

RESOLUTION 10-97

**A RESOLUTION TO APPROVE LEASE-PURCHASE FINANCING
OF NEW FIRE TRUCK**

WHEREAS, the City of Spring Hill, Board of Mayor and Aldermen approved the purchase of new fire truck on August 30, 2010 in Resolution 10-91; and

WHEREAS, the City of Spring Hill advertised Request for Proposals on August 31, 2010 and accepted proposals on September 13, 2010 at 2:00 p.m.; and

WHEREAS, City Staff received and reviewed proposals and; and

NOW, THEREFORE BE IT RESOLVED, that the City of Spring Hill approves the Lease-Purchase financing of new Fire truck, as recommended by staff, from SunTrust Equipment Financing Corp., and a term of 72 months. Recommended by the Budget and Finance Advisory Committee on September 13, 2010.

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 20th day of September, 2010.



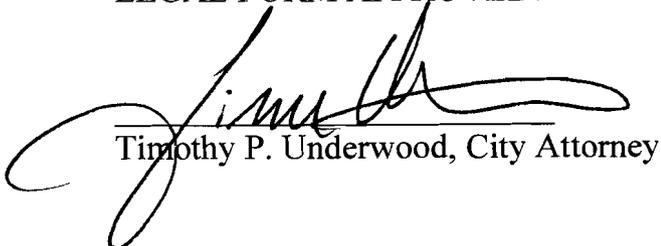
Michael Dinwiddie, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Timothy P. Underwood, City Attorney

SUMMARY OF REQUEST FOR PROPOSALS

For

City of Spring Hill, Tennessee

CAPITAL EQUIPMENT LEASE PURCHASE FINANCING

FIRE TRUCK-2010

BID OPENING: Monday, September 13, 2010, 2:00 P.M.

FINANCIAL INSTITUTION	QUOTE
First Farmers & Merchants Bank Columbia, TN	3.75%-7 Year Term
Mid-West Leasing, Inc. Gunnison, CO	2.72%-7 Year Term
SunTrust Equipment Finance & Leasing Corp. Towson, MD	2.25%-6-Year Term

The City of Spring Hill opened proposals for the above referenced Lease Purchase. Acceptance of bids closed at 2:00 p.m. City Staff present were: Jim Smith, Assistant City Administrator/Finance Director; Victor Lay, City Administrator; and April Goad, City Recorder. No bidder representatives were present.

Jim Smith opened proposals; results as stated above.

Spring Hill Board of Mayor and Aldermen will vote on Capital Lease Company on Monday, September 20, 2010, 7:00 p.m.

Proposal opening concluded at 2:12 p.m.

CERTIFICATION:

State of Tennessee
Maury County
City of Spring Hill

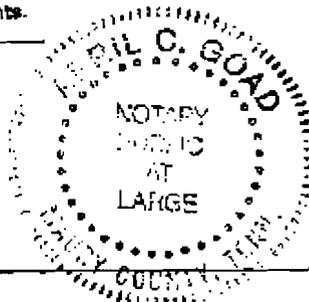
I hereby certify that this is a true copy of the original documents.

Description: Fire Truck Financing

This, the 13th day of September, 2010.

April C. Goad
April C. Goad, Notary Public
City Recorder, City of Spring Hill, Tennessee

My Commission Expires: June 19, 2012





Douglas S. Dillon
Vice President

SunTrust Equipment Finance & Leasing Corp.
300 East Joppa Road, Suite 700
Towson, MD 21286
Tel 410.307.6640
Fax 410.307.6620
doug.dillon@suntrust.com

September 10, 2010

Mr. James H. Smith
The City of Spring Hill
199 Town Center Parkway
PO Box 789
Spring Hill, TN 37174

RE: Tax-Exempt Lease Financing Proposal

Dear Mr. Smith:

SunTrust Equipment Finance & Leasing Corp. ("Lessor") is pleased to present to you a financing proposal for the City's planned acquisitions of police vehicles as highlighted in your Request for Proposal distributed August 31, 2010. The terms and conditions of our proposal are outlined as below:

LESSEE:	City of Spring Hill, TN Lessee is a state or political subdivision within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code").
LESSOR:	SunTrust Equipment Finance & Leasing Corp., or its Assignee
EQUIPMENT TYPE:	new fire truck
AMOUNT FINANCED:	\$297,482.00
LEASE RATE:	2.25%
LEASE TERM:	Seventy-two (72) months
LEASE PAYMENT:	The Lease Payment will be a function of the actual funding date. For the purposes of this proposal, the Amortization Schedule assumes the Amount Financed is funded on October 15, 2010 with the first lease payment due on October 15, 2010 followed by six annual payments on October 15 through and including October 15, 2016. The Lessor is agreeable to discussing alternative funding dates and lease payment dates upon the Lessee's request.

TYPE OF FINANCING:

Schedule(s) under a Master Lease Agreement. Said Schedules shall be net lease arrangements whereby the Lessee is responsible for all costs of operation, maintenance, insurance, and taxes. Payments due under the Schedules shall be unconditional, and shall not be based on the annual appropriation of funds during the term of the lease.

BANK OR NON-BANK QUALIFICATION:

Lessee reasonably anticipates the total amount of tax-exempt obligations (other than private activity bonds) to be issued by Lessee during calendar year 2010 may, or may not, exceed thirty million (\$30,000,000.00) dollars.

ESCROW FUNDING:

AN ESCROW ACCOUNT IS NOT ANTICIPATED FOR THIS TRANSACTION. However, the Lessor may agree to the establishment of an escrow account to hold the funds until disbursement is authorized by the Lessee to pay for delivered equipment. In the event an escrow account is utilized, the escrow account will be used to pay equipment vendors, contractors and any escrow expenses.

In the event that an escrow account is utilized the Escrow Agent will be SunTrust Bank, or some other institution selected by the Lessee subject to Lessor's approval. In the event that SunTrust is the Escrow Agent, the Lessee agrees to pay a \$250 fee for the account set up and administration. The fee will be paid for out of the escrow earnings. However, in the event the escrow account does not earn sufficient interest to pay the escrow fee, the Lessee agrees to pay the shortfall amount. Any excess interest earnings above \$250 will be for the benefit of the Lessee.

In addition, the Lessor must review and approve escrow disbursements prior to a disbursement of funds from the escrow account.

REIMBURSEMENT:

If Lessee intends to be reimbursed for any equipment cost associated with this Agreement, intent for reimbursement from the proceeds of this Agreement must be evidenced, and must qualify under the Treasury Regulation Section 1.150.2.

INSURANCE:

Subject to the approval of the Lessor, the Lessee may self-insure for liability and physical damage. However, in the event the Lessor requires third party insurance coverage, The Lessee shall furnish confirmation of all risk physical damage insurance coverage for the full cost of the property plus one million (\$1,000,000.00) dollars combined single limit property damage and bodily injury insurance covering the property, or some other evidence of a risk management/ insurance program agreeable with the Lessor. The Lessor shall be named as loss payee and additional insured on such third-party insurance coverage.

AUTHORIZED SIGNORS:

The Lessee's governing board shall provide Lessor with its resolution or ordinance authorizing this Agreement and shall designate the individual(s) to execute all necessary documents used therein.

LEGAL OPINION:

The Lessee's counsel shall furnish Lessor with an opinion covering this transaction and the documents used herein. This opinion shall be in a form and substance satisfactory to Lessor.

LEGAL TITLE:

Title to the equipment will be in the name of Lessee. Lessor will be granted a security interest or lien on all collateral being financed.

DOCUMENTATION:

Documentation will be furnished by the Lessor. A copy of the existing Master Lease Agreement and Schedule 001 between the Lessee and Lessor has been included along with this proposal.

PROPOSAL EXPIRATION:

In order to hold the interest rate through October 15, 2010 the Lessee must notify the Lessor, either verbally or in writing, that the Lessor is the apparent winner of the bid by September 15, 2010. If notification occurs by this date, the Lessor will honor the quoted Lease Rate for a closing on, or before, October 15, 2010. The Lessee will have through October 15, 2010 to complete its internal bid review process and to formally award the transaction. There will not be a penalty to the Lessee if notice is made by the indicated date, but the transaction is not formally awarded to the Lessor.

However, if notice is not received by September 15, 2010, or if funding does not take place by October 15, 2010, the Lease Rate and Lease Payment Amounts may be adjusted to market conditions three (3) days prior to funding, unless the Lessor agrees to hold the rate through a later date. Once set, the Lease Rate will remain fixed for the Lease Term.

FINANCIAL STATEMENTS:

Lessee shall provide to Lessor current financial statements, budgets, demographics, and proof of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of Lessee to continue this Agreement as may be reasonably requested by Lessor.

This proposal is subject to final credit approval by the Credit/Investment Committee of SunTrust Bank and approval of the lease documents in SunTrust Equipment Finance & Leasing Corp.'s sole discretion. To render a credit decision, Lessee shall provide Lessor with the information requested above.

Upon receipt of the signed proposal, we will endeavor to provide you with a timely commitment. It is a pleasure to offer this proposal and we look forward to your favorable acknowledgment.

Sincerely,



Douglas S. Dillon
Vice President
SunTrust Equipment Finance & Leasing Corp.

AGREED TO AND ACCEPTED BY:

(Name) _____

(Title) _____

(Date) _____

- SUBJECT TO, AND MADE A PART OF, THAT CERTAIN PROPOSAL DATED SEPTEMBER 10, 2010 -

Client: City of Spring Hill, TN
 Lessor: SunTrust Equipment Finance & Leasing Corp.

New Fire Truck
 Repayment Structure: Seven (7) level annual payments due in advance
 Interest Rate: 2.25%

<u>Period</u>	<u>Payment Number</u>	<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance</u>	<u>Prepayment Amount</u>
0	1	10/15/2010	45,386.08	297,482.00	-	252,096.92	254,616.88
1	2	11/15/2010	45,386.08	39,713.92	5,672.16	212,382.00	214,506.82
2	3	12/15/2010	45,386.08	40,607.48	4,778.60	171,774.52	173,482.27
3	4	1/15/2011	45,386.08	41,521.15	3,864.93	130,253.37	131,655.90
4	5	2/15/2011	45,386.08	42,466.38	2,930.70	87,797.99	88,675.97
5	6	3/15/2011	45,386.08	43,410.63	1,975.45	44,387.36	44,831.23
6	7	4/15/2011	45,386.08	44,387.36	998.72	-	-
Grand Total			317,702.56	-	20,220.56		

- SUBJECT TO, AND MADE A PART OF, THAT CERTAIN PROPOSAL DATED SEPTEMBER 10, 2010 -

Client: City of Spring Hill, TN
 Lessor: SunTrust Equipment Finance & Leasing Corp.

New Police Vehicles and Fire Truck Combined Lease Schedule
 Repayment Structure: Seven (7) annual payments due in advance as depicted
 Interest Rate: 2.12%

<u>Period</u>	<u>Payment Number</u>	<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance</u>	<u>Prepayment Amount</u>
0	1	10/15/2010	129,617.29	545,482.00	-	415,884.71	420,023.36
1	2	11/15/2010	129,617.29	130,800.86	8,816.33	295,063.75	298,014.39
2	3	12/15/2010	129,617.29	123,361.94	6,255.35	171,701.81	173,418.83
3	4	1/15/2011	45,243.08	41,803.00	3,440.08	130,898.81	131,399.80
4	5	2/15/2011	45,243.08	42,484.98	2,758.10	87,813.83	88,489.97
5	6	3/15/2011	45,243.08	43,385.67	1,857.41	44,228.16	44,670.44
6	7	4/15/2011	45,165.80	44,228.16	937.64	-	-
Grand Total			569,746.91	-	24,264.91		

Net Interest Paid - Police Vehicles	5,122.63
Net Interest Paid - Fire Truck	20,220.56
Total Net Interest Paid - Separate Schedules	25,343.19
Total Net Interest Paid - Combined Schedule	24,264.91
Total Net Interest Savings - Combined Schedule **	1,078.28

** SunTrust Equipment Finance & Leasing Corp. ("SunTrust") has submitted separate proposals for the Police Vehicles and the Fire Truck as instructed in the RFP. However, SunTrust is willing to consider combining the vehicles under one lease schedule at an APR of 2.12% where there will be 'step-down' annual payment structure to mimic the combined amortization of the separately quoted lease schedules. As an incentive to the City of Spring Hill to entertain this structure, the proposed Combined lease schedule will result in net interest savings of \$1,078.28 when compared the combined net interest to the two separate lease schedules as quoted. Liens on the police vehicle collateral may be released after the third lease payment subject to final lease terms and conditions. All other terms of the Proposal dated September 10, 2010 will apply if a combined lease schedules structure is chosen.



September 10, 2010

City of Spring Hill
Attn: Jim Smith
P.O. Box 789
199 Town Center Parkway
Spring Hill, TN 37174

Re: Capital Equipment Financing

Dear Mr. Smith:

First Farmers and Merchants Bank is pleased to submit the following bid for the City of Spring Hill:

Loan Amount:	1) \$248,000 2) \$297,482
Purpose:	1) To finance the lease-purchase of police vehicles and related equipment 2) To finance the lease-purchase of a fire engine
Interest Rate:	1) Fixed at 3.39% 2) Fixed at 3.75%
Loan Fee:	None
Terms and Conditions:	1) 3 years with annual principal and interest payments in arrears 2) 7 years with annual principal and interest payments in arrears
Closing Cost:	All customary closing costs will be paid by the Borrower, including, but not limited to, recording fees, taxes, flood certification, appraisal fees, title insurance, environmental,



UCC-1 filings, and any other costs which may be reasonably required.

Reporting Requirements: Annual audited financial statements are to be provided.

Attorney's opinion certifying that the borrowing is a bank qualified tax exempt transaction.

First Farmers & Merchants Bank is in compliance with the Community Reinvestment Act. A complete copy of the most recent evaluation will be provided upon request.

First Farmers has handled similar lease transactions for many other organizations, a few of which are as follows: Maury Regional Hospital, City of Nolensville, and Town of Loretto.

Please note that this bid is not subject to credit approval as approval for both lease transactions has already been attained.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy W. Lafferty". The signature is fluid and cursive, with a large initial "K" and "L".

Kathy W. Lafferty
Commercial Banking Officer
First Farmers and Merchants Bank



Friday, September 10, 2010

James H. Smith, Finance Director & Assistant City Administrator
199 Town Center Parkway
P. O. Box 789
Spring Hill, TN 37174

Thank you for the opportunity to be of service in the acquisition of Fire Truck & Police vehicles in your RFP.

Midwest Leasing, Inc., specializes in leasing equipment to municipal tax exempt entities such as yours. We appreciate working with you to provide your district with a very cost-effective solution to your lease purchase financing requirements.

As a result, we are pleased to furnish you with a lease proposal for the equipment, based upon a net of \$545,482.00

Amount Financed-	\$297,482.00
7 Year Lease Purchase	\$45,997.54/Annual Payment (see attached amortization schedule)
Amount Financed-	\$248,000.00
3 Year Lease Purchase	\$84,669.58/Annual Payment (see attached amortization schedule)

Option at the end of the lease term:

1. After the last payment you own the equipment.

SunTrust Equipment Leasing & Finance Corp. will be named first security lienholder in the equipment. The Buy Rate outlined in this proposal is valid for funding through September 24, 2010. After September 24, 2010, the proposed Buy Rate will be adjusted two (2) days prior to the Funding Date, and will be indexed to the two (2) year LIBOR/SWAP Rate (Index Rate). The Index Rate on the date of this proposal is 0.76%. Should the Index Rate change prior to funding, an adjustment to the Buy Rate would then become necessary. For each basis point change in the Index Rate, the Buy Rate will be adjusted by 65%. Once a given schedule is funded, the Buy Rate will be fixed for the entire term. This proposal will expire in 30 days. This proposal is subject to credit approval. Rated quoted assumes a prepayment penalty equal to 102% of the principal balance.

SunTrust Equipment Finance & Leasing Corp. will be the ultimate lessor on this financing and will hold title on the equipment.

We look forward to providing you with a very cost efficient leasing solution in acquiring the equipment.

Sincerely,

Bryan Wickenhauser

Midwest Leasing Inc.
Bryan Wickenhauser, Vice President
414 North Pine Street
Gunnison, CO 81230
800.399.2604 / Fax 800.652.0377
www.financing-equipment.com

List of Recent Transactions/References

Carpentersville USD #300
Diane White – Purchasing
300 Carpentersville, IL 60110
847-426-1300
\$3,500,000 of school buses

Pacific Palisades Charter High School
Greg Wood – Business Mgr
15777 Bowdoin Street
Pacific Palisades, CA 90272
Swimming Pool, Track surface and turf \$2,000,000

Municipality of Anchorage, AK
Ross Risvold
907-343-6606
\$400,000.00 IT Equipment

Randy Craig
Business Manager
Huntington ISD
PO 328 - Huntington, TX 75949
Ph: 936-876-4287 X2102
\$350,000.00 of school buses

Spring Hill

Compound Period Annual

Nominal Annual Rate: 2.723 %
 Effective Annual Rate ...: 2.723 %
 Periodic Rate: 2.7226 %
 Daily Rate: 0.00746 %

CASH FLOW DATA

Event	Start Date	Amount	Number Period	End Date
1 Loan	09/10/2010	297,482.00	1	
2 Payment	09/10/2010	45,997.54	7 Annual	09/10/2016

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
2010 Totals	45,997.54	0.00	45,997.54	251,484.46
2011 Totals	45,997.54	6,847.02	39,150.52	212,333.94
2012 Totals	45,997.54	5,781.09	40,216.45	172,117.49
2013 Totals	45,997.54	4,686.14	41,311.40	130,806.09
2014 Totals	45,997.54	3,561.38	42,436.16	88,369.93
2015 Totals	45,997.54	2,406.00	43,591.54	44,778.39
2016 Totals	45,997.54	1,219.15	44,778.39	0.00
Grand Totals	321,982.78	24,500.78	297,482.00	0.00

Spring Hill

Compound Period Annual

Nominal Annual Rate 2.443 %
 Effective Annual Rate ... 2.443 %
 Periodic Rate 2.4428 %
 Daily Rate 0.00669 %

CASH FLOW DATA

Event	Start Date	Amount	Number	Period	End Date
1 Loan	09/10/2010	248,000.00	1		
2 Payment	09/10/2010	84,669.58	3	Annual	09/10/2012

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
2010 Totals	84,669.58	0.00	84,669.58	163,330.42
2011 Totals	84,669.58	3,989.78	80,679.80	82,650.62
2012 Totals	84,669.58	2,018.96	82,650.62	0.00
Grand Totals	254,008.74	6,008.74	248,000.00	0.00