



City of Philadelphia

Philadelphia, PA 19107

BILL NO. 050201

Introduced March 10, 2005

Councilmember Blackwell

**Referred to the
Committee of the Whole**

AN ORDINANCE

Authorizing the Managing Director or his Designee, on behalf of the City of Philadelphia, to enter into a Lease Agreement to lease vehicles from the Philadelphia Municipal Authority, with an option to purchase, under certain terms and conditions.

WHEREAS, the Managing Director has determined there is a current need for vehicles that exceeds the current funding capacity of the Office of Fleet Management to purchase such vehicles; and

WHEREAS, the Managing Director has determined that the most prudent course of action is to lease the required vehicles through the Philadelphia Municipal Authority (the "Authority"); and

WHEREAS, the Authority will arrange for financing of the vehicles through a vehicle lease/purchase agreement (the "Lease/Purchase Agreement") with a vendor selected from respondents to a request for proposals wherein an escrow account shall be funded by the vendor to finance the purchase of the vehicles and PMA will lease the vehicles from the vendor over a ten-year term with an option to purchase such vehicles for \$1.00 at the end of the term with such Lease/Purchase Agreement being based on the Term Sheet as set forth in Exhibit "A" to this Ordinance attached hereto and made a part hereof, with such changes as the City Solicitor deems necessary or appropriate in the City's best interest; and

WHEREAS, in order to induce the Authority to arrange for the financing of the vehicles, the City will lease the vehicles from the Authority pursuant to a lease agreement between the Authority and the City wherein the City will agree to pay as a lease payment, solely out of its current revenues, amounts necessary to satisfy all of the obligations of the Authority under the Lease/Purchase Agreement; *NOW THEREFORE*,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

City of Philadelphia

SECTION 1. The Managing Director or his Designee, on behalf of the City, is hereby authorized to enter into a Lease Agreement with a ten-year term (the "Lease Agreement") wherein the City will agree to lease vehicles from the Authority, with an option to purchase such vehicles at the conclusion of the term under certain terms and conditions and to pay as a lease payment, solely out of its current revenues, amounts necessary to satisfy all of the obligations of the Authority under the Lease/Purchase Agreement.

SECTION 2. The Lease Agreement shall be based on the Term Sheet as set forth in Exhibit "B" to this Ordinance attached hereto and made a part hereof, with such changes as the City Solicitor deems necessary or appropriate in the City's best interest.

City of Philadelphia

Exhibit "A" PMA Vehicle Lease Terms and Conditions

LEASE TERMS:

Lessor: Harco Leasing Company, Inc.

Lessee: Philadelphia Municipal Authority (PMA).

Issue Type: Tax-exempt lease purchase financing various equipment subject to annual appropriation.

Equipment Cost: \$6,829,034.63

Equipment: Various vehicles as described in the appendix attached hereto.

Term: Ten (10) years

Payment mode: Annual in advance

Interest rate: 4.32%

Payment: \$820,000

Other Terms & Conditions: Legal counsel for Harco must verify the equipment expenditure as eligible for tax-exempt financing.

The interest rate is subject to change after March 15, 2005, but will be fixed at the time of funding. It will be indexed at 140 over the AAA MMD after March 15, 2005 and will be fixed upon funding of the escrow account.

Escrow Account: The proceeds of the financing will be deposited in an escrow account established with Bank of New York (the "Escrow Agent") or a bank of approved of by the City. Payment for the vehicles purchased shall be made from the account upon presentation to the Escrow Agent of a properly executed payment request form and/or acceptance certificate. The Escrow Agent will be authorized to purchase and sell qualified investments, as defined by relevant law and the Escrow Agreement. Any

City of Philadelphia

interest earned on such investments shall be for the benefit to Lessee. Any funds remaining in the escrow account after the purchases are complete may be applied toward a payment or used to acquire additional capital assets.

End of Term
Options:

Purchase Vehicles at end of Lease Term for \$1.00.

City of Philadelphia

Vehicle Type	Dept	Qty	Vendor	Bid Number	Cost Each	Pricing	Total
20 Cubic Yard Compactors	12	39	Freedom	T5XM9480	112,769.75	FY05	4,398,020.25
6 Cubic Yard Compactors	12	12	G.L. Sayre	S3XM9220	78,422.00	FY04	941,064.00
Large Vacuum Broom	12	2	Dehart	T3XM9250	133,160.00	FY04	266,320.00
Concrete Mixer	12	1	G.L. Sayre	T3XM9260	158,300.00	FY04	158,300.00
CC Dump Trucks	17	2		New Bid	89,000.00	FY04	178,000.00
Tractor 5th Wheel	12	2	Freedom		110,000.00	Est.	220,000.00
Refuse Trailers	12	2		New Bid	50,000.00	Est.	100,000.00
Backhoe/Hammer	17	2	PA State		115,000.00	Est.	230,000.00
Crane Truck	17	1		New Bid	175,000.00	Est.	175,000.00
Bucket Truck	17	1		New Bid	160,000.00	Est.	160,000.00
					TOTAL		6,826,704.25
					Target Number		6,829,034.63
					Over/Under		2,330.38

City of Philadelphia

Exhibit "B" Vehicle Lease Terms and Conditions

LEASE TERMS:

Lessor: Philadelphia Municipal Authority (PMA).

Lessee: The City of Philadelphia, acting by and through its Department of Fleet Management

Term: Co-terminous with the PMA/Harco Leasing Lease as described in Exhibit "A".

Equipment Cost: \$6,829,034.63

Equipment: Various vehicles as described in the appendix to Exhibit "A".

Payment: \$820,000 paid annually, in advance.

End of Term
Options: Purchase Vehicles at end of Lease Term for \$1.00.