached hereto; and

WHEREAS, the Finance Board reviewed the bids for this leased purchased financing and approved and accepted the low bid submitted by JP Morgan Chase Bank, N.A. at its meeting on August 1, 2011 and recommends approval of the same by the City Council;

Resolution Relating to

AUTHORIZATION OF EXECUTION AND
DELIVERY OF A MASTER LEASE
PURCHASE AGREEMENT FOR EQUIPMENT
FOR FISCAL YEAR 2012

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF LESSEE

AS FOLLOWS:

Section 1. It is hereby found and determined that the terms of the Lease Purchase Agreement as attached hereto and incorporated in this resolution are in the best interests of Lessee for the acquisition of the Equipment.

Section 2. The financing of the Equipment under the terms and conditions as described in the attached term sheet are hereby approved. The Chief Administrative Officer of Lessee and any other officer of Lessee who shall have power to execute contracts on behalf of Lessee be, and each of them hereby is, authorized to execute, acknowledge and deliver the required Lease Purchase Agreement, subject to prior review and approval of the City Attorney, such approval to be conclusively evidenced by such execution and delivery of the Lease Purchase Agreement. The Chief Administrative Officer of the Lessee and any other officer of Lessee who shall have power to do so be, and each of them hereby is, authorized to affix the official seal of Lessee to the Lease Purchase Agreement and attest the same.

Section 3. The proper officers of Lessee be, and each of them hereby is, authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution.



JPMorgan Chase Bank, N.A.
10 S. Dearborn, Floor 34
Chicago, IL 60603
Tel: 312-732-7227
E-mail: sean.m.green@jpmchase.com

Sean Green
Assistant Vice President

July 22, 2011

Mr. Rich Goodwin
Assistant CAO for Finance
City of Burlington
149 Church Street
Burlington, VT 05401

Dear Mr. Goodwin:

JPMorgan Chase Bank, N.A. for itself, its parents and affiliates, its successors, and assigns, is pleased to submit the following lease proposal for your review and consideration. This letter is a proposal only and is contingent upon the Lessee's compliance with the requirements of the Internal Revenue Code of 1986 ("Code"), as amended, and all applicable state laws related to Lessee's ability to enter into a tax-exempt lease-purchase financing for the intended purposes. Upon your approval, this proposal will constitute Lessee's application to Lessor. This is for discussion purposes only and the terms and provisions are subject, among other things, to approval in accordance with Lessor's internal procedures, as well as certain additional conditions as set forth in the following.

LESSOR:	JPMorgan Chase Bank, N.A.
LESSEE:	City of Burlington
TRANSACTION:	Fixed-rate, fully amortizing, privately placed tax-exempt lease-purchase agreement ("Agreement").
NON BANK QUALIFIED:	This proposal assumes that Lessee will issue more than \$10 million in tax-exempt obligations this calendar year and that the Lessee will not designate this lease as a "qualified" tax-exempt obligation.
APPROPRIATION:	This Agreement shall be subject to annual appropriation.
USE OF PROCEEDS / TITLE:	To finance police cars, vehicles for the Parks Department and Public Works Department, office equipment, mowers for the Parks Department, tractors for the Church Street Marketplace and Equipment Maintenance, water backhoe for the Water Department, plow equipment for Public Works, zamboni ice resurfacers for Parks Arena, and repair costs for the College Street parking garage, the legal title of which shall vest in the Lessee during the term of the Agreement.
ESTIMATED FINANCING AMOUNT:	\$1,257,403
LOCATION OF EQUIPMENT:	Burlington, VT
COMMENCEMENT DATE:	On or before August 31, 2011; to be mutually agreed upon

- EXPECTED FINANCING TERM:** Five (5) years
- INTEREST RATE:**
A) 2.16%
B) 2.04%
- PAYMENT / FREQUENCY:**
A) Ten (10) semi-annual payments of \$ 120,764.27, in arrears. See attached amortization schedule.
B) Ten (10) semi-annual payments of \$ 120,401.72, in arrears. See attached amortization schedule.
- ADJUSTMENTS TO PAYMENT:**
A) This rate will be held for 30 days. If funding does not occur within 30 days, then the index - outlined below - will take affect.
B) The Interest Rate and related Payment quoted herein are based on current market rates as indicated by the applicable Interest Rate Swap ("Index Rate"), as published in the Federal Reserve Statistical Release Weekly Report H.15 as of July 22, 2011. The final interest rate will be determined three (3) days prior to funding by multiplying the Index Rate by the Bank's tax exempt factor, 64.03%, and then adding a spread (see Rate Calculation outlined below). For every change (increase or decrease) in the Index Rate between now and the Commencement Date, a corresponding adjustment will be made to the Interest Rate/Payment to maintain Lessor's economics.
- Rate Calculation: $(IR\ Swap * 64.03\%) + Spread = All-In\ Rate$
Example: 3-Year Swap = $.9630\% * 64.03\% + 1.4234\% = \underline{2.04\%}$
- Lessor reserves the right to adjust the pricing proposed in order to maintain Lessor's anticipated economic return as a result of material adverse changes in money markets and capital markets between the date of this proposal and the date of final funding.
- PREPAYMENT:** The Lease may be prepaid in full, but not in part, prior to maturity. If the Lessee pays the lease off prior to maturity, Lessee shall also be subject to fixed rate/"make-whole" break funding charges (if any).
- DISBURSEMENT OF PROCEEDS:** Lessor will fund the transaction via an initial escrow deposit with JPMorgan Chase Bank, N.A. ('JPM') equal to the full Financing Amount from which disbursements will be made to vendors, or reimbursements to Lessee (in compliance with Treasury Reg. 1.150-2) as funds are required.

City of Burlington

- SECURITY:** Lessee will grant Lessor a first priority security interest in the financed equipment.
- DOCUMENTATION:** Lessor or its counsel shall prepare documentation. A draft copy is supplied.
- REPORTING REQUIREMENTS:** Lessee shall deliver audited annual financial statements within 180 days of end of each fiscal year.
- MAINTENANCE & INSURANCE:** All maintenance and insurance are the responsibility of Lessee. Lessee shall bear all risk of loss or damage to the Equipment and shall be responsible for keeping the Equipment insured with companies satisfactory to Lessor and for such amounts as required by Lessor. Lessor, its parents and affiliates, its successors, and assigns, must be named as loss payee and additional insured as applicable, on all insurance policies. Evidence of such insurance must be satisfactory to Lessor.
- ASSIGNMENT:** This proposal assumes that the Lessor assigned the lease to JPMorgan Chase & Co. or a subsidiary at the time of closing.
- REPRESENTATIONS AND WARRANTIES:** Usual representations and warranties in connection with the financing, including without limitation, absence of material adverse change, absence of material litigation, absence of Default or potential default and continued accuracy of representations.
- CONDITIONS PRECEDENT:** Usual and customary conditions related to the issuance of the Tax-Exempt financing, including acceptable legal documentation and standard approvals from the City, State and local officials, as may be required.
- GOVERNING LAW:** All aspects of the financing being discussed including this Proposal and any loan documents would be governed by the laws of the State of Vermont.
- PROPOSAL ONLY:** This proposal is not a commitment to undertake this financing. JPMorgan Chase Bank, NA or any affiliate of JPMorgan Chase Bank, NA, its successors and/or assigns. A commitment shall not be binding on Lessor unless it is in writing and signed by Lessor and accepted by Lessee. Lessor will have the sole right of assignability of this proposal or any lease between Lessee and Lessor.
- PROPOSAL EXPIRATION:** This proposal will expire if funding does not occur by August 30, 2011.

You further acknowledge that Chase and its affiliates (collectively, "Chase") may, from time to time, be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transaction

City of Burlington

described herein and otherwise. In return, Chase confirms that it will not use confidential information obtained from you by virtue of the potential transaction contemplated by this proposal or our other relationships with you in connection with the performance by Chase of such services for other companies. You also acknowledge that Chase will not use in connection with the potential transaction contemplated by this preliminary proposal, or furnish to you, confidential information obtained from other companies.

IRS Circular 230 Disclosure: JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

Please feel free to contact me at 312-732-7227 if you have any questions, or would like to discuss this proposal in greater detail. Upon receipt of the accepted proposal, we will promptly begin the approval process so that we may be in a position to finalize this transaction with you. Thank you.

Sincerely,

Sean M. Green

Sean M. Green

Assistant Vice President

City of Burlington

Accepted Date: _____

By: _____



OFFICE OF THE CLERK/TREASURER
City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Voice (802) 865-7553
Fax (802) 865-7014
TTY (802) 865-7142

~ Request for Proposal ~

Capital Lease Financing

For

City of Burlington, Vermont

July 1, 2011

Proposals Due by 2:00 P.M. Eastern Standard Time
July 25, 2011

TERM SHEET
TAX-EXEMPT LEASE PURCHASE TRANSACTION
FOR
CITY OF BURLINGTON, VERMONT
July 1, 2011

This term sheet is a summary of the terms for this financing and is not intended to be a complete description. Please refer to information provided in this RFP and its three Appendices for additional information.

Lessee:	City of Burlington
Total Transaction Size:	\$ 1,257,403
Structure:	Tax-Exempt Capital Lease Subject to Appropriation Level Debt Service
Rating:	Unrated
Method of Sale:	Private Placement
Term:	5 years
Credit Enhancement:	None
Security:	The equipment
Use of Proceeds:	The proceeds will be used to finance capital purchases such as: police cars, vehicles for the Parks Department and Public Works Department, office equipment, mowers for the Parks Department, tractors for the Church Street Marketplace and Equipment Maintenance, water backhoe for the Water Department, plow equipment for Public Works, zamboni ice resurfacer for Parks Arena, and repair costs for the College Street parking garage. A description of the project and a detailed description of the equipment to be acquired are contained in Appendix C.

APPENDIX C
City of Burlington, Vermont
Proposed Equipment to be Leased
July 1, 2011

<u>DESCRIPTION</u>	<u>VENDOR</u>	<u>AMOUNT</u>
<u>AIRPORT</u>		
COPIER		10,000.00
<u>CEDO</u>		
COPIER	SYMQUEST GROUP I	10,878.30
<u>PUBLIC WORKS - TRAFFIC</u>		
B34-FC-R.O.W Tenco FRONT PLOW	R R CHARLEBOIS I	6,725.00
FREIGHTLINER CAB & CHASSIS	R R CHARLEBOIS I	75,169.00
PICKUP TRUCK REPLACEMENT	HERITAGE FORD	21,110.00
DUMP BODY & PLOW EQUIPMENT	CIVES CORP.DBA V	49,780.00
COLLEGE ST PARKING GARAGE REPAIR	SUMMIT/CATAMOUNT	35,130.00
COLLEGE ST PARKING GARAGE REPAIR	SUMMIT/CATAMOUNT	83,305.00
COLLEGE ST PARKING GARAGE REPAIR	SUMMIT/CATAMOUNT	318,175.00
<u>EQUIPMENT MAINTENANCE</u>		
B35-FC-SIDEWALK TRAC.	CIVES CORP.DBA V	107,195.00
<u>LIBARAY</u>		
2 HP PRINTERS	HEWLETT-PACKARD	1,093.00
<u>CHURCH STREET MARKETPLACE</u>		
MARKETPLACE TRACTOR	YANDOW	15,860.00
<u>PLANNING & ZONING</u>		
COPIER DRAWER	SYMQUEST GROUP I	44.10
COPIER	SYMQUEST GROUP I	9,707.40
<u>PARKS DEPARTMENT</u>		
ARENA ZAMBONI ICE RESURFACER	FRANK ZAMBONI &	56,211.56
DIESEL MOWER	VT ENGINE SERVIC	13,543.95
2011 FORD F250	HERITAGE FORD	27,836.00
2011 FORD F250	HERITAGE FORD	27,836.00
E350 CUTAWAY 1 TON UTILITY VAN	HERITAGE FORD	32,969.00
BATWING CUTTER	ESSEX EQUIPMENT	10,900.00
<u>POLICE DEPARTMENT</u>		
(7) 2011 FORD CROWN VICTORIA	MHQ MUNICIPAL VE	185,415.00
POLICE STORAGE AREA NETWORK EXPANSION	DELL	80,668.00
<u>WATER DEPARTMENT</u>		
2011 WATER BACKHOE	BEAUREGARD EQUIP	77,852.00

TOTAL PROPOSED EQUIPMENT LEASE: \$1,257,403.31
