

RESOLUTION 20-123

A RESOLUTION TO AUTHORIZE THE MAYOR TO SIGN A LEASE-TO-OWN CONTRACT WITH CATERPILLAR FOR A MINI EXCAVATOR

WHEREAS, the City of Spring Hill Board of Mayor and Aldermen budgeted \$20,000 in the MS4 Department FY 2021 budget for a lease contract of a Bobcat mini excavator; and

WHEREAS, the City has the opportunity for a lease-to-own contract with Caterpillar for a comparable mini excavator; and

WHEREAS, this larger mini excavator is vital to various duties within all Public Works departments that currently require the City to rent this type of machine; and

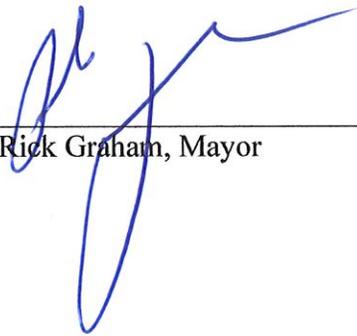
WHEREAS, the lease-to-own contract is for a total purchase price of \$115,251.42 with six yearly payments of \$14,088.57 (minimum) and one year seven balloon payment of \$30,720.00; and

WHEREAS, there is no pre-payment penalty to pay more than the minimum yearly payment, thus resulting in earlier payoff of balance due and earlier possession by the City of the asset; and

WHEREAS, the Board of Mayor and Aldermen commit to budget funds for the expense yearly from the MS4 department budget as required to pay the purchase price in full.

NOW, THEREFORE BE IT RESOLVED, that the City of Spring Hill Board of Mayor and Aldermen, authorizes the Mayor to sign a lease-to-own contract for a total purchase price of \$115,251.42 with Caterpillar for a mini excavator budgeted in the MS4 Department.

Passed and Adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 21st day of September, 2020.



Rick Graham, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney



REQUEST: *Approval of Resolution 20-123*

SUBMITTED BY: Tyler Scroggins, Public Works Supervisor

DATE: September 8, 2020

RE: Resolution to authorize the Mayor to sign a lease-to-own contract with Caterpillar for a mini excavator

ATTACHMENTS: Cost comparison analysis for lease-to-own versus lease only

PURPOSE:

The purpose of this resolution is for the Board of Mayor and Aldermen to authorize the Mayor to sign a lease-to-own contract with Caterpillar for a mini excavator in lieu of a contract lease only a mini excavator.

BACKGROUND:

The MS4 department was budgeted \$20,000 in FY21 (416-42425-943) for a lease program for a Bobcat mini-excavator. The lease was a year-to-year contract. An opportunity to participate in a lease-to-own program through Caterpillar has been presented that would allow the MS4 department to lease a mini-ex for a period of 6 years for a total purchase price of \$115,251.42. Each yearly payment would be \$14,088.57 per year (\$1,196.56/month) with a balloon payment at the end of the lease in the amount of \$30,720.00. With a yearly budgeted amount of \$20,000 paid, the balloon payment at the end of the lease would be \$15,251.42. There is no penalty to pre-pay additional funds to the principal balance.

With this lease-to-own program, the City would be making payments towards the purchase of the asset in lieu of leasing it. The City mechanic would be able to perform necessary repairs due to Caterpillar machinery being in the current fleet and is familiar with the components of such. (The City does not have any Bobcat machinery currently.) This size machine is needed to help with picking up large headwalls/structures, barriers, assist with road dig outs, etc.

There are several reasons the Public Works departments is requesting this bigger machine.

- Over the last fiscal year (FY 20) and through the current fiscal year (FY 21), a mini ex of this size has been rented five times for a total cost of \$7,120.00. However, there have been a minimum of 12 times that a mini ex was not rented when it was needed. Over 14 months, the estimated cost of rentals would have been \$24,200.00. In those instances, multiple machines were used to perform the work that one mini ex could have or the repairs and installations have not been made. A larger mini ex would be beneficial and



more efficient for large storm debris pickup, bridge repairs, flooding, waterline breaks, infrastructure repairs or installation of stormwater structures.

- The current excavator we have will only pick up and maneuver the smallest storm pipe and structures allowed to be used within the City. All pipes and structures larger than 18" cannot be lifted with our current excavator. A larger excavator needs to be rented each time larger pipes and structures need to be moved.
- The proposed excavator will have a 36" digging bucket which will allow for faster handling and loading of material. The current excavator has a 24" digging bucket.
- The proposed excavator will have a longer digging reach allowing crews to safely dig at a deeper depth. This is important when repairing voids and sinkholes.
- The proposed excavator will have a longer reach and larger bucket for the road dig outs that we do. This machine is larger and a lot stronger than the ones we currently have in our fleet.
- The proposed excavator will allow the water department to dig on these deeper lines instead of renting machines. Currently when lines are 12'- 15' deep, we have to rent a machine to fix the line.
- The proposed excavator will help fix line breaks quicker due to the larger bucket and bigger machine.

Contract for lease-to-own from Caterpillar is attached as Exhibit B to this memo. Patrick Carter, attorney of record, has reviewed the contract and has no recommended changes.

FINANCIAL IMPACT:

Funds for yearly payments would be required to be budgeted in the MS4 department at \$20,000 per year for seven years. \$20,000 is currently in the FY 2021 budget (416-42425-943). Exhibit A is included with this memo that includes a cost comparison analysis of a lease-to-own contract versus a lease contract.

STAFF RECOMMENDATION:

Staff recommends approval of Resolution 20-123 to authorize the Mayor to sign a lease-to-own contract with Caterpillar for a mini excavator.

EXHIBIT A

OPTION A - LEASE ONLY

BOBCAT BRAND MINI EXCAVATOR
LIMITED TO 500 HOURS PER YEAR UNDER THE TERMS OF THE LEASE CONTRACT

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	TOTAL COST
\$ 20,000.00	\$ 20,000.00	\$ 26,000.00	\$ 26,000.00	\$ 32,000.00	\$ 32,000.00	\$ 38,000.00	\$ 38,000.00	\$ 44,000.00	\$ 44,000.00	\$ 320,000.00

OPTION B - LEASE TO OWN - 3.1899% GOVERNMENT INTEREST RATE (FIXED)
CATERPILLAR BRAND MINI EXCAVATOR

LIMITED TO 1,000 HOURS PER YEAR UNTIL THE ASSET IS COMPLETELY PURCHASED IN YEAR 7
TOTAL COST OF MACHINE - \$115,251.42

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8 - MTC COST	YEAR 9 - MTC COST	YEAR 10 - MTC COST	YEAR 15 - REPLACEMENT	TOTAL COST
\$ 14,088.57	\$ 14,088.57	\$ 14,088.57	\$ 14,088.57	\$ 14,088.57	\$ 14,088.57	\$ 30,720.00	\$ 1,000.00	\$ 2,000.00	\$ 3,000.00	\$ 143,000.00	\$ 267,251.42
YEAR 2 MTC	YEAR 3 MTC	YEAR 4 MTC	YEAR 5 MTC	YEAR 6 MTC	YEAR 7 MTC						
\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00					

** IF \$20,000 IS BUDGETED EACH YEAR AND THE FULL \$20,000 IS PAID TOWARDS THE MINI EX FOR YEARS 1-5, THE FINAL PAYMENT OF \$15,251.42 WOULD BE PAID IN YEAR 6 AND CONTRACT WOULD BE FULFILLED. (NO PRE-PAYMENT PENALTY)

DEPRECIATION - \$6,914/YEAR WITH A 15-20 YEAR LIFE EXPECTANCY
** DEPRECIATION IS NOT APPLIED TO THE COST OF THE MACHINE. DEPRECIATION IS APPLIED TO THE VALUE OF THE MACHINE.

NEXT STEPS



1. Complete and sign all documents in this package.
2. Submit completed and signed documents by clicking FINISH at the end of your documents.
3. Once you receive a confirmation email stating all parties have signed, open your executed document package.
4. The highlighted fields below will be populated with the account information you need to register your account with MyCatFinancial.

WELCOME TO MYCATFINANCIAL

- Go to <https://mycatfinancial.com>
 - Select your country and language
 - Click LOG IN or REGISTER your account

TO REGISTER:

- Contract Number
- Serial Number
- Effective (commencement) Date

- Enjoy MyCatFinancial features. Including:
 - 24/7 access to accounts/contracts
 - Make/manage payments
 - Calculate payoffs
 - View invoices. tax information. & amortization schedules



REGISTER FOR DIRECT PAY

It's fast. It's free. It's easy. Most importantly. It's safe.

1. Click the **MANAGE DIRECT PAY** tile on the home page of MyCatFinancial. You can also access through your profile in the top right corner.
2. Select the contracts you would like to register for Direct Pay and click **ENROLL**.
3. Enter your banking information for the auto-debit.
4. Direct Pay will auto-debit your bank account each month.



Document Checklist – Governmental Lease

These documents were prepared especially for:
CITY OF SPRING HILL, TENNESSEE
P O BOX 789
SPRING HILL, TN 37174

Dealer: THOMPSON MACHINERY COMMERCE CORPORATION, D420
Contract Number 001-70005841
Transaction Number: 4076740
Comments:

Date: 09/10/2020
Time: 04:06:04 PM

Customer Executed Documents table with columns for document type and comments. Includes items like Governmental Lease Document, Insurance-Liability and Physical Damage, etc.

Dealer Executed Documents table with columns for document type and comments. Includes items like Purchase Agreement, Dealer Invoice, etc.

*If any of these documents are altered, or if the Lessee wishes to add or delete documents, please contact your CFSC Credit Analyst to obtain acceptance of any and all changes.

If you have any questions concerning these documents please call and ask for

Checklist completed and confirmed by: Print Name:
Date:

These Documents do not constitute any offer or commitment to offer financing by Caterpillar Financial Services Corporation without Caterpillar Financial Services Corporation's expressed written approval.

1. PARTIES

LESSOR ("we", "us", or "our"):

CATERPILLAR FINANCIAL SERVICES CORPORATION
 2120 West End Avenue
 Nashville, TN 37203

LESSEE ("you" or "your"):

CITY OF SPRING HILL, TENNESSEE
 P O BOX 789
 SPRING HILL, TN 37174

In reliance on your selection of the equipment described below (each a "Unit"), we have agreed to acquire and lease the Units to you, subject to the terms of this Agreement. **Until this Agreement has been signed by our duly authorized representative, it will constitute an offer by you to enter into this Agreement with us on the terms stated herein.**

2. DESCRIPTION OF THE UNITS

DESCRIPTION OF UNITS Whether the Unit is new or used, the model number, the manufacturer, and the model name	SERIAL/VIN Unique ID number for this Unit	ANNUAL LEASE PAYMENT This is due per period, as stated below in section 3.	FINAL LEASE PAYMENT	DELIVERY DATE Enter date machine was delivered to you.
1 New 2020 Caterpillar 308-07CR Hydraulic Excavator	GG801824	\$13,987.36	\$30,720.00	_____

TERMS AND CONDITIONS

3. Lease Payments; Current Expense You will pay us the lease payments, including the final lease payment set forth above (collectively, the "Lease Payments"). Lease Payments will be paid by you to us as follows: a first payment of \$13,987.36 will be paid in advance and the balance of the Lease Payments is payable in 6 successive annual payments of which the first 5 payments are in the amount of \$13,987.36 each, and the last payment is in the amount of \$30,720.00 plus all other amounts then owing under this Lease, with the first Lease Payment due on the date that we sign this Lease and subsequent Lease Payments due on a like date of each year thereafter until paid in full. A portion of each Lease Payment constitutes interest and the balance of each Lease Payment is payment of principal. The Lease Payments will be due without demand. You will pay the Lease Payments to us at CATERPILLAR FINANCIAL SERVICES CORP., P.O. BOX 730669, DALLAS, TX 75373-0669 or such other location that we designate in writing. Your obligations, including your obligation to pay the Lease Payments due in any fiscal year, will constitute a current expense of yours for such fiscal year and will not constitute an indebtedness of yours within the meaning of the constitution and laws of the State in which you are located (the "State"). Nothing in this Agreement will constitute a pledge by you of any taxes or other moneys, other than moneys lawfully appropriated from time to time for the payment of the "Payments" (as defined in the last sentence of this Section) owing under this Agreement. **You agree that, except as provided in Section 7, your duties and liabilities under this Agreement and any associated documents are absolute and unconditional. Your payment and performance obligations are not subject to cancellation, reduction, or setoff for any reason. You agree to settle all claims, defenses, setoffs, counterclaims and other disputes you may have with the Supplier, the manufacturer of the Unit, or any other third party directly with the Supplier, the manufacturer or the third party, as the case may be. You will not assert, allege or make any such claim, defense, setoff, counterclaim or other dispute against us or with respect to the payments due us under this**

Agreement. As used in this Agreement, "Payments" will mean the Lease Payments and any other amounts required to be paid by you.

The portion of the Lease Payments constituting principal will bear interest (computed on the basis of actual days elapsed in a 360 day year) at the rate of 2.99% per annum.

- 4. Late Charges** If we do not receive a Payment on the date it is due, you will pay to us, on demand, a late payment charge equal to the lesser of five percent (5%) of such Payment or the highest charge allowed by law.
- 5. Security Interest** To secure your obligations under this Agreement, you grant us a continuing first priority security interest in each Unit (including any Additional Collateral), including all attachments, accessories and optional features (whether or not installed on such Units) and all substitutions, replacements, additions, and accessions, and the proceeds of all the foregoing, including, but not limited to, proceeds in the form of chattel paper. You authorize the filing of such financing statements and will, at your expense, do any act and execute, acknowledge, deliver, file, register and record any document, which we deem desirable to protect our security interest in each Unit and our rights and benefits under this Agreement. You, at your expense, will protect and defend our security interest in the Units and will keep the Units free and clear of any and all claims, liens, encumbrances and legal processes however and whenever arising.
- 6. Disclaimer of Warranties** WE HAVE NOT MADE AND DO NOT MAKE ANY WARRANTY, REPRESENTATION OR COVENANT OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE UNITS. AS TO US, YOUR LEASE AND PURCHASE OF THE UNITS WILL BE ON AN "AS IS" AND "WHERE IS" BASIS AND "WITH ALL FAULTS". Nothing in this Agreement is intended to limit, waive, abridge or otherwise modify any rights, claims, or causes of action that you may have against any person or entity other than us.

- 7. Non-Appropriation** You have an immediate need for, and expect to make immediate use of, the Units. This need is not temporary or expected to diminish during the term of this Agreement. To that end, you agree, to the extent permitted by law, to include in your budget for the current and each successive fiscal year during the term of this Agreement, a sufficient amount to permit you to discharge your obligations under this Agreement. Notwithstanding any provision of this Agreement to the contrary, we and you agree that, in the event that prior to the commencement of any of your fiscal years you do not have sufficient funds appropriated to make the Payments due under this Agreement for such fiscal year, you will have the option of terminating this Agreement as of the date of the commencement of such fiscal year by giving us sixty (60) days prior written notice of your intent to terminate. No later than the last day of the last fiscal year for which appropriations were made for the Payments (the "Return Date"), you will return to us all of the Units, at your sole expense, in accordance with Section 14, and this Agreement will terminate on the Return Date without penalty or expense to you and you will not be obligated to pay the Lease Payments beyond such fiscal year; provided, that you will pay all Payments for which moneys have been appropriated or are otherwise available; and provided further, that you will pay month-to-month rent at the rate set by us for each month or part of any month that you fail to return the Units.
- 8. Tax Warranty** You will, at all times, do and perform all acts and things necessary and within your control to ensure that the interest component of the Lease Payments will, for the purposes of Federal income taxation, be excluded from our gross income. You will not permit or cause your obligations under this Agreement to be guaranteed by the Federal Government or any branch or instrumentality of the Federal Government. You will use the Units for the purpose of performing one or more of your governmental functions consistent with the scope of your authority and not in any trade or business carried on by a person other than you. You will report this Agreement to the Internal Revenue Service by filing Form 8038G, 8038GC or 8038, as applicable. Failure to do so will cause this Agreement to lose its tax exempt status. You agree that if the appropriate form is not filed, the interest rate payable under this Agreement will be raised to the equivalent taxable interest rate. If the use, possession or acquisition of the Units is determined to be subject to taxation, you will pay when due all taxes and governmental charges assessed or levied against or with respect to the Units.
- 9. Assignment** You may not, without our prior written consent, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of your right, title and interest in and to this Agreement and/or the Units and/or grant or assign a security interest in this Agreement and/or the Units, in whole or in part. We may not transfer, sell, assign, pledge, hypothecate, or otherwise dispose of our right, title and interest in and to this Agreement and/or the Units and/or grant or assign a security interest in this Agreement and/or the Units, in whole or in part.
- 10. Indemnity** To the extent permitted by law, you assume liability for, agree to and do indemnify, protect and hold harmless us and our employees, officers, directors and agents from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses (including reasonable attorney's fees), of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by you or us), operation, ownership, selection, delivery, storage, leasing or return of any item of Units, regardless of where, how and by whom operated, or any failure on your part to accept the Units or otherwise to perform or comply with any conditions of this Agreement.
- 11. Insurance; Loss and Damage** You bear the entire risk of loss, theft, destruction or damage to the Units from any cause whatsoever. No loss, theft, destruction or damage of the Units will relieve you of the obligation to make Lease Payments or to perform any obligation owing under this Agreement. You agree to keep the Units insured to protect all of our interests, at your expense, for such risks, in such amounts, in such forms and with such companies as we may require, including but not limited to fire and extended coverage insurance, explosion and collision coverage, and personal liability and property damage liability insurance. Any insurance policies relating to loss or damage to the Units will name us as loss payee as our interests may appear and the proceeds may be applied toward the replacement or repair of the Units or the satisfaction of the Payments due under this Agreement. You agree to use, operate and maintain the Units in accordance with all laws, regulations and ordinances and in accordance with the provision of any policies of insurance covering the Units, and will not rent the Units or permit the Units to be used by anyone other than you. You agree to keep the Units in good repair, working order and condition and house the Units in suitable shelter, and to permit us or our assigns to inspect the Units at any time and to otherwise protect our interests in the Units. If any Unit is customarily covered by a maintenance agreement, you will furnish us with a maintenance agreement by a party acceptable to us.
- 12. Default; Remedies** An "Event of Default" will occur if (a) you fail to pay any Payment when due and such failure continues for ten (10) days after the due date for such Payment or (b) you fail to perform or observe any other covenant, condition, or agreement to be performed or observed by you under this Agreement and such failure is not cured within twenty (20) days after written notice of such failure from us. Upon an Event of Default, we will have all rights and remedies available under applicable law. In addition, we may declare all Lease Payments due or to become due during the fiscal year in which the Event of Default occurs to be immediately due and payable by you and/or we may repossess the Units by giving you written notice to deliver the Units to us in the manner provided in Section 14, or in the event you fail to do so within ten (10) days after receipt of such notice, and subject to all applicable laws, we may enter upon your premises and take possession of the Units. Further, if we financed your obligations under any extended warranty agreement such as an Equipment Protection Plan, Extended Service Contract, Extended Warranty, Customer Service Agreement, Total Maintenance and Repair Agreement or similar agreement, we may cancel such extended warranty agreement on your behalf and receive the refund of the extended warranty agreement fees that we financed but had not received from you as of the date of the Event of Default.
- 13. Miscellaneous** This Agreement may not be modified, amended, altered or changed except by a written agreement signed by you and us. In the event any provision of this Agreement is found invalid or unenforceable, the remaining provisions will remain in full force and effect. This Agreement, together with exhibits, constitutes the entire agreement between you and us and supersedes all prior and contemporaneous writings, understandings, agreements, solicitations, documents and representations, expressed or implied. Any terms and conditions of any purchase order or other documents submitted by you in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on us and will not apply to this Agreement. You agree that we may correct patent errors in this Agreement and fill in blanks including, for example, correcting or filling in serial numbers, VIN numbers, and dates. Any notices required to be given under this Agreement will be given to the parties in writing and by certified mail at the address provided in this Agreement, or to such other addresses as each party may

substitute by notice to the other, which notice will be effective upon its receipt.

14. Title; Return of Units Notwithstanding our designation as "Lessor," we do not own the Units. Legal title to the Units will be in you so long as an Event of Default has not occurred, and you have not exercised your right of non-appropriation. If an Event of Default occurs or if you non-appropriate, full and unencumbered title to the Units will pass to us without the necessity of further action by the parties, and you will have no further interest in the Units. If we are entitled to obtain possession of any Units or if you are obligated at any time to return any Units, then (a) title to the Units will vest in us immediately, and (b) you will, at your expense, promptly deliver the Unit to us properly protected and in the condition required by Section 11. You will deliver the Unit, at our option, (i) to the nearest Caterpillar dealer selling equipment of the same type as the Unit; or (ii) on board a carrier named by us and shipping the Unit, freight collect, to a destination designated by us. If the Unit is not in the condition required by Section 11, you must pay us, on demand, all costs and expenses incurred by us to bring the Unit into the

required condition. Until the Units are returned as required above, all terms of this Agreement will remain in full force and effect including, without limitation, your obligation to pay Lease Payments and to insure the Units.

15. Other Documents In connection with the execution of this Agreement, you will cause to be delivered to us (i) either (A) a certified copy of your authorizing resolution substantially in the form attached as Attachment B and a copy of the minutes of the relevant meeting or (B) an opinion of your counsel substantially in the form attached as Attachment C; (ii) a copy of the signed Form filed with the Internal Revenue Service required in Section 8 above as Attachment D; and (iii) any other documents or items required by us.

16. Applicable Law This Agreement will be governed by the laws, excluding the laws relating to the choice of law, of the State in which you are located.

SIGNATURES

LESSOR **CATERPILLAR FINANCIAL SERVICES CORPORATION**

Signature _____

Name (Print) _____

Title _____

Date _____

LESSEE **CITY OF SPRING HILL, TENNESSEE**

Signature _____

Name (Print) Rick Graham

Title Mayor

Date 9/22-2020



GOVERNMENTAL ENTITY RESOLUTION TO LEASE, PURCHASE AND/OR FINANCE

WHEREAS, the laws of the State of Tennessee (the "State") authorize CITY OF SPRING HILL, TENNESSEE (the "Governmental Entity"), a duly organized political subdivision, municipal corporation or similar public entity of the State, to purchase, acquire and lease personal property for the benefit of the Governmental Entity and its inhabitants and to enter into any necessary contracts; and

the Governmental Entity wants to lease, purchase and/or finance equipment ("Equipment") from Caterpillar Financial Services Corporation and/or an authorized Caterpillar dealer ("Caterpillar") by entering into that certain Governmental Equipment Lease-Purchase Agreement (the "Agreement") with Caterpillar; and

the form of the Agreement has been presented to the governing body of the Governmental Entity at this meeting.

RESOLVED, that: (i) the Agreement, including all schedules and exhibits attached to the Agreement, is approved in substantially the form presented at the meeting, with any Approved Changes (as defined below), (ii) the Governmental Entity enter into the Agreement with Caterpillar and (iii) the Agreement is adopted as a binding obligation of the Governmental Entity; and

that changes may later be made to the Agreement if the changes are approved by the Governmental Entity's counsel or members of the governing body of the Governmental Entity signing the Agreement (the "Approved Changes") and that the signing of the Agreement and any related documents is conclusive evidence of the approval of the changes; and

that the persons listed below, who are the incumbent officers of the Governmental Entity (the "Authorized Persons"):

[PLEASE INSERT NAME AND TITLE OF EACH AUTHORIZED PERSON BELOW]

Name (Print or Type)	Title (Print or Type)
<u>Rick Graham</u>	<u>Mayor</u>
_____	_____
_____	_____

be, and each is, authorized, directed and empowered, on behalf of the Governmental Entity, to (i) sign and deliver to Caterpillar, and its successors and assigns, the Agreement and any related documents, and (ii) take or cause to be taken all actions he/she deems necessary or advisable to acquire the Equipment, including the signing and delivery of the Agreement and related documents; and

that the signatory below is authorized to attest to these resolutions and affix the seal of the Governmental Entity to the Agreement, these resolutions, and any related documents; and

that nothing in these resolutions, the Agreement or any other document imposes a pecuniary liability or charge upon the general credit of the Governmental Entity or against its taxing power, except to the extent that the payments payable under the Agreement are special limited obligations of the Governmental Entity as provided in the Agreement; and

that a breach of these resolutions, the Agreement or any related document will not impose any pecuniary liability upon the Governmental Entity or any charge upon its general credit or against its taxing power, except to the extent that the payments payable under the Agreement are special limited obligations of the Governmental Entity as provided in the Agreement; and

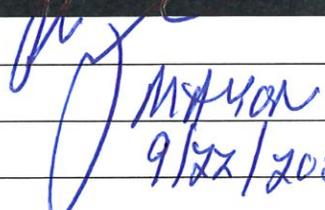
that the authority granted by these resolutions will apply equally and with the same effect to the successors in office of the Authorized Persons.

I, _____, _____ of CITY OF SPRING HILL, TENNESSEE, certify that the resolutions above are a full, true and correct copy of resolutions of the governing body of the Governmental Entity. I also certify that the resolutions were duly and regularly passed and adopted at a meeting of the governing body of the Governmental Entity. I also certify that such meeting was duly and regularly called and held in all respects as required by law, at the Governmental Entity's office. I also certify that at such meeting, a majority of the governing body of the Governmental Entity was present and voted in favor of these resolutions.

I also certify that these resolutions are still in full force and effect and have not been amended or revoked.

IN WITNESS of these resolutions, the signatory named below executes this document on behalf of the Governmental Entity.

SIGNATURE [To be signed by authorized individual.]

Signature	
Title	Mayor
Date	9/22/2020

Purchase Agreement
Contract Number 001-70005841



This Purchase Agreement is between **THOMPSON MACHINERY COMMERCE CORPORATION** ("Vendor") and **Caterpillar Financial Services Corporation** ("Cat Financial"). Vendor agrees to sell to Cat Financial and Cat Financial agrees to buy from Vendor the equipment described below (the "Unit(s)"), subject to the terms and conditions set forth below and on the reverse side hereof.

<u>Description of Unit(s)</u>	<u>Serial#</u>	<u>VIN #</u>	<u>Freight</u>	<u>Total Price</u>
(1) 308-07CR CATERPILLAR Hydraulic Excavator	GG801824		\$	\$103,239.74

Lessee:
CITY OF SPRING HILL, TENNESSEE
P O BOX 789
SPRING HILL, TN 37174

Subtotal	\$103,239.74
Federal Excise Tax	\$0.00
Other Tax	\$0.00
Total Purchase Price	\$103,239.74
Unit(s) Delivery Point:	
199 TOWNCENTER PKWY	
SPRING HILL, TN 37174	

See next page for additional terms and conditions.

SIGNATURES

CATERPILLAR FINANCIAL SERVICES CORPORATION

THOMPSON MACHINERY COMMERCE CORPORATION

Signature _____

Signature _____

Name (Print) _____

Name (Print) _____

Title _____

Title _____

Date _____

Date _____

1. The lessee named on the front hereof (the "Lessee") has selected the Unit(s), instructed Cat Financial to purchase the Unit(s) from Vendor, and agreed to lease the Unit(s) from Cat Financial.
2. Cat Financial (or its assignee) will have no obligation hereunder (and any sums previously paid by Cat Financial to Vendor with respect to the Unit(s) shall be promptly refunded to Cat Financial) unless (a) all of the conditions set forth in Section 1.3 (if a master lease agreement) or Section 1 (if a non-master lease agreement) of the lease with the Lessee covering the Unit(s) have been timely fulfilled and (b) the Lessee has not communicated to Cat Financial (or its assignee), prior to "Delivery" (as hereinafter defined) of the Unit(s), an intent not to lease the Unit(s) from Cat Financial. All conditions specified in this paragraph shall be deemed timely fulfilled unless prior to Delivery of the Unit(s), Cat Financial (or its assignee) shall notify Vendor to the contrary in writing, which shall include fax or email. "Delivery" shall mean the later of the time (a) Cat Financial executes this Purchase Agreement or (b) the Lessee or its agent takes control and/or physical possession of the Unit(s).
3. Upon timely satisfaction of the conditions specified in Paragraph 2 above, ownership, title and risk of loss to the Unit(s) shall transfer to Cat Financial (or its assignee) upon Delivery of the Unit(s).
4. Vendor warrants that (a) upon Delivery of the Unit(s), Cat Financial (or its assignee) will be the owner of and have absolute title to the Unit(s) free and clear of all claims, liens, security interests and encumbrances and the description of the Unit(s) set forth herein is correct and (b) the Unit Transaction Price set forth on the front hereof for each unit of Unit(s) leased under a lease is equal to such Unit(s)'s fair market value.
5. Vendor shall forever warrant and defend the sale of the Unit(s) to Cat Financial (or its assignee), its successors and assigns, against any person claiming an interest in the Unit(s).
6. Provided that no event of default exists under any agreement between Lessee and Cat Financial and upon timely satisfaction of the conditions specified in Paragraph 2 above, and unless otherwise agreed to in this Purchase Agreement, Cat Financial (or its assignee) shall pay Vendor the total Purchase Price set forth on the front hereof for the Unit(s) within three business days following (a) the receipt and approval by Cat Financial of all documentation deemed necessary by Cat Financial in connection with the lease transaction and (b) all credit conditions have been satisfied.
7. Vendor shall deliver the Unit(s) to the Lessee at the delivery point set forth on the front hereof.
8. This Purchase Agreement may be assigned by Cat Financial to a third party. Vendor hereby consents to any such assignment.
9. This Purchase Agreement shall become effective only upon execution by Cat Financial.

Opinion of Counsel

**Re: Governmental Equipment Lease-Purchase Agreement (Contract Number 001-70005841) (the "Lease")
Between CITY OF SPRING HILL, TENNESSEE ("Lessee") and Caterpillar Financial Services Corporation ("Lessor")**

Sir/Madam:

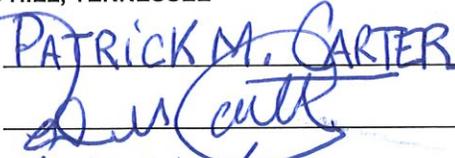
I am an attorney for Lessee, and in that capacity, I am familiar with the above-referenced transaction, the Lease, and all other documents pertaining to the Lease (the Lease and such other documents pertaining to the Lease being referred to as the "Lease Agreements").

Based on my examination of these and such other documents, records and papers and matters of fact and laws as I deemed to be relevant and necessary as the basis for my opinion set forth below, upon which opinion Lessor and any subsequent assignee of Lessor's interest may rely, it is my opinion that:

1. Lessee is a fully constituted political subdivision or agency duly organized and existing under the Constitution and laws of the State of Tennessee (the "State"), and is authorized by such Constitution and laws (i) to enter into the transaction contemplated by the Lease Agreements and (ii) to carry out its obligations thereunder.
2. The Lease Agreements (i) have been duly authorized, executed and delivered by Lessee and (ii) constitute valid, legal and binding obligations and agreements of Lessee, enforceable against Lessee in accordance with their terms, assuming due authorization and execution thereof by Lessor.
3. No further approval, license, consent, authorization or withholding of objections is required from any federal, state or local governmental authority with respect to the entering into or performance by Lessee of the Lease Agreements and the transactions contemplated by the Lease Agreements.
4. Lessee has sufficient appropriations or other funds available to pay all amounts due under the Lease Agreements for the current fiscal year.
5. The interest payable to Lessor by Lessee under the Lease Agreements is exempt from federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.
6. The entering into and performance of the Lease Agreements will not (i) conflict with, or constitute a breach or violation of, any judgment, consent decree, order, law, regulation, bond, indenture or lease applicable to Lessee, or (ii) result in any breach of, or constitute a default under, or result in the creation of, any lien, charge, security interest or other encumbrance upon any assets of Lessee or the Units (as defined in the Lease) pursuant to any indenture, mortgage, deed of trust, bank loan, credit agreement or other instrument to which Lessee is a party, or by which it or its assets may be bound.
7. No litigation or proceeding is pending or, to the best of my knowledge, threatened to, or which may, (a) restrain or enjoin the execution, delivery or performance by Lessee of the Lease Agreements, (b) in any way contest the validity of the Lease Agreements, (c) contest or question (i) the creation or existence of Lessee or its governing body or (ii) the authority or ability of Lessee to execute or deliver the Lease Agreements or to comply with or perform its obligations under the Lease Agreements. There is no litigation or proceeding pending or, to the best of my knowledge, threatened that seeks to or could restrain or enjoin Lessee from annually appropriating sufficient funds to pay the Lease Payments (as defined in the Lease) or other amounts contemplated by the Lease Agreements. In addition, I am not aware of any facts or circumstances which would give rise to any litigation or proceeding described in this paragraph.
8. The Units are personal property and, when subjected to use by Lessee, will not be or become fixtures under the laws of the State.
9. The authorization, approval and execution of the Lease Agreements, and all other proceedings related to the transactions contemplated by the Lease Agreements, have been performed in accordance with all applicable open meeting, public records, public bidding and all other applicable laws, rules and regulations of the State.
10. The appropriation of moneys to pay the Lease Payments coming due under the Lease and any other amounts contemplated by the Lease Agreements does not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.
11. The Lessor will have a perfected security interest in the Units upon the filing of an executed UCC-1 or other financing statement at the time of acceptance of the Units with the Secretary of State for the State.

SIGNATURE

CITY OF SPRING HILL, TENNESSEE

Name(Print): PATRICK M. CARTER Date: 9.22.2020
 Signature:  Address: 809 S. Main Street
 Title: ATTORNEY Columbia, TN
38401



CATERPILLAR INSURANCE COMPANY (CIC) SELECTION FORM

Before financing your equipment, you must arrange physical damage insurance on the equipment identified below. The insurance may be provided through an insurance agent or insurance company of your choice, provided the insurance company satisfies minimum financial requirements.

As an alternative to obtaining your own insurance, you may elect to have your equipment insured under coverage arranged by Caterpillar Insurance Services Corporation, that has been designed specifically for the purchasers of Cat® equipment.

Please complete this form if you elect to insure your equipment with Caterpillar Insurance Company (CIC).

CIC Physical Damage Insurance Policy Summary

Please note: This is only a brief description of the CIC Physical Damage Insurance Program. Contractual provisions contained in the policy will govern.

Coverage

CIC Physical Damage Insurance protects your equipment against physical damage losses, including collision, fire, theft, vandalism, upset or overturn, floods, sinking, earthquakes and other unfortunate acts of nature. The protection has been designed for owners of heavy equipment and provides superior benefits you most likely would not find in other plans.

The CIC Physical Damage Insurance does include normal exclusions. Some important exclusions are wear and tear, rust, loss of income, war, nuclear damage, and mechanical breakdown, automobiles, watercraft, waterborne shipments, tires or tubes or mobile track belts damaged by blow-out, puncture, and road damage.

Repairs

When a covered loss occurs, this plan will pay for Cat® replacement parts on all your new or used Caterpillar equipment. On all equipment from other manufacturers, the plan will pay for comparable replacement parts.

Transportation

Your CIC plan will pay for round-trip transportation of covered damaged equipment to and from your Cat dealer's repair facility, up to \$2,500 limit.

Rental Reimbursement

The plan allows for rental costs up to \$2,500 that you incur to rent similar equipment following a covered loss. You are automatically protected with up to \$100,000 of coverage for damage to the similar equipment you rent.

Claims

In the event of a total loss, the policy will pay the greatest of the following:

- The payoff value of the loan on the damaged parts or equipment as of the date of loss or
- The actual cash value of that covered property; or
- The cost of replacing that property with property of like kind and quality

The policy will pay 10% of scheduled loss, up to a \$10,000 maximum for debris removal.

The policy will pay fire department service fees up to \$5,000.

Deductible

\$1,000 Construction and Agricultural Equipment Deductibles:

\$5,000 deductible all logging Equipment

Customer Service

If you have any questions or need additional details, see your Authorized Cat Dealer or call CIC toll free at **1-800-248-4228**.

You may also e-mail CIC at physicaldamage@cat.com

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM RISK INSURANCE ACT OF 2002

(as extended by the Terrorism Risk Insurance Extension Act of 2005, and as amended in 2007)

You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended in 2007. However, your policy may contain other exclusions, which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of your premium that is attributable to coverage for terrorist acts certified under the Act is: \$ 0.00

APPLICATION FOR CIC PHYSICAL DAMAGE INSURANCE

Model #	Equipment Description	Serial #	VIN	Value Including Total Tax	Pymt Method-3 Total Premium	Pymt Method-1 Finance Pymt
1. 308-07CR	Hydraulic Excavator	GG801824		\$103,239.74	\$9,666.00	\$1,731.94

Marsha Blaisdell

Marsha Blaisdell, Authorized Insurance Producer

Arranged by Caterpillar Insurance Services Corporation

I understand that the total insurance premium for 72 months will be \$9,666.00, which is \$1611.00 per year based upon the total equipment value of \$103,239.74.

- Method 1 I will finance the insurance premium, including finance charges, of \$1,731.94 per scheduled equipment payment. The finance charge is calculated at 2.99% per annum on the total insurance premium covering the full term of the finance agreement. By choosing Method 1 and signing this document you are agreeing to finance the insurance along with the equipment payments with Caterpillar Financial Services Corporation.
- Method 2 I desire coverage for an initial 12 month term. I will pay the \$1611.00 premium and return the payment with the signed equipment documents. Please make check payable to CIC.
- Method 3 I will pay the total premium and return the payment with the signed equipment documents. Please make check payable to CIC.
- Method 4 I decline Caterpillar Insurance. I elect to obtain my own commercial insurance on the equipment shown from an agent or insurance company of my choice.

I understand that the quote I receive is not a binder of insurance. If I elect to obtain coverage from CIC, coverage will be effective in accordance with the terms and conditions of the issued Policy and that I may terminate the coverage at any time with advance written notice.

I acknowledge that I have been notified that, under the TERRORISM RISK INSURANCE ACT of 2002 (as extended by the Terrorism Risk Insurance Extension Act of 2005), any losses caused by certified acts of terrorism under my policy will result in coverage under my policy that will be partially reimbursed by the United States as outlined in the attached policyholder disclosure notification.

I also acknowledge I have been advised that, if I accept this insurance, an appointed licensed insurance producer will receive commission compensation.

Customer Name: CITY OF SPRING HILL, TENNESSEE
Dealer Name: THOMPSON MACHINERY COMMERCE CORPORATION

Please note: If you would like a no obligation quote on your additional equipment, call 1-800-248-4228 extension 5754.

Accepted By: _____

Name (PRINT): Rick Graham

Title: Mayer

Date: 9-27-2020

Fraud Warning:

Applicable in AL, AR, DC, LA, MD, NM, RI and WV: Any person who knowingly (or willfully)* presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully)* presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. *Applies in MD Only.

Applicable in CO: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Applicable in FL and OK: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony (of the third degree)*. *Applies in FL Only.

Applicable in KS: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

Applicable in KY, NY, OH and PA: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties (not to exceed five thousand dollars and the stated value of the claim for each such violation)*. *Applies in NY Only.

Applicable in ME, TN, VA and WA: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties (may)* include imprisonment, fines and denial of insurance benefits. *Applies in ME Only.

Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Applicable in OR: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Applicable in PR: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

INSURANCE SELECTION FORM-OUTSIDE INSURANCE CARRIER



Before funding your equipment, you must arrange physical damage insurance on the equipment identified below. The insurance may be provided through an insurance agent or insurance company of your choice, provided the insurance company satisfies minimum financial requirements.

Physical Damage coverage must show that Caterpillar Financial Services Corporation has been named as loss payee for the equipment's replacement value. The deductible must be shown. Liability Coverage must be a minimum of \$1,000,000 or combined coverage for bodily injury and property damage per occurrence. Caterpillar Financial Services Corporation must be named as additional insured.

As an alternative to obtaining your own Physical Damage coverage, you may elect to have your equipment insured under coverage arranged by Caterpillar Financial Services Corporation designed specifically for the purchasers of Caterpillar equipment. If a quote is not included in your document package, please contact your Caterpillar Dealer, call 1-800-248-4228, or e-mail Cat.Insurance@cat.com.

Please complete this form to provide contact information for your liability coverage, as well as your physical damage coverage if you did not elect Caterpillar Insurance for physical damage.

Transaction Number: 001-70005841 Dealer Name: THOMPSON MACHINERY COMMERCE CORPORATION
 Customer's Name: CITY OF SPRING HILL, TENNESSEE
 Address: P O BOX 789
 SPRING HILL, TN 37174

I have entered into the above agreement under which I am responsible for providing insurance against **ALL RISKS** of direct physical loss or damage for the actual cash value of the following equipment, subject to common exclusions such as damage caused by corrosion, rust, mechanical or electrical breakdown, etc.

<u>MAKE/MODEL</u>	<u>DESCRIPTION OF UNITS</u>	<u>SERIAL/VIN</u>	<u>Value Including Tax</u>
1 New Caterpillar 308-07CR	2020 Hydraulic Excavator	GG801824	\$103,806.17

Insurance Agency	Insurance Agent's Name	
Street Address		
City	State	Zip
Agent's Phone Number	Fax Number	E-mail Address

TO CUSTOMER'S INSURANCE AGENT

I hereby instruct you to add Caterpillar Financial Services Corporation as a Loss Payee for physical damage and as an Additional Insured for general liability:

- To my existing policy number(s) _____, which now provide the coverage required, or
- To a policy or policies which you are authorized to issue in the name listed above which will provide the coverage required.

Signature _____

Name(Print) _____

Title _____

Date _____

PROCESING OF THIS TRANSACTION MAY BE HELD PENDING RECEIPT OF THIS INFORMATION

PLEASE FORWARD A COPY OF THE CERTIFICATE OR BINDER EVIDENCING COVERAGE TO:
CATERPILLAR FINANCIAL SERVICES CORPORATION
2120 West End Avenue
Nashville, TN 37203

PLEASE ATTACH A COPY OF THIS NOTICE TO PROOF OF INSURANCE

CUSTOMER INFORMATION VERIFICATION
Contract Number 001-70005841



CUSTOMER INFORMATION

CHANGES TO CUSTOMER INFORMATION

Customer Name: CITY OF SPRING HILL, TENNESSEE

Physical Address: P O BOX 789
SPRING HILL, TN, 37174

Mailing Address: P O BOX 789
SPRING HILL, TN, 37174

Equipment Location: 199 TOWNCENTER PKWY
SPRING HILL, TN, 37174

Business Phone: _____

E-mail Address: _____

The changes above apply to: Current Request for financing All active contracts

TAX INFORMATION

Tax Exempt**

Non-Exempt

Asset outside the City limits Yes _____ No X

****A Tax Exemption Certificate is required for all tax exempt customer. If you are tax exempt – please enclose a current tax exemption certificate to be returned with your documents.**

DIRECT PAY INFORMATION (Checking Account Information)

- I am currently on Direct Pay and authorize Direct Pay for this transaction. Please use my ACH information on file.
- I decline Direct Pay authorization at this time
- I request and authorize Caterpillar Financial Services Corporation ("Cat Financial") to begin debiting my account for the amounts due under the contract(s) indicated below, with debits made to my account and withdrawn by Cat Financial, provided my account has sufficient collected funds to pay the debit when presented. If my financial institution dishonors any debit for any reason, Cat Financial may issue another debit in substitution for the dishonored debit and will have no liability on account of a dishonored debit. I agree that Cat Financial's rights relating to each debit will be the same as if I had personally signed a check. I agree that I will be liable to make payment promptly, including any applicable late fees, if any debit is not paid, unless Cat Financial or its agents or affiliates are directly responsible for the nonpayment. I acknowledge that I may cancel this authorization at any time by written notice to Cat Financial, which notice will be effective 10 days after receipt; however, my cancellation of this authorization does not terminate, cancel or reduce my obligations under the contract(s). I understand that Cat Financial will not notify me in advance of any withdrawal and I agree to waive all pre-notification requirements in respect of all debits drawn under this authorization. Please use the information below to set up Direct Pay on:

Bank Name

Account Name (exactly as it appears on Check)

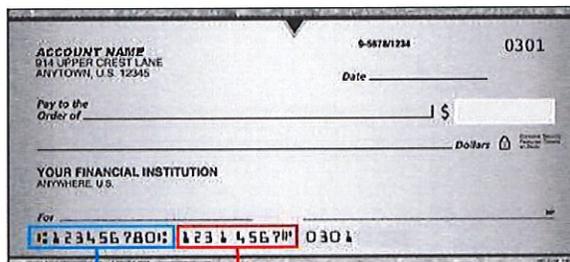
Routing Number

 9 digits

Account Number

 3-17 digits

Re-Enter Account Number

 3-17 digits


Routing Number Account Number

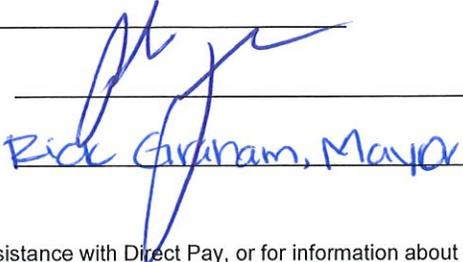
Current Request for financing All active contracts (Does not apply to future transactions)

CUSTOMER SIGNATURE

The information above has been reviewed and is accurate to the best of my knowledge. For a joint account, all account holders must sign if more than one signature is required on checks issued against the account.

Name

Title



Rick Graham, Mayor

For questions or assistance with Direct Pay, or for information about your account, please contact Customer Service, 1-800-651-0567.

Thank you for selecting Caterpillar products and for allowing Caterpillar Financial Services Corporation to serve your financing needs. Included in this document package are all of the forms that will be needed for standard tax exempt lease purchase transactions. The forms have been designed to be clear, concise and user friendly. We have also provided a brief explanation of the purpose of each form. If you wish to discuss any of the forms or have any questions about any aspect of this transaction, we encourage you to contact your Caterpillar Dealer or Caterpillar Financial Services Corporation at 1-866-263-3791 Option # 5.

A. Governmental Equipment Lease-Purchase Agreement. The Governmental Lease-Purchase Agreement contains the terms that govern each transaction between us. It is the standard Caterpillar Financial Services Corporation tax exempt lease-purchase agreement, and provides that we will lease to you the equipment described therein pursuant to a full payout amortization schedule. A new Governmental Equipment Lease-Purchase Agreement will have to be signed in connection with each transaction.

B. Lessee's Authorizing Resolution. The Authorizing Resolution is evidence you have taken the necessary governing body actions to approve the Governmental Equipment Lease-Purchase Agreement. Although the authorizing instrument is often a resolution, it may also take other forms such as an ordinance. We are agreeable to using your customary or standard form provided it contains specific approval for the lease-purchase agreement, designates persons who are authorized to sign on your behalf and either approves the document forms or delegates this authority to a named official **C. Verification of Insurance.** The Certificate of Insurance is intended to supply information regarding the insurance coverage for the equipment being lease-purchased. You will need to supply the requested information to us so we can verify coverage.

D. Opinion of Counsel. An opinion of counsel is required in connection with each Governmental Equipment Lease-Purchase Agreement. The opinion is intended to confirm that you have complied with all open meeting laws, publication and notice requirements, procedural rules for governing body meetings, and any other relevant state or local government statutes, ordinances, rules or regulations. We would be unable to confirm compliance with these laws and regulations ourselves absent long delays and higher costs so we rely upon the opinion of your attorney since he/she may have been involved in the process to approve our transaction and is an expert in the laws and regulations to which you are subject. The opinion also confirms that you are an entity eligible to issue tax-exempt obligations and that the Governmental Equipment Lease-Purchase Agreement will be treated as tax-exempt as it is your obligation to ensure that you have complied with relevant tax law.

E. Form of 8038G or GC. Form 8038 is required by the Internal Revenue Service in order to monitor the amount of tax-exempt obligations issued. You have to execute a Form 8038 for each Governmental Equipment Lease-Purchase Agreement. Whether a Form 8038 G or GC is required depends on the original principal amount of the Governmental Equipment Lease-Purchase Agreement. If the original principal amount is less than \$100,000 Form 8038GC is filed with the IRS. If the original principal amount is \$100,000 or more Form 8038G is filed with the IRS. Choose the appropriate 8038 form and complete according to IRS guidelines. Contact your TM or Sales Support Representative for assistance. IRS Form 8038G

<http://www.irs.gov/pub/irs-pdf/f8038g.pdf>

IRS Form 8038GC <http://www.irs.gov/pub/irs-pdf/f8038gc.pdf>

This Explanation of Contents is prepared as an accommodation to the parties named herein. It is intended as an example of some of the documents that Caterpillar Financial Services Corporation, in its reasonable judgment, may require and is not intended to constitute legal advice. Please engage and use your own legal counsel. We understand that the laws of the various states are different so nothing herein shall be construed as a warranty or representation that the documents listed herein are the only documents that may be required in any particular transaction or that any particular transaction, if documented in accordance with this Explanation of Contents, will be a valid, binding and enforceable obligation enforceable against the parties named herein in accordance with the terms of the documents named herein.

THOMPSON MACHINERY COMMERCE CORPORATION
1245 BRIDGESTONE PKWY
LA VERGNE, TN 37086-3510

Reference:

CITY OF SPRING HILL, TENNESSEE

We are requesting a copy of the minutes of the appropriation meeting during which the funds for this deal were allocated.

A copy of this information is necessary to complete the documentation package and to fund the deal. Your ability to return a complete package will ensure timely payment to you.

Thank you for your assistance.

CATERPILLAR FINANCIAL SERVICES CORPORATION
DOCUMENTATION DEPARTMENT