

RESOLUTION NO. 706

**A RESOLUTION APPROVING MUNICIPAL LEASE FINANCING
FOR PURCHASE OF DUMP TRUCK**

WHEREAS, the city staff has prepared a report on the above captioned subject which is attached hereto as Exhibit "A"; and

WHEREAS, the City Council has duly considered the subject and the recommendation(s) contained in the staff report; and

WHEREAS, interested parties, if any, have had an opportunity to be heard on the subject.


NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Wilsonville does hereby adopt the staff report attached hereto as Exhibit "A", with the recommendation(s) contained therein and further instructs that action appropriate to the recommendation(s) be taken.

ADOPTED by the Wilsonville City Council at a regular meeting thereof this 6th day of March, 1989, and filed with the Wilsonville City Recorder this same date.



JOHN M. LUDLOW, Mayor

ATTEST:



VERA A. ROJAS, City Recorder

SUMMARY of Votes:

Mayor Ludlow	<u>AYE</u>
Councilor Stark	<u>AYE</u>
Councilor Chandler	<u>AYE</u>
Councilor Clarke	<u>AYE</u>
Councilor Edwards	<u>AYE</u>

CITY OF



Wilsonville

30000 S.W. Town Center Loop E
P.O. Box 220 / Wilsonville, Oregon 97070-0220
503 / 682-1011

"EXHIBIT A"

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: RAY SHORTEN, FINANCE DIRECTOR
DATE: MARCH 2, 1989
RE: FINANCING FOR PURCHASE OF A 5-6 YARD DUMP TRUCK

The acquisition of the new 5-6 yard dump truck was to be financed through a municipal lease/purchase arrangement.

The vendor who submitted the low bid for this truck in the amount of \$22,862.00 did not choose to bid on the financing and recommended we check with our local bank to arrange the needed financing.

I have contacted the three local banks and have received the following verbal quotations for financing: (Written quotes shall follow.)

U.S. NATIONAL BANK - \$200 loan fee will be assessed

3 years term c/a 9.00%
4 years term c/a 9.25%
5 years term c/a 9.50%

1st INTERSTATE BANK - A \$100 documentation fee and a \$200
end of contract payment will assessed.

5 year term c/a 8.35% (with monthly payments)
4 year term c/a 8.52% (with annual payments)

SECURITY PACIFIC BANK OF OREGON - no quote from the bank but referred me to the following lease corporations.

1st Portland Leasing - 5 year term c/a 26% (\$668 per month)

1st Capital Financing - 5 year term c/a 14% (\$527 per month)

When gathering this information from all the banks, it was stated that the quoted rates were only valid for 30 days. Since we will not take possession of the vehicle for at least 120 days and will not require financing until that time, the final interest rate could vary from the ones given above .

RECOMMENDATION:

Since the interest rates given previously were all calculated by the individual banks in relationship to the prime rate, I recommend that approval be given to obtain a financing package in the amount of \$22,862.00 from 1st Interstate Bank when the vehicle is ready for delivery.

Motion made at the meeting of March 6, 1989:

Councilor Edwards moved to authorize the Finance Officer to proceed with the purchase of the truck based on the basis of the financing package of First Interstate Bank contingent on it still being the best general rate. Councilor Clarke seconded the motion; which carried 5-0.



WEST METRO COMMERCIAL CENTER
SUITE 400 - CASCADE SQUARE
8825 S.W. CASCADE AVENUE
BEAVERTON, OREGON 97005

March 1, 1989

RECEIVED
MAR 2 1989
CITY OF
WILSONVILLE

City of Wilsonville
Attn: Ray Shorten
P. O. Box 220
Wilsonville, OR 97070

Dear Mr. Shorten:

This letter will confirm our phone conversation in which I gave you an indication of our Bank's rate for a lease arrangement to the City of Wilsonville for the new dump truck you intend to purchase.

My understanding is that the purchase price will be \$31,862 and that there will be a trade-in credit of \$9,000, leaving an amount due to be financed of \$22,862. A loan fee of \$200 would be collected for this transaction and rates would range for this financing from 9.50% for a 5-year lease, 9.25% for a 4-year lease, and 9.00% for a 3-year lease. Other general requirements in order to complete this transaction would be that you certify the transaction to be Bank qualified and that we utilize our standard Bank documents.

This is only an indication of the rates, and we would need to review the City budget and audit before we could issue an actual commitment. This indication is good for the next 30 days from the date of this letter.

I hope that this information will be of assistance to you. Please feel free to call me at 526-6011 should you have any questions.

Sincerely,

James A. Herbst
Assistant Vice President/
Commercial Account Officer

JAH/rsm



First Interstate Bank
of Oregon, N.A.
International Division
P.O. Box 3131
Portland, OR 97208
503 225-2517

March 3, 1989

RECEIVED
MAR 6 1989
CITY OF
WILSONVILLE

Mr. Roy Shorten
City Finance Manager
City of Wilsonville
P. O. Box 220
Wilsonville, OR 97070

Dear Mr. Shorten:

Regarding the City's plans to acquire a dump truck, First Interstate Bank would be pleased to consider providing lease-purchase financing as discussed. I have enclosed information which describes our program and sample copies of required documentation.

We have the flexibility to structure a transaction according to your needs. Based on a cost of \$31,862.00 with a trade-in of \$9,000.00, interest rates in today's market would be as follows:

OPTION I

<u>Rate</u>	<u>Payments</u>	<u>Total Interest Costs</u>
8.35%	No. 1: \$9,000.00 (trade-in); 59 monthly payments beginning July, 1989 of \$473.83	\$5,093.97

OPTION II

<u>Rate</u>	<u>Payments</u>	<u>Total Interest Costs</u>
8.52%	No. 1: \$9,000.00 (trade-in); 4 annual payments beginning June, 1990 of \$6,981.51	\$5,064.04

Lease interest rate to float until drawdown of funds using the Bank's internal cost of funds ("the Benchmark") which are of a duration matching that of the lease term. If the Benchmark changes after the date hereof and prior to the lease commencement ("funding") date, rental payments will be adjusted (up or down) for every 100 basis points change (prorated) in the Benchmark rate. As an example, should the Benchmark increase 100 basis points during the period,

Mr. Roy Shorten
City of Wilsonville
3/3/89
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the lease rate would be 8.99%. Should the Benchmark decrease 100 basis points, the lease rate would be 7.71%. Interest rate to be fixed on drawdown date and remain fixed throughout the lease term.

Other costs include: Documentation fee, \$100.00 payable at lease commencement; and purchase option at the end of the lease term, \$200.00. An early termination provision is provided in the Contract by paying principal and interest to date, plus 1% of the principal balance outstanding. As discussed, the transaction is subject to satisfactory review of the City's last three year-end audit reports and current operating budget.

We appreciate your interest and the opportunity to submit a bid for consideration. If you have any questions, please feel free to call me at 225-4600.

Sincerely,



Ellen Meeuwsen
Municipal Leasing Officer

EM/saw

Enclosure

cc: Sharon Olson, Wilsonville Branch