

**CITY COUNCIL AGENDA REQUEST FORM**

Today's date: 1 / 8 / 18

Date of meeting 1 / 17 / 18

*(City Council meetings are held the 1<sup>st</sup> and 3<sup>rd</sup> Wednesday of each month.)*

Name of Citizen, Organization, Elected Official, or Department Head making request:

Sarah Lynds, Deputy Director of Finance

Address: 1123 Lake Street

Phone number and email address: 509-263-3557 slynds@sandpointidaho.gov

Authorized by: Sarah Lynds

*name of City official*

*City official's signature*

*(Department Heads, City Council members, and the Mayor are City officials.)*

Subject: Proposed Municipal Lease Financing for Dump Truck approved in 2018 Budget

Summary of what is being requested: Approve Columbia Bank's proposal for municipal lease financing of the 2018 Western Star Dump Truck and authorize the Mayor to sign the lease agreement after legal review.

**The following information MUST be completed before submitting your request to the City Clerk:**

1. Would there be any financial impact to the city?    
Yes or No  
If yes, in what way? As Budgeted

2. Name(s) of any individual(s) or group(s) that will be directly affected by this action:

Have they been contacted?  
Yes or No

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Is there a need for a general public information or public involvement plan? Yes or No  
If yes, please specify and suggest a method to accomplish the plan:

\_\_\_\_\_  
\_\_\_\_\_

4. Is an enforcement plan needed? Yes or No   Additional funds needed? Yes or No

5. Have all the affected departments been informed about this agenda item? Yes or No

**This form must be submitted no later than 6 working days prior to the scheduled meeting. All pertinent paperwork to be distributed to City Council must be attached.**

**ITEMS WILL NOT BE AGENDIZED WITHOUT THIS FORM**

# **City of Sandpoint Agenda Report**

**DATE: January 8, 2018**

**TO: MAYOR AND CITY COUNCIL**

**FROM: Deputy Director, Sarah Lynds**

**SUBJECT: Municipal Lease Financing for 2018 Western Star Dump Truck**

## **DESCRIPTION/BACKGROUND:**

**A request for proposal was sent to local banks seeking municipal lease financing for a 2018 Western Star Dump Truck budget by the Sewer Fund for the current fiscal year. Specific terms were defined by the proposal; \$33,000 down payment, annual installments over a 4-year term with the first payment anticipated to be February 1, 2019.**

**Four proposals were received with varying interest rates and other associated costs for financing. See attached summary of proposals.**

## **STAFF RECOMMENDATION:**

**Staff recommends approving the proposal from Columbia Bank. The interest rate is the lowest and there are no document fees resulting in the lowest cost for the City.**

## **ACTION:**

**Move to approve the proposal from Columbia Bank reflecting 48-month lease, an interest rate of 3.16% with no other additional financing charges and to authorize the Mayor to sign the lease documents after legal review.**

**WILL THERE BE ANY FINANCIAL IMPACT? Yes, as budgeted.**

**HAS THIS ITEM BEEN BUDGETED? Yes**

## **ATTACHMENTS:**

**ARP, 4 proposals and summary of proposals.**

No: 18-  
Date: January 17, 2018

RESOLUTION  
OF THE CITY COUNCIL  
CITY OF SANDPOINT

**TITLE: APPROVAL OF MUNICIPAL LEASE PURCHASE AGREEMENT WITH  
COLUMBIA BANK FOR 2018 WESTERN STAR DUMP TRUCK**

WHEREAS: The budgeted purchase of a new dump truck for the Public Works Department, Wastewater Treatment Division, was previously approved via Resolution No. 17-56 on August 16, 2017;

WHEREAS: Four request for proposals were received from local financial institutions for municipal lease financing with Columbia Bank providing the lowest interest rate; and

WHEREAS: City staff recommends entering into a 48-month municipal lease with Columbia Bank for the purchase of a 2018 Western Star dump truck in the amount of \$141,772, at 3.16% interest, to be repaid with annual payments, with no other additional finance charges, and a down payment of \$33,000.

NOW, THEREFORE, BE IT RESOLVED THAT: The Mayor is authorized to sign municipal lease documents with Columbia Bank after review by the City Attorney.

\_\_\_\_\_  
Shelby Rognstad, Mayor

ATTEST:

\_\_\_\_\_  
Maree Peck, City Clerk

City Council Members:

YES                      NO                      ABSTAIN                      ABSENT

1. Eddy
2. Aitken
3. Williamson
4. Ruehle
5. Aispuro
6. Darling

FISCAL YEAR 2018  
 2018 Western Star Dump Truck  
 RFP Summary

Request for proposal:

Amount financed: \$141,772.00  
 Down payment: \$33,000.00  
 Financing term: 48 Month  
 Payment interval: Annual  
 First payment date: February 1, 2019  
 Anticipated closing date: On or before January 31, 2018  
 Financing fund: Sewer Fund

Responses:	<u>Columbia Bank</u>	<u>Mountain West</u>	<u>Washington Trust</u>	<u>usbancorp</u>
Interest Rate:	3.16%	3.74%	?	3.61%
Total Interest:	8,867.55	10,356.82	9,035.12	9,978.68
Document Fee:	-	250.00	500.00	-
Purchase Option:	-	-	1.00	-
End-of-term:	-	-	1.00	-
<b>Total Cost to City</b>	<b>8,867.55</b>	<b>10,606.82</b>	<b>9,537.12</b>	<b>9,978.68</b>



December 21, 2017

## **Request for Proposals Municipal Lease for Western Star Dump Truck**

**Deadline to Submit Proposal: January 8, 2018, 12:00 p.m. PDT**

The City of Sandpoint, Bonner County, Idaho, is considering municipal lease purchase financing for a budgeted 2018 Western Star Model 4700SB 6x6 Tandem Axle Dump Truck and is seeking proposals for the same. The proposals should identify amortization payment schedules and lease purchase maturity. The proposals for the lease purchase should be a fixed rate for the entire term of the financing and must be maintained for sixty (60) days from the due date of the proposal or until the lease purchase closing date, whichever occurs first. Below are the terms of the financing:

Total Amount Financed:	\$141,772
Down Payment to bank at closing:	\$ 33,000
Financing Term:	48 months
Payment Interval:	Annual
First Payment Date:	February 1, 2019
Anticipated Closing Date:	On or before January 31, 2018
Fund:	Sewer Fund

Proposals are to be emailed to the contact information below and need to be received no later than 12:00 PM (PST), Monday January 8, 2018. The City reserves the right to reject any and all proposals at its absolute discretion. All proposals are subject to approval by the City Council.

Please forward responses to:

Sarah Lynds  
Finance Director  
slynds@sandpointidaho.gov



**Borrower:** City of Sandpoint (City)

**Purpose:** 1) To purchase a 2018 Western Star Dump Truck  
2) To purchase a 2018 Kubota Tractor

**Loan Type:** Tax—exempt, bank qualified financing

**Lease Amount:** 1) Lease amount of \$141,772. The amount to be paid at closing is \$33,000, leaving a balance of \$108,772 to be financed over 48 months with annual payments.  
2) Lease amount of \$31,087.86. The amount to be paid at closing is \$10,750, leaving a balance of \$20,338 to be finance over 24 months with annual payments.

**Maturity:** 1) 48 month financing term  
2) 24 month financing term

**Repayment:** 1) Principal and interest is to be paid annually beginning February 1. Please see attached amortization Schedule A for payment estimates.  
2) Principal and interest is to be paid annually beginning February 1. Please see attached amortization Schedule B for payment estimates.

**Prepayment:** There will be no penalty for pre-payment.

**Rate:** 1) Subject to the City maintaining the lease as a tax-exempt obligation, rate will be fixed at 3.16%. Rate would remain fixed until maturity. In the event of nonpayment or if the lease is later deemed by the IRS to be or becomes taxable for any reason, the interest rate will be adjusted both prospectively and retrospectively to the taxable rate of 4%.  
2) Subject to the City maintaining the lease as a tax-exempt obligation, rate will be fixed at 3.16%. Rate would remain fixed until maturity. In the event of nonpayment or if the loan is later deemed by the IRS to be or becomes taxable for any reason, the interest rate will be adjusted both prospectively and retrospectively to the taxable rate of 4%.

Rate for 1) & 2) will be good until March 9, 2018 or until the lease purchase is closed, whichever occurs first.

Computed on an actual/360 basis.

<b>Origination Fee:</b>	There will be no origination fee on either Lease.
<b>Disbursements:</b>	All proceeds will be disbursed at closing.
<b>Collateral:</b>	1) 2018 Western Star Model 4700SB 6x6 Tandem Axle Dump Truck 2) 2018 Kubota Series L476OHSTC Tractor with a front loader
<b>Approval:</b>	Bank anticipates decision within 7 business days of being notified that we are the successful bidder and we have received all requested information.
<b>Closing Conditions:</b>	Usual and customary closing conditions for a transaction of this type. We will also need the following prior to closing: <ul style="list-style-type: none"> <li>○ Certified copy of City Commissioner's Meeting Minutes prior to preparation of lease purchase documents, which: <ul style="list-style-type: none"> <li>○ Approves entering into a Lease/Purchase agreements,</li> <li>○ Identifies and authorizes signer(s) on behalf of the District,</li> <li>○ Specifies the interest rates,</li> <li>○ Specifies the length of the terms</li> <li>○ Names the Bank as financing the Lease/Purchase</li> </ul> </li> <li>○ Attorney's Opinion letter at closing;</li> <li>○ Completed, executed IRS tax form 8038-G at closing (we will supply the blank form);</li> <li>○ Name of Insurance Company, policy number, and agent's name, address and phone number prior to preparation of lease purchase documents</li> </ul>
<b>Disbursements:</b>	The Bank anticipates disbursing funds after Bank receives completed signed lease documents, attorney's opinion and a copy of the 8038-G.
<b>Covenants:</b>	Lease covenants will contain, but not be limited to the following: <ul style="list-style-type: none"> <li>• Usual and customary covenants for a transaction of this type.</li> </ul>
<b>Financial Reporting Requirements</b>	CPA prepared audited financial statements will be due within 260 days after each fiscal year end; District's annual budget, once approved/adopted, due 30 days prior to fiscal year end with a notice of intent to renew lease for an additional year.  The City shall maintain net revenues of at least 125% of maximum annual debt service.

**This Term Sheet will expire on January 31, 2018, unless extended in writing by the Bank.**

The above terms are subject to final internal credit approval.

This Summary of Terms and Conditions contain confidential and proprietary lease structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this summary of Terms and Conditions or as may be required by law, the contents of the Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

**Oral agreements, promises or commitments to: (1) loan money, (2) extend credit, (3) modify or amend any terms of a lease, (4) release any guarantor, (5) forebear from enforcing repayment of a loan or the exercise of any remedy under the loan documents, or (6) make any other financial accommodation relating to a lease are all unenforceable under Idaho law.**





Schedule A  
**AMORTIZATION SCHEDULE**

<b>Principal</b> \$141,772.00	<b>Loan Date</b> 01-31-2018	<b>Maturity</b> 02-01-2022	<b>Loan No</b>	<b>Call / Coll</b>	<b>Account</b>	<b>Officer</b>	<b>Initials</b>
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

**Borrower:** City of Sandpoint

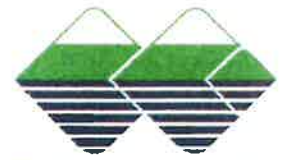
**Lender:** Columbla State Bank  
North Idaho Commercial Banking  
414 Church St, Suite 100  
Sandpoint, ID 83864

**Disbursement Date:** January 31, 2018  
**Interest Rate:** 3.160

**Repayment Schedule:** Irregular  
**Calculation Method:** 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	02-01-2018	33,000.00	0.00	33,000.00	108,772.00
2	02-01-2019	29,409.89	3,497.37	25,912.52	82,859.48
3	02-01-2020	29,409.89	2,654.73	26,755.16	56,104.32
4	02-01-2021	29,409.89	1,802.44	27,607.45	28,496.87
5	02-01-2022	29,409.88	913.01	28,496.87	0.00
<b>TOTALS:</b>		<b>150,639.55</b>	<b>8,867.55</b>	<b>141,772.00</b>	

**NOTICE:** This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.



**Mountain  
West Bank**

Division of Glacier Bank

Commercial Lending Center  
802 W. Bannock St., Suite 1100

Boise, ID 83702

Phone 208.855.9106

Fax 208.345.2232

[www.mountainwestbank.com](http://www.mountainwestbank.com)

January 8, 2018

City of Sandpoint  
1123 Lake St.  
Sandpoint, ID 83864-1714

Attention: Sarah Lynds, Finance Director

Mountain West Bank is pleased to provide you with the following lease finance quote for the acquisition of the 2018 Western Star dump truck.

Equipment:	2018 Western Star 4700SB dump truck
Cost:	\$141,772.00
Advance Payment:	\$ 33,000.00
Payments:	4 annual payments of \$29,782.21
Maturity date:	02/01/2022
Interest Rate:	3.74% APR fixed rate
Documentation Fee:	\$250.00

**Amortization Schedule attached**

Thanks for the opportunity,

Nick Brunelle  
Equipment Finance  
Mountain West Bank  
#208-887-5077

### Info Analysis Payment Amortization Report

Customer: City of Sandpoint

Interest Rate: **3.6774% (Monthly)**  
**3.7400% (Annual)**

<u>Per</u>	<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance</u>
0	2/18	33,000.00	33,000.00	0.00	108,772.00
12	2/19	29,782.21	25,714.13	4,068.07	83,057.87
24	2/20	29,782.21	26,675.84	3,106.36	56,382.03
36	2/21	29,782.21	27,673.52	2,108.69	28,708.51
48	2/22	29,782.21	28,708.51	1,073.70	0.00
Totals:		152,128.82	141,772.00	10,356.82	

January 8, 2018

City of Sandpoint

Finance Director-Sarah Lynds

1123 Lake Street

Sandpoint, ID 83864

Re: Municipal lease

Dear Sarah,

Washington Trust Bank is pleased to provide the attached municipal lease financing commitment to the City of Sandpoint for the purchase of a 2018 Western Star Dump truck and a 2018 Kubota tractor.

If you have any questions regarding the municipal lease financing proposal please contact me at 208-263-6104 or by email at [epaull@watrust.com](mailto:epaull@watrust.com)

Thank you for giving Washington Trust Bank the opportunity to provide you with this financing commitment.

Sincerely,



Eric Paull

VP Commercial Banking-Sandpoint

NMLS #796243

208-263-6104 (work)

208-946-7527 (cell)

[epaull@watrust.com](mailto:epaull@watrust.com)

Washington Trust Financial Center 509 North 5th Avenue, Suite E Sandpoint, Idaho 83864-1687

Phone (208) 263-8087 Fax (208) 263-3497  
[watrust.com](http://watrust.com)





Thursday, January 04, 2018

Eric Paul  
Re: City of Sandpoint

Dear Eric:

I appreciate the information you have provided and we are pleased to provide you with the following lease proposal. This proposal is subject to final credit approval and assumes use of our standard documentation. Unless previously extended in writing, this proposal will expire 30 days from today's date. All pricing is net of applicable taxes.

Lessee:	City of Sandpoint
Lessor:	BancLeasing, LLC and/or its Assigns
Equipment Type:	2018 Western Star Dump Truck
Equipment Cost:	\$141,772.00
Base Lease Commencement:	1st of the month following total equipment installation & acceptance
Payments Due:	In arrears
Purchase Option:	\$1.00
Base Lease Term:	48 months
Annual Payments:	\$29,451.78 (plus tax, if applicable)
Advance Payments:	\$33,000 (plus tax, if applicable) due at lease signing
End-of-term:	Purchase the equipment for \$1.00
Documentation Fee:	\$500.00
Miscellaneous Conditions:	TBD
Lease Payment Adjustment:	The lease payment is fixed from the Commencement Date to the end of the initial lease term. It may be adjusted on the Commencement Date to reflect any upward change from the date of this proposal by the Federal Home Loan Bank four year amortized rates.
Lease Accounting:	The lessee and/or its accountants are responsible for determining Lessee's accounting treatment of any lease schedule, including lease classification and tax treatment.

Thank you for the opportunity to work with you. Please do not hesitate to contact me should you have any questions or if you need additional information.

Kindest Regards,

Richard D. Lee  
Senior Account Executive  
BancLeasing, LLC  
PH: 214.778.1842  
CELL: 214.293.3642  
rlee@bancleasing.com

Agreed To & Accepted By:

Lessee: City of Sandpoint

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**Government Leasing and Finance**
**City of Sandpoint, ID**

Attn: Sarah Lynds, Finance Director

At your request, U.S. Bancorp Government Leasing and Finance, Inc. ("USBGLF") has prepared for your consideration the following proposal for financing ("Proposal"). **This is only a proposal and does not represent a commitment by U.S. Bancorp Government Leasing and Finance, Inc.**

<b>Customer:</b>	<b>City of Sandpoint, ID</b>						
<b>Lessor:</b>	<b>U.S. Bancorp Government Leasing and Finance, Inc.</b>						
<b>PROPERTY:</b>	<b>Western Star Dump Truck</b>						
<b>EXPIRATION:</b>	<b>March 7, 2018</b>						
<b>LEASE QUOTE:</b>	<b>Amount</b>	<b>Rate</b>	<b>Payments</b>	<b>Factor</b>	<b>Pmts / Year</b>	<b>Term</b>	<b>Adv. / Arr.</b>
<b>Tractor</b>	<b>141,772.00</b>	<b>3.61%</b>	<b>29,687.67</b>	<b>0.2094043</b>	<b>1</b>	<b>48 Months</b>	<b>Advance</b>
<b>Dump Truck</b>	<b>31,087.86</b>	<b>3.45%</b>	<b>10,698.15</b>	<b>0.3441262</b>	<b>1</b>	<b>24 Months</b>	<b>Advance</b>

Payment Stream uneven, please see attached detail

**Notes: There are no fees associated with this offer including the establishment and use of a U.S. Bank, N.A. escrow account should one be required.**

The Lease will be structured as a tax-exempt municipal lease, with title in the Lessee's name and USBGLF holding a security interest in the equipment during the term. The lease is "triple-net" with the Lessee responsible for taxes, maintenance and insurance. Documentation will be provided by USBGLF, including (i) standard representations, warranties and covenants by the Lessee pertaining to the accuracy of information, organization, authority, essential use, compliance with laws, pending legal action, location and use of collateral, insurance, financial reporting and financial covenants; and (ii) standard USBGLF provisions pertaining to events of default and remedies available upon default. This offer is subject to the execution of all documentation by the Lessee within a reasonable time and in form and substance acceptable to Lessee, USBGLF and USBGLF's counsel, including terms and conditions not outlined in this Proposal.

This Proposal is conditioned on there being no material adverse change in the financial condition of the Lessee. Additionally, the terms and conditions outlined herein are subject to final review and approval (including collateral and essential use review) by USBGLF's business, legal, credit, and equipment risk management personnel.

Sincerely,

 Thomas E. Seybold  
 Vice President

**ACCEPTANCE:**

By accepting this Proposal, Lessee acknowledges that **this Proposal does not represent a commitment to provide financing** but only outlines general terms and conditions of the USBGLF's financing program currently available to qualified lessees.

**ACCEPTED BY:**

 \_\_\_\_\_  
**Name / Title**
**dated:** \_\_\_\_\_

## Government Leasing and Finance

**Payment Table**  
(Assumes funding 02/01/2018)

Dump Truck

	<b>Totals</b>	151,750.68	141,772.00	9,978.68	
<b>*Prepayment balance equals 103% of principal outstanding after payment due.</b>					
<b>Pay #</b>	<b>Date</b>	<b>Payment</b>	<b>Principal</b>	<b>Interest</b>	<b>*Prepayment Balance</b>
1	1-Feb-2018	33,000.00	33,000.00	0.00	112,035.16
2	1-Feb-2019	29,687.67	25,765.64	3,922.03	85,496.55
3	1-Feb-2020	29,687.67	26,694.68	2,992.99	58,001.03
4	1-Feb-2021	29,687.67	27,657.22	2,030.45	29,514.10
5	1-Feb-2022	29,687.67	28,654.47	1,033.20	0.00

Tractor

	<b>Totals</b>	32,146.29	31,087.86	1,058.43	
<b>*Prepayment balance equals 103% of principal outstanding after payment due.</b>					
<b>Pay #</b>	<b>Date</b>	<b>Payment</b>	<b>Principal</b>	<b>Interest</b>	<b>*Prepayment Balance</b>
1	1-Feb-2018	10,750.00	10,750.00	0.00	20,948.00
2	1-Feb-2019	10,698.15	9,996.49	701.66	10,651.61
3	1-Feb-2020	10,698.15	10,341.37	356.78	0.00