City of Benson
City Council Communication

Special Meeting **September 30, 2013**

To: Mayor and Council Agenda Item # 1

From: Jim Cox, Interim City Manager

Subject:

Resolution 26-2013 of the Mayor and Council of the City of Benson, Arizona, authorizing the execution, and delivery of Lease-Purchase Agreement No. 008-0517180-303 dated September 16, 2013, in the principal amount of $259,642.05, between City of Benson, Arizona dba San Pedro Golf Course, 120 W. Sixth Street, Benson, Arizona 85602 and TCF Equipment Finance, Inc., 1111 West San Marnan Drive, Suite A2 West, Waterloo, Iowa 50701-8926; providing 60 monthly lease payments of $4,774.90 each from legally available funds; and prescribing other details in connection therewith

Discussion:

Council approved the lease-purchase of the golf cars at the September 23, 2013 Regular Council meeting. The Lessor, TCF Equipment Finance has requested that Council's approval be memorialized in a Resolution to be submitted with the lease-purchase documents. The final agreed interest rate is 3.97%, which is excellent in today's credit environment for equipment financing.

Staff Recommendation:

Approval of Resolution 26-2013

RESOLUTION 26-2013

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, AUTHORIZING THE EXECUTION, AND DELIVERY OF LEASE-PURCHASE AGREEMENT NO. 008-0517180-303 DATED SEPTEMBER 16, 2013, IN THE PRINCIPAL AMOUNT OF $259,642.05, BETWEEN CITY OF BENSON, ARIZONA DBA SAN PEDRO GOLF COURSE, 120 W. SIXTH STREET, BENSON, ARIZONA 85602 AND TCF EQUIPMENT FINANCE, INC., 1111 WEST SAN MARNAN DRIVE, SUITE A2 WEST, WATERLOO, IOWA 50701-8926; PROVIDING 60 MONTHLY LEASE PAYMENTS OF $4,774.90 EACH FROM LEGALLY AVAILABLE FUNDS; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH

WHEREAS, City of Benson, Arizona, dba San Pedro Golf Course, (the "Lessee") is a Corporation duly organized and existing pursuant to the Constitution and laws of the State of Arizona; and

WHEREAS, Lessee is duly authorized by applicable law to acquire such items of personal property as are needed to carry out its governmental functions and to acquire such personal property by entering into lease-purchase agreements; and

WHEREAS, Lessee hereby finds and determines that the execution of a Lease for the purpose of leasing with the option to purchase the property designated and set forth in Exhibit A to the Lease is appropriate and necessary to the function and operations of the Lessee; and

WHEREAS, TCF Equipment Finance, Inc. (the "Lessor") is a Corporation duly organized, existing, and in good standing under the laws of the State of Minnesota, shall act as Lessor under said Lease; and

WHEREAS, the Lease shall not constitute a general obligation indebtedness of the Lessee within the meaning of the Constitution and laws of the State;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA:

Section 1. The Interim City Manager acting on behalf of Lessee, is hereby authorized to execute any and all documentation necessary or convenient to deliver the Lease, which Lease is available for public inspection at the offices of Lessee.

Section 2. The Lease shall be in the principal amount of $259,642.05 bearing interest as set forth in Exhibit C of the Lease; said Lease to contain an option to purchase by the Lessee as therein set forth.

Section 3. The Lessee's obligations under the Lease shall be expressly subject to annual appropriation by Lessee; and such obligations under the Lease shall

not constitute a general obligation of Lessee or indebtedness of Lessee within the meaning of the Constitution and laws of the State of Arizona.

Section 4. All other related contracts and agreements necessary and incidental to the Lease are hereby authorized.

Section 5. Lessee reasonably anticipates to issue not more than $10,000,000 of tax-exempt obligations (other than "private activity bonds" which are not "qualified 501(c)(3) bonds") during the current calendar year and hereby designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Section 6. This resolution shall take effect immediately upon its adoption and approval.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, this 30th day of September, 2013.

_____
TONEY D. KING, SR., Mayor

ATTEST:

_____
VICKI L. VIVIAN, CMC, City Clerk

APPROVED AS TO FORM:

_____
MICHAEL J. MASSEE, City Attorney

EXHIBIT A
TO LEASE-PURCHASE AGREEMENT NO. 008-0517180-303
DATED AS OF September 16, 2013

PROPERTY DESCRIPTION

Description (including features)	Location
(72) 2014 E-Z-GO TXT Gas Golf Cars, (1) 2014 E-Z-GO Hauler 1200 Gas, (1) 2014 Cushman FS2 Refresher together with all attachments and accessories thereto	**926 N Madison Street, Benson, AZ, 85602**
	Total Cost $259,642.05

Lessee: City of Benson, Arizona dba San Pedro Golf Course By: _____ James F. Cox, Interim City Manager

EXHIBIT C
RENTAL PAYMENT SCHEDULE
TO LEASE-PURCHASE AGREEMENT NO. 008-0517180-303
DATED AS OF September 16, 2013

Nominal Annual Rate: 3.942%

CASH FLOW DATA

	Event	Amount	Number	Period
1	Loan	259,642.05	1	
2	Payment	4,774.90	60	Monthly

AMORTIZATION SCHEDULE - Normal Amortization

	Rental Payment	Interest	Principal	Purchase Option Price
Loan				259,642.05
1	4,774.90	852.90	3,922.00	255,720.05
2	4,774.90	840.02	3,934.88	251,785.17
3	4,774.90	827.10	3,947.80	247,837.37
4	4,774.90	814.13	3,960.77	243,876.60
5	4,774.90	801.12	3,973.78	239,902.82
6	4,774.90	788.06	3,986.84	235,915.98
7	4,774.90	774.97	3,999.93	231,916.05
8	4,774.90	761.83	4,013.07	227,902.98
9	4,774.90	748.64	4,026.26	223,876.72
10	4,774.90	735.42	4,039.48	219,837.24
11	4,774.90	722.15	4,052.75	215,784.49
12	4,774.90	708.84	4,066.06	211,718.43
13	4,774.90	695.48	4,079.42	207,639.01
14	4,774.90	682.08	4,092.82	203,546.19
15	4,774.90	668.63	4,106.27	199,439.92
16	4,774.90	655.14	4,119.76	195,320.16
17	4,774.90	641.61	4,133.29	191,186.87
18	4,774.90	628.03	4,146.87	187,040.00
19	4,774.90	614.41	4,160.49	182,879.51
20	4,774.90	600.75	4,174.15	178,705.36
21	4,774.90	587.03	4,187.87	174,517.49
22	4,774.90	573.28	4,201.62	170,315.87
23	4,774.90	559.47	4,215.43	166,100.44
24	4,774.90	545.63	4,229.27	161,871.17
25	4,774.90	531.73	4,243.17	157,628.00
26	4,774.90	517.80	4,257.10	153,370.90

27	4,774.90	503.81	4,271.09	149,099.81
28	4,774.90	489.78	4,285.12	144,814.69
29	4,774.90	475.71	4,299.19	140,515.50
30	4,774.90	461.58	4,313.32	136,202.18
31	4,774.90	447.41	4,327.49	131,874.69
32	4,774.90	433.20	4,341.70	127,532.99
33	4,774.90	418.94	4,355.96	123,177.03
34	4,774.90	404.63	4,370.27	118,806.76
35	4,774.90	390.27	4,384.63	114,422.13
36	4,774.90	375.87	4,399.03	110,023.10
37	4,774.90	361.42	4,413.48	105,609.62
38	4,774.90	346.92	4,427.98	101,181.64
39	4,774.90	332.37	4,442.53	96,739.11
40	4,774.90	317.78	4,457.12	92,281.99
41	4,774.90	303.14	4,471.76	87,810.23
42	4,774.90	288.45	4,486.45	83,323.78
43	4,774.90	273.71	4,501.19	78,822.59
44	4,774.90	258.93	4,515.97	74,306.62
45	4,774.90	244.09	4,530.81	69,775.81
46	4,774.90	229.21	4,545.69	65,230.12
47	4,774.90	214.28	4,560.62	60,669.50
48	4,774.90	199.29	4,575.61	56,093.89
49	4,774.90	184.26	4,590.64	51,503.25
50	4,774.90	169.18	4,605.72	46,897.53
51	4,774.90	154.05	4,620.85	42,276.68
52	4,774.90	138.88	4,636.02	37,640.66
53	4,774.90	123.65	4,651.25	32,989.41
54	4,774.90	108.37	4,666.53	28,322.88
55	4,774.90	93.04	4,681.86	23,641.02
56	4,774.90	77.66	4,697.24	18,943.78
57	4,774.90	62.23	4,712.67	14,231.11
58	4,774.90	46.75	4,728.15	9,502.96
59	4,774.90	31.22	4,743.68	4,759.28
60	4,774.90	15.62	4,759.28	0.00
Grand Totals	286,494.00	26,851.95	259,642.05	

Lessee: City of Benson, Arizona dba San Pedro Golf Course

By: _____

James F. Cox,
Interim City Manager