

City Council

Staff Report

TO: Honorable Mayor and City Council

FROM: Steve Huntley, Finance Director
Mario Krstic, Chief of Police

THROUGH: John Jansons, City Manager *[Signature]*

DATE: November 28, 2016

SUBJECT: Police Department Vehicle Lease Financing

RECOMMENDED ACTION:

It is respectfully recommended that the City Council approve Resolution 2016-047 directing the City Manager to sign the attached lease agreement for the ultimate purchase and delivery of three new police patrol vehicles for the City of Farmersville.

BACKGROUND and DISCUSSION:

This purchase and financing through the lease agreement, is already budgeted for Fiscal Year 2017 (via Resolution 2016-040 dated September 26, 2016 adopting a budget amendment for FY 2017). The Council will recall that this amendment modified the original Police Vehicle Purchase Plan approved on December 8, 2014 which was originally budgeted in FY 2016 with a purchase of three new patrol vehicles. This plan allowed for a purchase of three patrol vehicles every other year. However, The Chief of Police requested in his memo dated September 20, 2016 (attached) to modify the plan to purchase three new vehicles in Fiscal Year 2017, rather than 2018, for several reasons.

As outlined in the prior budget amendment report of September 29, 2016, the Police Department has requested that they start working now to make vehicle purchases because 1) a long lead time exists before the vehicles would actually be in service, 2) the level of repairs and maintenance needed on their older vehicles is still increasing and acquiring new vehicles sooner could offset this cost, and 3) The portion of the expense incurred this year is potentially minimal (dependent upon the actual date of acquisition) that would ideally offset large expenses incurred for the same period due to high repair costs on older vehicles not under warranty.

Originally, the estimated quarterly payment was roughly \$11,000 depending on the rate, term, and timing of the financing from the yet-to-be-determined source. Staff now knows that the cost

will be \$11,506.90 a quarter through Municipal Finance Corporation if the lease agreement is approved by Council. Staff expects there still to be only one payment made in this fiscal year which is the beginning of the process to allow the City to spread the cost out over the years.

This resolution would allow for the final action needed before the purchase of enacting the needed lease agreement with the Municipal Finance Corporation as allowed in the adopted budget for FY 2017.

COORDINATION & REVIEW:

The lease agreement and corresponding resolution have been review by Finance Staff with the Police Department, the City Manager, and has also been reviewed by the City Attorney. The legal counsel opinion letter can be signed by the City Attorney once the Resolution 2016-047 is adopted by the City Council to ensure that the date and validity of the adoption of the resolution can be covered in the letter.

The agreement and insurance requirements have been reviewed with our advisors with the CSJVRMA and staff continues to work to get the final paperwork needed for that coverage.

FISCAL IMPACT:

The lease agreement is for a term of three years and at an interest rate of 2.80%. The principal amount of the loan is \$132,000 and will incur a cost of \$6,082.80 in interest over the life of the loan. Payments will be processed electronically, automatically each quarter (\$11,506.90 per quarter). This low cost option is a direct result of our existing relationship with Citizens Business Bank.

This rate is also on par with other current government financing for similar situations revealed through industry research by finance staff. This agreement would also help the City to maintain a higher level of cash reserves currently needed for other large projects. This continues to be a historic time to finance vehicles due to the current extended low interest rate environment.

This lease agreement a significant advantage over the financing options offered through the dealership from which these vehicles will be purchased. The financing options were presented in varying terms but held each vehicle as a separate loan, thus incurring more administrative cost in the loan to the City, and were also offered at a higher rate of 4.00%. This would impact the General Fund with potentially a few hundred to a few thousand more dollars in expense than the recommended lease agreement depending upon the term.

This lease agreement will also likely cause an increase of cost to the general fund of \$11,506.90 for the FY 2017 (which has already been budgeted). This means that ongoing costs of \$46,027.60 annually until the lease is completed (likely in calendar year 2020 depending upon the date of the first lease payment).

Anticipated Lease Expense by Fiscal Year			
FY 2017	FY 2018	FY 2019	FY 2020
\$11,506.90	\$46,027.60	\$46,027.60	\$28,437.90

However, the agreement allows for a purchase option at any time, given that the City in good standing with the lease payments, as displayed in Exhibit B of the lease agreement. Should this option be executed, it could dramatically increase the cost to the City in that period but ultimately save some interest expense overall. At this time, staff intends to follow the lease

payment schedule to the end as part of our strategy to spread cost over multiple years. These ongoing and regular expenses are both anticipated in the Police Vehicle Purchase Plan and will be budgeted accordingly in future years.

The amount of maintenance and repair costs saved by making these purchases earlier is unknown. However, expense related to fleet maintenance and significant repair costs have been around \$50,000 annually. The purchase of these vehicles could dramatically reduce this cost by upwards of \$15,000 annually or more.

There are other various small expenditures and revenues associated with this purchase, namely:

1. Cost of insurance as a high-value vehicle through the CSJVRMA. This is estimated at a few hundred dollars per year for all three vehicles but provides for up to a complete replacement cost of a new vehicle as needed.
2. Associated accessories and police gear needed to up fit the vehicles not previously anticipated. Costs already accounted for include light bars, computer equipment, sirens, decals, extended warranties, and other standard patrol vehicle upgrades. There may be other costs outside of these expenses that are unknown at this time.
3. Potential revenue from sale of retiring vehicles to be replaced. The exact vehicles being replaced are unknown at this time and their value and sale price may depend upon their current condition, and other variable factors at the time of sale.

None of these additional costs or revenues are anticipated to be large enough change the existing budget within the Police Department (and may partially or completely offset) but are mentioned as part of a complete analysis of the purchases.

CONCLUSION:

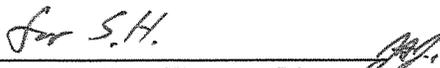
It is respectfully recommended that the City Council approve the Resolution 2016-047 directing the City Manager to execute and deliver the lease agreement with Municipal Finance Corporation.

ATTACHMENT(S): 4

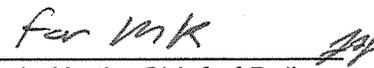
- 1) Resolution 2016-047 AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT, AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH
- 2) Proposed Lease Purchase document prepared by Municipal Finance Corporation
- 3) Lease Agreement #16-019 with Municipal Finance Corporation
- 4) Memorandum from the Police Department

Prepared and Submitted By:

Coordinated With:



Steve Huntley, Finance Director



Mario Krstic, Chief of Police

Approved By:



John Jansons, City Manager

**CITY COUNCIL
OF THE
CITY OF FARMERSVILLE, CALIFORNIA**

DRAFT RESOLUTION NO. 2016-047

AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT, AND
AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Farmersville (the "City") is a municipal corporation duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the City desires to provide for financing in the approximate amount of \$132,000.00 for the acquisition of three new police vehicles (the "Property"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective three year lease purchase financing arrangement at a 2.80% interest rate;

NOW, THEREFORE, it is resolved by the City Council of the City of Farmersville as follows:

SECTION 1. Lease Agreement. The City Manager or a designee (each, an "Authorized Officer") is hereby authorized to enter into a Lease Agreement (the "Lease") with the Corporation to finance the Property, subject to approval as to form by the City Attorney.

SECTION 2. Attestations. The City Clerk or other appropriate City officer is hereby authorized and directed to attest the signature of the Authorized Officer as may be required or appropriate in connection with the execution and delivery of the Lease.

SECTION 3. Other Actions. The Authorized Officer and other officers of the City are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all agreements, documents and certificates which are reasonably necessary and proper in order to carry out, give effect to and comply with the terms of this Resolution. Any such actions which have occurred prior to the approval of this Resolution are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Lease is hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The City, together with all subordinate entities of the City, do not reasonably expect to issue during the calendar year in which the Lease is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Effect. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 28th day of November, 2016, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED BY:

Paul Boyer, Mayor

ATTEST:

Acting City Clerk

DOCUMENTATION INSTRUCTIONS AND REFERENCE

The following documents represent the complete Lease documentation package:

1. Lease Agreement and Exhibits
2. Assignment of Lease and Acknowledgment of Assignment
3. Certificate of the District
4. Incumbency and Signature Certificate
5. Certificate of Acceptance (executed upon final acceptance of Property)

All of the above documents shall be executed with original signatures on one-sided paper. The signatory should be the officer(s) referenced in the resolution.

In addition to the above documents, the following additional items are required:

Resolution Please send an original or certified copy of the resolution adopted by the governing body.

Legal Opinion Please send the Lease documentation to your counsel for legal review and the issuance of a legal opinion like the sample provided. The legal opinion should be on the counsel's letterhead and bear an original signature.

Insurance Please fill out the Insurance Authorization Letter and send to your insurance agent requesting the issuance of insurance certificates.

8038-G Form Please sign and date on the second page. MFC will complete and file the form upon funding.

Please advise the vehicle dealer to register the vehicle(s) as follows:

Lienholder

**CITIZENS BUSINESS BANK c/o
Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361**

Please request the vehicle dealer to send MFC a copy of the registration application.

LEASE AGREEMENT #16-019

This LEASE AGREEMENT dated as of October 17, 2016 (this "Lease") is by and between MUNICIPAL FINANCE CORPORATION, a corporation duly organized and existing under the laws of the State of California (the "Corporation") as lessor and CITY OF FARMERSVILLE, a public agency duly organized and existing under the laws of the State of California (the "District") as lessee.

RECITALS:

WHEREAS, the District deems it essential for the District to acquire the property described herein for its own public purposes; and

WHEREAS, it is intended that this Lease be treated as a tax-exempt obligation of the District for federal income tax purposes;

WHEREAS, the District and the Corporation agree to mutually cooperate now and hereafter, to the extent possible, in order to sustain the intent of this Lease and the bargain of both parties hereto.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. Lease. The Corporation hereby leases to the District, and the District hereby leases and hires from the Corporation all property (the "Property") described in Exhibit A and made a part hereof. Hereinafter, reference to the Corporation means the Corporation and the Corporation's assigns for those rights, interests and obligations that may be assigned by the Corporation.

SECTION 2. Term. The terms and conditions of this Lease shall become effective upon the authorized execution of this Lease by the parties hereto. The rental term of the Property leased hereunder commences and terminates on the dates specified in Exhibit B unless the term of this Lease is extended as provided in this Section. If on the scheduled date of termination of this Lease the Rental Payments shall not be fully paid, or provision therefor made, or if such Rental Payments shall have been abated at any time and for any reason, then the term of this Lease shall be extended until the date upon which all such Rental Payments shall be fully paid, except that the term of this Lease shall in no event extend beyond the date that corresponds to the end of the useful life of the Property.

SECTION 3A. Representations, Covenants and Warranties of the District. The District represents, covenants and warrants to the Corporation that:

(a) The District is a public agency and political subdivision, duly organized and existing under the Constitution and laws of the State of California with authority to enter into this Lease and to perform all of its obligations hereunder.

(b) The District's governing body has duly authorized the execution and delivery of this Lease and further represents and warrants that all requirements have been met and procedures followed to ensure its enforceability.

(c) The execution, delivery and performance of this Lease do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the District is a party by which it or its property is bound.

(d) There is no pending or, to the knowledge of the District, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the District to perform its obligations under this Lease.

(e) The District has complied with all public bidding laws or provisions of the California Public Contract Code applicable to the acquisition of the Property leased hereunder.

(f) The Property being leased is essential to the District in the performance of its governmental functions and its estimated useful life to the District exceeds the term of this Lease.

(g) Within two hundred seventy (270) days of the end of each fiscal year of the District during the term hereof, the District shall provide the Corporation with a copy of its audited financial statements for such fiscal year.

SECTION 3B. Budget and Appropriation. The District shall take such action as may be necessary to include all rental payments in its annual budget and annually to appropriate an amount necessary to make such rental payments. During the term of this Lease, the District will furnish to the Corporation, if so requested, copies of each proposed budget of the District within thirty (30) days after it is filed and of each final budget of the the District within thirty (30) days after it is printed. The covenants on the part of the District shall be deemed and construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the District.

SECTION 4. Representations and Warranties of the Corporation.
The Corporation represents and warrants to the District that:

(a) The Corporation is duly organized, validly existing and in good standing under the laws of the State of California, with full corporate power and authority to lease and own real and personal property.

(b) The Corporation has full power, authority and legal right to enter into and perform its obligations under this Lease, and the execution, delivery and performance of this Lease have been duly authorized by all necessary corporate actions on the part of the Corporation and do not require any further approvals or consents.

(c) The execution, delivery and performance of this Lease do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party by which it or its property is bound.

(d) There is no pending or, to the knowledge of the Corporation, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of the Corporation to perform its obligations under this Lease.

SECTION 5. Property Acquisition. The Corporation hereby appoints the District as its purchasing agent to acquire the Property leased hereunder and the District hereby accepts said appointment (hereinafter, the "Agency"). The Agency is limited to i) negotiation of terms, conditions and acquisition cost of acquiring the Property from suppliers and contractors (collectively, the "Supplier") selected by the District; ii) to the inspection and acceptance of the Property upon its delivery and installation; and iii) to the exercise of any rights or remedies with respect to Property warranties or guarantees. All warranties and guarantees, either express or implied, that inure to the Corporation by virtue of the Agency are hereby passed through to the District to prosecute at the District's sole discretion.

SECTION 6. Lease Proceeds. Moneys available to pay Property costs are defined as the "Lease Proceeds". Disbursement of Lease Proceeds to pay Property costs can be made either directly to the Supplier or to the District as a reimbursement of its prior expenditures for Property costs. The District shall deliver to the Corporation a disbursement authorization form along with Supplier invoices and required reconciliation documents prior to the Corporation making a disbursement to the Supplier or a reimbursement to the District.

SECTION 7. Rental Payments. THE DISTRICT SHALL PAY TO THE CORPORATION RENTAL PAYMENTS (the "Rental Payments") IN THE AMOUNTS AND AT THE TIMES SET FORTH IN EXHIBIT B, AT THE OFFICE OF THE CORPORATION OR

TO SUCH OTHER PERSON OR AT SUCH OTHER PLACE AS THE CORPORATION MAY FROM TIME TO TIME DESIGNATE IN WRITING. The District hereby authorizes the Corporation to withdraw from the Acquisition Fund on the first _____ Rental Payment dates, the amounts necessary to make Rental Payments as set forth in Exhibit B. Should the District fail to pay any part of the Rental Payments herein within fifteen (15) days from the due date thereof, the District shall upon the Corporation's written request, pay interest on such delinquent Rental Payment from the date said Rental Payment was due until paid at the rate of twelve percent (12%) per annum or the maximum legal rate, whatever is less. The District shall pay Rental Payments exclusively from legally available funds, in lawful money of the United States of America, to the Corporation. The obligation of the District to pay Rental Payments hereunder shall constitute a current expense of the District and shall not in any way be construed to be a debt of the District in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the District, nor shall anything contained herein constitute a pledge of the general tax revenues of the District. Except as specifically provided in Section 8, the obligation of the District to pay the Rental Payments will be absolute and unconditional in all events, and will not be subject to set-off, defense, abatement, reduction, counterclaim, or recoupment for any reason whatsoever. The periodic Rental Payments paid by the District shall be conclusive as to its fair value for the possession, use and/or occupancy of the Property.

SECTION 8. Rental Abatement. Rental Payments due hereunder with respect to the Property, other than the Advance Rental Payments, shall be subject to abatement during any period in which, by reason of material damage to or destruction of the Property there is substantial interference with the use and right of possession by the District of the Property or any substantial portion thereof. For each potential incident of substantial interference, decisions to be made on i) whether or not abatement shall apply; ii) the date upon which abatement shall commence; iii) the applicable portion of Rental Payments to be abated and; iv) the concluding date of the abatement period shall all be subject to determinations by the District in concert with the provider of the insurance issued pursuant to Section 20 herein. The amount of rental abatement shall be such that the Rental Payments paid by the District during the period of Property restoration do not exceed the fair rental value of the usable portions of the Property. The actual amount of Rental Payments paid by the District shall be conclusive as to its fair value. In the event of any damage or destruction to the Property, this Lease shall continue in full force and effect.

SECTION 9. Security Interest. As security for the payment of all of the District's obligations hereunder, the District hereby grants the Corporation, its successors and assigns, a security interest in the Property, its accessions and attachments thereto and replacements thereof and substitutions therefor. The District agrees to execute such

additional documents, including financing statements, and authorizes the Corporation to file such financing statements, which the Corporation deems necessary or appropriate to establish, perfect and maintain the Corporation's security interest.

SECTION 10. Use. The District shall use the Property in a careful and proper manner and shall comply with and conform to all national, state, municipal, police, and other laws, ordinances, and regulations in anyway relating to the possession, use, or maintenance of the Property.

SECTION 11. Acceptance. The District shall acknowledge receipt, inspection and acceptance of the Property by executing a "Certificate of Acceptance".

SECTION 12. Corporation's Inspection. Upon forty-eight (48) hours prior notice, the Corporation shall at any and all times during normal business hours have the right to enter into and upon the District's premises where the Property is located for the purpose of inspecting the same or observing its use. the District shall give the Corporation immediate notice of any attachment or other judicial process affecting the Property.

SECTION 13. Property Selection and Ordering. The District has selected or will select the type and quantity of the Property leased hereunder. The Corporation shall not be liable for, nor shall the validity, enforceability or effectiveness of this Lease be affected by, any delay in or failure of delivery of the Property. The District acknowledges that it is solely responsible for determining the suitability of the Property for its intended use. The Corporation shall have no duty to inspect the Property. If the Property is not properly installed, does not operate as represented or warranted by the Supplier, or is unsatisfactory for any reason, the District shall make any claim on account thereof solely against the Supplier. The District hereby assumes the risks, burdens and obligations to the Supplier on account of nonacceptance of the Property and/or cancellation of this Lease and upon the occurrence of any such event, the Corporation will assign to the District, without recourse or warranty, its rights and title to the Property and any documents related thereto.

SECTION 14. Disclaimer of Warranty. THE CORPORATION NOT BEING THE MANUFACTURER OR SUPPLIER OF THE PROPERTY NOR A DEALER IN SIMILAR PROPERTY, HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE DESIGN, DURABILITY, FITNESS FOR USE, SUITABILITY, OR MERCHANTABILITY OF THE PROPERTY IN ANY RESPECT, AND AS BETWEEN THE CORPORATION AND THE DISTRICT, ALL PROPERTY SHALL BE ACCEPTED AND LEASED BY THE DISTRICT "WHERE IS," "AS IS," AND "WITH ALL FAULTS," AND THE CORPORATION SHALL NOT BE RESPONSIBLE FOR ANY PATENT OR LATENT DEFECTS THEREIN. THE DISTRICT AGREES TO SETTLE DIRECTLY

SUCH CLAIMS WITH THE SUPPLIER AND WILL NOT ASSERT ANY SUCH CLAIMS AGAINST THE CORPORATION.

SECTION 15. Alterations and Attachments. All additions and improvements that are made to the Property shall belong to and become the property of the Corporation except that separately identifiable attachments added to the Property by the District may remain the property of the District as long as (i) the attachment is paid for in full by the District and (ii) the District agrees to remove the attachment and restore the Property to substantially as good condition as when received, normal wear and tear excepted, if and when the Property may be returned to the Corporation.

SECTION 16. Relocation. The District shall provide the Corporation prior written notice of its intent to relocate the Property. The District assumes all risks of loss to the Property attendant to its movement and relocation. The Property location shall at all times be under the District's full control for its own governmental purpose.

SECTION 17. Maintenance and Repairs. The District, at its own cost and expense, shall furnish necessary labor and materials to maintain the Property in good repair, condition, and working order. The District's obligations to maintain the Property does not relieve the Supplier of its responsibility to fully perform with respect to all applicable Property warranties and guarantees.

SECTION 18. Risk of Loss; Damage; Destruction. With the exception of acts resulting from intentional misconduct or gross negligence by the Corporation, its agents and representatives, the District hereby assumes and shall bear the entire risk of loss and damage to the Property from any and every cause whatsoever. No loss or damage to the Property or any part thereof shall impair any obligation of the District under this Lease which shall continue in full force and effect, subject to Section 8 of this Lease. The District waives the benefit of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate this Lease by virtue of any damage or destruction to the Property.

SECTION 19. Physical Damage/Public Liability Insurance. The District shall keep the Property insured, as nearly as practicable, against risk of loss or damage from any peril covered under an "all-risk" insurance policy for not less than the replacement value thereof, and the District shall carry public liability and property damage insurance covering the Property. All said insurance shall be in form and amount and with reputable companies and shall name the Corporation as an additional insured and loss payee. The District shall pay the premiums therefore and deliver certification of said policies to the Corporation. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to the Corporation,

that it will give the Corporation thirty (30) days' written notice before the policy or policies shall be altered or canceled. The proceeds of such insurance, at the option of the District, shall be applied: (a) toward the replacement, restoration, or repair of the Property, or (b) toward payment of the total remaining obligations of the District hereunder; provided, however, that the District shall be responsible for the amount by which such insurance proceeds are insufficient to satisfy the cost of option (a) or option (b) above, as applicable. Should the District replace, restore, or repair the Property as set out in option (a) above, this Lease shall continue in full force and effect. The District may self-insure up to specified limits as evidenced by a certificate of self insurance to be attached hereto in form and amount acceptable to the Corporation. Any self-insurance program in which the District is a participant shall comply with the provisions under this Lease respecting cancellation and modification and payment of losses to the Corporation as its respective interests may appear. Such self-insurance shall be maintained on a basis which is actuarially sound as established by the District's risk manager or an independent insurance consultant which determination shall be made annually. Any deficiency shall be corrected within sixty (60) days of the District becoming aware of such deficiency.

SECTION 20. Rental Interruption Insurance. The District shall maintain or cause to be maintained at its expense and throughout the term of this Lease, insurance covering the loss of use of the Property or portions thereof for an amount not less than Rental Payments payable by the District for a twelve (12) month period. This coverage shall insure against abatement of Rental Payments payable by the District that come due hereunder resulting from the District's loss of use of the Property or any substantial portion thereof and caused by any peril covered under the District's physical damage insurance policy or self-insurance program, as applicable. Such insurance may be maintained in conjunction with or separate from any other similar insurance maintained by the District. The insurance proceeds shall be payable to the Corporation in amounts proportionate to the loss of use of the Property and shall supplement the District's applicable Rental Payments, if any, during the restoration period in sufficient amount to make the Corporation whole during the period of abatement.

SECTION 21. Liens and Taxes. The District shall keep the Property free and clear of all levies, liens, and encumbrances and shall promptly pay all fees, assessments, charges, and taxes (municipal, state and federal), including personal property taxes, which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession, or use of the Property, excluding, however, all taxes on or measured by the Corporation's income.

SECTION 22. Indemnity. Subject to California law concerning contribution and enforceability of indemnifications, the District shall

indemnify the Corporation against and hold the Corporation harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including attorneys' fees, arising out of, connected with or resulting from the selection, possession, use, operation, or return of the Property excepting that the District shall not be required to indemnify the Corporation in the event that such liability or damages are caused by the gross negligence or intentional misconduct of the Corporation, its agents or representatives.

SECTION 23. Events of Default. The term "Event of Default", as used in this Lease, means the occurrence of any one or more of the following events: (a) the District fails to make any Rental Payment (or any other payment) within fifteen (15) days after the due date thereof or the District fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure to either make the payment or perform the covenant, condition or agreement is not cured within ten (10) days after written notice thereof by the Corporation; (b) the Corporation discovers that any statement, representation or warranty made by the District in this Lease or in any document ever delivered by the District pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; (c) the District becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of the District or of all or a substantial part of its assets, or a petition for relief is filed by or against the District under federal bankruptcy, insolvency or similar laws.

SECTION 24. Remedies. Upon the occurrence of an Event of Default, the Corporation may, at its option, exercise any one or more of the following remedies: (a) by written notice to the District, request the District to (and the District agrees that it shall), at the District's expense, promptly return the Property to the Corporation freight prepaid and insured to any location in the State of California as designated by the Corporation, or the Corporation, at its option, may enter upon the premises where the Property is located and take immediate possession of and remove the same without liability to the Corporation or its agents for such entry or for damage to property or otherwise; (b) sell or lease the Property or sublease it for the account of the the District, holding the District liable for all Rental Payments and other payments due to the effective date of such selling, leasing or subleasing plus any accrued interest to the date of termination; and (c) exercise any other right, remedy or privilege which may be available to it under applicable law, including the right to (i) proceed by appropriate court action to enforce the terms of this Lease, (ii) recover damages for the breach of this Lease, and (iii) rescind this Lease as to any portion of or all of the Property. No right or remedy herein conferred upon or reserved to the Corporation is exclusive of any other right or remedy herein, but each shall be cumulative of every other right or remedy given

hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time; provided, however, that notwithstanding any provisions to the contrary herein, the Corporation shall not under any circumstances have the right to accelerate the Rental Payments that fall due in future rental periods or otherwise declare any Rental Payments not then in default to be immediately due and payable.

SECTION 25. Non-Waiver. No covenant or condition to be performed by the District under this Lease can be waived except by the written consent of the Corporation. Forbearance or indulgence by the Corporation in any regard whatsoever shall not constitute a waiver of the covenant or condition in question. Until performance by the District of said covenant or condition is complete, the Corporation shall be entitled to invoke any remedy available to the Corporation under this Lease or by law or in equity despite said forbearance or indulgence.

SECTION 26. Assignment and Subleasing. The District shall not (a) assign, transfer, pledge, or hypothecate this Lease, the Property, or any part thereof, or any interest therein, or (b) sublet or lend the Property or any part thereof except with the prior written consent of the Corporation which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest components of the Rental Payments payable by the District hereunder. No such pledge, assignment, sublease or any other transfer shall in any event affect or reduce the obligation of the District to make the Rental Payments due hereunder. Consent to any of the foregoing acts applies only in the given instance and is not a consent to any subsequent like act by the District or any other person. The Corporation shall not assign its obligations under this Lease with the exception of its obligation to issue default notices and its obligations pursuant to Section 30. The Corporation may assign its right, title and interest in this Lease, the Rental Payments and other amounts due hereunder and the Property in whole or in part to one or more assignees or subassignees at any time, without the consent of the District. Any such assignment by the Corporation or its assigns shall comply with the requirements of Sections 5950-5955 of the California Government Code. No such assignment shall be effective as against the District unless and until the Corporation shall have filed with the District a copy of such assignment or written notice thereof. The District shall pay all Rental Payments hereunder pursuant to the direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the District. During this Lease term, the District shall keep a complete and accurate record of all such assignments or notices of assignment. Subject to the foregoing, this Lease inures to the benefit of, and is binding upon, the successors and assigns of the parties hereto.

SECTION 27. Ownership. The Property is and shall at all times be and remain the sole and exclusive property of the Corporation, and the District shall have no right, title, or interest therein or thereto except as expressly set forth in Sections 29 and 30. The District shall take all actions necessary to insure that legal title to the Property being acquired by the District hereunder, whether by the District or by a third party acting on behalf of the District, is vested in the Corporation.

SECTION 28. Personal Property. The Property is and shall at all times be and remain personal property notwithstanding that the Property or any part thereof may now be or hereafter become in any manner affixed or attached to or imbedded in, or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

SECTION 29. Purchase Option. If the District is not in default of any term, condition or payment specified hereunder, the District may exercise options to prepay this Lease and purchase not less than all of the Property in "as-is" and "where-is" condition on the specified dates and for the specified amounts set forth in Exhibit B. The purchase option price specified for a particular date is in addition to the Rental Payment due on the same date.

SECTION 30. Release of Liens. Upon the District either making all of the Rental Payments scheduled herein or making a purchase option payment, the Corporation, its successors or assigns shall cause i) legal title to the Property to be transferred to the District and ii) the release of all liens, encumbrances or security interests on the Property created pursuant to the Corporation's rights under this Lease.

SECTION 31. Tax Covenants.

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Rental Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure that the Lease Proceeds are not so used as to cause this Lease to satisfy the private business tests of Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the private loan financing test of Section 141(c) of the Code.

(c) No Arbitrage. The District will not take any action or omit to take any action which action or omission, if reasonably expected on the date of this Lease, would have caused this Lease to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(d) Federal Guarantee Prohibition. The Rental Payments are not directly guaranteed or indirectly guaranteed in whole or in part by the United States or any agency or instrumentality of the United States so as to cause the Rental Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Reimbursement Regulations. The Lease Proceeds used for reimbursement of prior expenditures will be made pursuant to and in compliance with Income Tax Regulations Section 1.150-2.

(f) Bank Qualified. The District hereby designates this Lease for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation, including this Lease, has been or will be issued by the District, including all subordinate entities of the District, during calendar year 2016.

(g) Arbitrage Rebate. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to this Lease.

SECTION 32. Extraordinary Costs. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees (which may be the allocable cost of in-house counsel), incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions or provisions hereof.

SECTION 33. Severability. If any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, such holdings shall not invalidate or render unenforceable any other provision of this Lease, unless elimination of such provision materially alters the rights and obligations embodied in this Lease.

SECTION 34. Entire Agreement. This Lease and any agreements that specifically refer to this Lease that are duly executed by authorized agents of the parties hereto constitute the entire agreement between the Corporation and the District, and it shall not be further amended, altered, or changed except by a written agreement that is properly authorized and executed by the parties hereto.

SECTION 35. Notices. Service of all notices under this Lease shall be sufficient if given personally or mailed to the party involved at its respective address hereinafter set forth or at such address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

SECTION 36. Titles. The titles to the Sections of this Lease are solely for the convenience of the parties and are not an aid in the interpretation thereof.

SECTION 37. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 38. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

SECTION 39. Time. Time is of the essence in this Lease and each and all of its provisions.

SECTION 40. Lease Interpretation. This Lease and the rights of the parties hereunder shall be determined in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused their authorized agents to execute this Lease on the dates specified below.

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

CITY OF FARMERSVILLE
909 W Visalia Road
Farmersville, CA 93223

By _____

By _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT A
PROPERTY DESCRIPTION

- 3 Police Vehicles to be stationed at City Hall

EXHIBIT B
RENTAL PAYMENT SCHEDULE

PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$11,506.90	\$10,582.90	924.00	124,452.53
2		11,506.90	10,656.98	849.92	113,529.12
3		11,506.90	10,731.58	775.32	102,529.25
4		11,506.90	10,806.70	700.20	91,452.39
5		11,506.90	10,882.35	624.55	80,297.98
6		11,506.90	10,958.52	548.38	69,065.49
7		11,506.90	11,035.23	471.67	57,754.38
8		11,506.90	11,112.48	394.42	46,364.09
9		11,506.90	11,190.27	316.63	34,894.06
10		11,506.90	11,268.60	238.30	23,343.75
11		11,506.90	11,347.48	159.42	11,712.58
12		11,506.90	11,426.91	79.99	0.00

TOTALS: \$138,082.80 \$132,000.00 \$6,082.80

ASSIGNMENT OF LEASE #16-019

FOR VALUE RECEIVED, MUNICIPAL FINANCE CORPORATION (the "Corporation") as assignor without recourse does hereby sell, assign, and transfer to CITIZENS BUSINESS BANK (the "Assignee") as assignee and its successors and assigns (i) all of its right, title and interest in and to the LEASE AGREEMENT #16-019 dated as of October 17, 2016 between the Corporation as lessor and CITY OF FARMERSVILLE (the "District") as lessee (hereinafter said lease and any supplements, amendments, additions thereof and any extension or renewals thereof is referred to as the "Lease") and (ii) all moneys, sums and amounts now due or hereinafter to become due under the Lease.

The Corporation represents and warrants that it has made no prior sale or assignment of any interest covered hereby; that the Lease is genuine and in all respects is what it purports to be; that the Assignee shall not be liable for and does not assume responsibility for the performance of any of the covenants, agreements, or obligations specified in the Lease to be kept, paid or performed by the Corporation with exception of the Assignee's obligation to issue notices upon the District's default of the Lease and to convey title to the leased Property upon the District's exercise of its option to purchase said Property in conformance with the terms of the Lease. The Corporation further represents and warrants that as of the date this assignment is made, the Lease is in full force and effect, has not been amended except as set forth in instrument delivered to the Assignee and the District is not in default of any terms thereunder.

The Corporation hereby constitutes and irrevocably appoints the Assignee the true and lawful attorney of the Corporation to demand, receive and endorse payments and to give receipts, releases and satisfactions either in the name of the Assignee or in the name of the Corporation in the same manner and with the same effect as the Corporation could do if this Assignment of Lease had not been made. Within fifteen (15) days after receiving its full bargain with respect to the Lease, the Assignee shall cause to be released to the District its vested interest in the Property thereto.

This Assignment of Lease shall be construed and governed in accordance with the laws of the State of California. Any provision of this Assignment of Lease found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment of Lease.

This Assignment of Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns and is made in accordance with the Municipal Lease Placement Agreement dated as of January 1, 1999, as amended, entered into between the Corporation and the Assignee. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses,

including attorneys' fees which may be the allocable cost of in-house counsel, incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

IN WITNESS WHEREOF, the Corporation has caused this Assignment of Lease to be executed by its duly authorized agent on the date specified below.

MUNICIPAL FINANCE CORPORATION

By _____

Title _____

Date _____

ACKNOWLEDGEMENT OF ASSIGNMENT

The undersigned hereby acknowledges the assignment by MUNICIPAL FINANCE CORPORATION over to CITIZENS BUSINESS BANK of that certain LEASE AGREEMENT #16-019 dated as of October 17, 2016 (the "Lease"), entered into between MUNICIPAL FINANCE CORPORATION as lessor and the undersigned as lessee.

With respect to the Lease, the undersigned agrees to pay, commencing with the first scheduled Rental Payment, all rentals and moneys due or to become due under said Lease to CITIZENS BUSINESS BANK, City Loan Center, 2100 Park Place, Suite 150, El Segundo, CA 90245, Attn: Loan Servicing #354, and further agrees it shall have no counterclaim or offset against rentals due thereunder as to said Assignee and expressly further agrees that said Assignee shall not (except for the obligations specifically set forth in the foregoing Assignment of Lease) be liable for any of the obligations of the lessor under said Lease.

IN WITNESS WHEREOF, the lessee has caused this Acknowledgment of Assignment to be executed by its authorized agent on the date specified below.

CITY OF FARMERSVILLE

By _____

Title _____

Date _____

AUTHORIZATION TO DISBURSE #16-019

Pursuant to the terms of that certain LEASE AGREEMENT #16-019 dated October 17, 2016 between MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor and CITY OF FARMERSVILLE (the "District") as lessee, the undersigned hereby authorizes the Corporation (or the Assignee) to disburse \$_____ to _____ (the "Supplier") in consideration of delivery and acceptance of the leased Property. Attached herewith is the approved Supplier invoice in support of this request. Upon making this disbursement, the Corporation (or the Assignee) will have advanced the aggregate sum of \$_____ in Lease Proceeds.

CITY OF FARMERSVILLE

By _____

Title _____

Date: _____

APPROVED BY CORPORATION

By _____

Title _____

Date: _____

AUTHORIZATION TO REIMBURSE #16-019

Pursuant to the terms of that certain LEASE AGREEMENT #16-019 dated October 17, 2016 between MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor and CITY OF FARMERSVILLE (the "District") as lessee, the undersigned hereby requests the Corporation (or the Assignee) to reimburse \$ _____ to the District in consideration of delivery and acceptance of the leased Property. Attached herewith, in support of this request, is documentation including applicable Supplier invoices reconciling prior expenditures for the Property made by the the District. Upon making this disbursement, the Corporation (or the Assignee) will have advanced the aggregate sum of \$ _____ in Lease Proceeds.

CITY OF FARMERSVILLE

By _____

Title _____

Date: _____

APPROVED BY CORPORATION

By _____

Title _____

Date: _____

CERTIFICATE OF ACCEPTANCE #16-019

This Certificate of Acceptance is issued pursuant to the Lease Agreement #16-019 dated as of October 17, 2016 ("Lease") between the CITY OF FARMERSVILLE (the "District") as lessee and Municipal Finance Corporation (the "Corporation") as lessor. The District hereby acknowledges as of the date specified below, the receipt and acceptance of the Property described on Exhibit A to the Lease.

The District hereby certifies that the Property has been inspected and is now in the District's possession and is in good order and repair (subject to any undischarged vendor/contractor warranty obligations). The District further certifies that no event has occurred and is continuing which constitutes, or would constitute, an event of default but for any requirement of notice or lapse of time or both.

Property Acceptance Date: _____

IN WITNESS WHEREOF, the District's authorized agent confirms the Property acceptance date specified above by executing this Certificate of Acceptance.

CITY OF FARMERSVILLE

By _____

Title _____

CERTIFICATE OF THE DISTRICT #16-019

The undersigned, duly authorized officer of CITY OF FARMERSVILLE (the "District") as lessee under that Lease Agreement #16-019 dated as of October 17, 2016 (the "Lease") with Municipal Finance Corporation as lessor, hereby certifies as follows:

1. I have been duly authorized to execute and deliver, on behalf of the District, the Lease and related documents pursuant to a resolution adopted by the District's governing body, which resolution is in full force and effect and has not been amended, modified, supplemented or rescinded as of the date hereof.
2. The District has complied with all agreements and covenants and satisfied all conditions contemplated by the Lease on its part to be performed or satisfied on or before the date hereof.
3. The representations, warranties and covenants of the District contained in the Lease are true and correct in all material respects as of the date hereof, as if made on this date.
4. No litigation is pending or, to the best of my knowledge, threatened (either in state or federal courts) (a) to restrain or enjoin the issuance and delivery of the Lease or the collection of revenues to be used to meet the District's obligations under the Lease; (b) in any way contesting or affecting the authority for the execution or delivery of the Lease, or the validity of the Lease; (c) in any way contesting the existence or powers of the District, as such existence or powers in any way relate to the issuance of the Lease or the District's obligations under the Lease, or (d) could materially adversely affect the financial position of the District.
5. The Property being leased pursuant to the Lease is essential to the function of the District and is immediately needed by the District. Such need is neither temporary nor expected to diminish during the Lease term. The Property is expected to be used by the District for a period in excess of the Lease term.
6. The scheduled Rental Payments for the Property do not exceed the fair rental value of the Property.
7. The District's federal tax identification number is _____.

The meaning of the capitalized terms in this Certificate are the same as those provided in the Lease.

CITY OF FARMERSVILLE

By: _____

Title: _____

Date: _____

INCUMBENCY AND SIGNATURE CERTIFICATE

I do hereby certify that I am the duly appointed and acting Secretary/Clerk of the CITY OF FARMERSVILLE, a public agency validly existing under the Constitution and laws of the State of California (the "District"), and that, as of the date hereof, the individual named below is the duly appointed officer of the District holding the office set forth opposite his/her respective name. I further certify that (i) the signature set forth opposite his/her respective name and title is true and authentic and (ii) such officer has the authority on behalf of the District to enter into that certain Lease Agreement #16-019 dated as of October 17, 2016, between the District and Municipal Finance Corporation, and all documents relating thereto.

Name

Title

Signature

IN WITNESS WHEREOF, I have duly executed this certificate hereto this _____ day of _____, 2016.

Secretary/Clerk

SAMPLE ONLY
(PLEASE PREPARE ON COUNSEL'S LETTERHEAD
AND FORWARD 1 ORIGINAL TO ADDRESSEE)

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

RE: LEASE AGREEMENT #16-019 dated as of October 17, 2016 by and between MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor, and CITY OF FARMERSVILLE (the "District") as lessee.

Ladies and Gentlemen:

I have acted as counsel to the District with respect to the Lease Agreement described above (the "Lease") and in this capacity have reviewed a copy of the executed Lease and related documents or exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. The District is a public agency and political subdivision of the State of California (the "State"), duly organized, existing and operating under the Constitution and laws of the State.

2. The District is authorized and has the power under applicable law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of the District, and is a legal, valid and binding contract of the District enforceable in accordance with its terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditor's rights.

4. A resolution duly authorizing the execution and delivery of the Lease and related documents was duly adopted by the governing body of the District on _____ and such resolution has not been amended or repealed and remains in full force and effect.

MUNICIPAL FINANCE CORPORATION

RE: LEASE AGREEMENT #16-019 dated as of October 17, 2016 by and between MUNICIPAL FINANCE CORPORATION ("the Corporation"), as lessor, and CITY OF FARMERSVILLE ("the District") as lessee.

(Date)

Page 2

5. There is no litigation, action, suit or proceeding pending or, to the best of my knowledge after due inquiry, threatened before any court, administrative agency, arbitrator or governmental body that challenges the authority of the District to enter into the Lease or the ability of the District to perform its obligations under the Lease and the transactions contemplated thereby.

This opinion may be relied upon by Municipal Finance Corporation, its successors and assigns.

Dated: _____ Very truly yours,

Please type name and title under signature.

INSURANCE AUTHORIZATION LETTER

TO: _____

Attn: _____

RE: LEASE AGREEMENT #16-019 dated October 17, 2016 between the undersigned as the District, and MUNICIPAL FINANCE CORPORATION (the "Corporation") as lessor and CITIZENS BUSINESS BANK ("Assignee") as assignee of Lessor.

The Insurance Requirements listed below are required to cover the property described in Exhibit A to the Lease.

Evidence of insurance in the form of a binder or cover letter is acceptable until formal certificates can be issued. Mail this within five (5) working days to:

CITIZENS BUSINESS BANK
c/o Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

- I. BODILY INJURY AND PROPERTY DAMAGE:
 - A. \$1,000,000 combined limits (primary plus umbrella) for Bodily Injury and Property Damage Coverage.
 - B. Endorsement naming Assignee as an Additional Insured.
 - C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
 - D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment leased from Assignee."

- II. PHYSICAL DAMAGE REQUIREMENTS:
 - A. All Risk Coverage for not less than the total cost of \$132,000.
 - B. Endorsement naming Assignee as Loss Payee.
 - C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
 - D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment leased from Assignee."

- III. RENTAL INTERRUPTION INSURANCE: (See Section 20 of Lease)
 - A. Coverage for abatement of rentals for a maximum amount of \$_____ equal to twelve (12) months rental payments due the Assignee.
 - B. Endorsement naming Assignee as loss payee.
 - C. Coverage may be provided as a separate policy or as a rider to the policy of casualty insurance on the Property.

The undersigned the District hereby authorizes you to provide the lessor and Assignee with Certificates and Endorsements per the above.

CITY OF FARMERSVILLE

By _____

Date _____

PREPARED BY MUNICIPAL FINANCE CORPORATION DATE: October 7, 2016
 PROPOSED LEASE PURCHASE FOR: City of Farmersville
 RE: Police vehicles
 NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED
 Purchase Option amount is exclusive of the rental payment due.
 Interest rate quote is valid for an acceptance within 15 days and lease
 funding within 60 days.

Payments: Quarterly in arrears 3 years 2.80%

PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$11,506.90	\$10,582.90	924.00	124,452.53
2		11,506.90	10,656.98	849.92	113,529.12
3		11,506.90	10,731.58	775.32	102,529.25
4		11,506.90	10,806.70	700.20	91,452.39
5		11,506.90	10,882.35	624.55	80,297.98
6		11,506.90	10,958.52	548.38	69,065.49
7		11,506.90	11,035.23	471.67	57,754.38
8		11,506.90	11,112.48	394.42	46,364.09
9		11,506.90	11,190.27	316.63	34,894.06
10		11,506.90	11,268.60	238.30	23,343.75
11		11,506.90	11,347.48	159.42	11,712.58
12		11,506.90	11,426.91	79.99	0.00
TOTALS:		<u>\$138,082.80</u>	<u>\$132,000.00</u>	<u>\$6,082.80</u>	

Approved and agreed to:

City of Farmersville

By: _____

Title: _____

Date: _____

FARMERSVILLE POLICE DEPARTMENT

DATE: 09/20/2016
TO: STEVE HUNTLEY, FINANCE DIRECTOR
FROM: CHIEF MARIO KRSTIC
RE: FY 16/17 BUDGET AMENDMENT

As you are aware, the Farmersville Police Department has been challenged with growing repair and maintenance costs on our fleet of marked police units. This is in large part due to the age of the units with some of them having been in service as long as 15 years. Taking into consideration the amount of spending on repair and maintenance in the previous budget cycle staff feels that the only way to reduce these costs significantly is to advance the next purchase designated in the Council approved vehicle purchase plan prior to the close of this fiscal year.

Initially, the vehicle purchase plan allowed for the purchase of the next three patrol units in FY 2018. However, staff now seeks to make this purchase via a lease purchase plan this year of the following vehicles:

• 2017 Dodge Charger – Black K-9 Unit	\$45,083.65
• 2017 Dodge Charger – Black Patrol Unit	\$43,176.22
• 2017 Dodge Charger – Black Patrol Unit	\$43,176.22
TOTAL:	\$131,436.09

Since the estimated delivery time is 120 to 150 days from now and there would likely be another 30 to 60 days of up fit work needed after that, the first payment for this purchase would take place close to the end of this fiscal year. This means that the first payment(s) would be due somewhere around the last quarter of Fiscal Year 2017.

This change would require a budget amendment of approximately \$11,000 to cover the first payment(s) payable from the General Fund.

Please see the attached quote for the detailed information regarding this purchase.



QUOTE
CITY OF FARMERSVILLE
2017 DODGE CHARGER POLICE CAR
BLACK / WHITE K-9 PATROL
8-30-2016

INCLUDES OPTIONS
29A DODGE CHARGER POLICE PKG
5.7 LITER V-8
HD CLOTH BUCKET SEATS W/CLOTH REAR
FULL SIZE SPAIR
8 KEYS / REMOTES
BLACK LEFT SPOT LIGHT
MATCHING RIGHT SPOT LIGHT
LED SPOT LAMPS
BLACK VINYL FLOOR COVERING
DEACTIVATE REAR DOORS/WINDOWS (CW6)
KEY ALIKE (FREQ 1)
POWER SEAT
POWER HEATED MIRRORS FOLD AWAY
REAR BACK UP SENSORS AND CAMERA
BLUETOOTH (STANDARD FOR 2015)
BLACK AND WHITE PAINT

SELLING PRICE	26,603.00
OPTIONS NEEDED AND NOT NEEDED	
UPFIT PER SPEC K-9	12,337.00
SUB TOTAL	38,940.00
SALES TAX 8.5%	3,309.90
MAX CARE SERVICE CONTRACT	2,525.00
5YR/100,000 MILE-0 DED	
CA TIRE TAX	8.75
DELIVER TO LEHR	300.00
TOTAL FOR EACH CAR	45,083.65

1221 S. Auto Center Dr. - Anaheim, CA 92806

Phone: 1 (714) 635-2340 Fax: 1 (714) 533-1553



NOTES;

- 1 NEW WARRANTY FOR THE 2016 MODELS ARE
3YR/36,000 ON THE CAR
5YR/100,000 ON THE POWER TRAIN**
- 2 DELIVERY TIME IS 120-150 DAYS ARO**

McPeek's Dodge of Anaheim
1221 AUTO CENTER DR
ANAHEIM, CA 9280
714-254-2613 OFC
714-254-2614 FAX
714-264-1867 CELL
KEVINB@MCPEEKDODGE.COM

1221 S. Auto Center Dr. - Anaheim, CA 92806
Phone: 1 (714) 635-2340 Fax: 1 (714) 533-1553



QUOTE
 CITY OF FARMERSVILLE
 2017 DODGE CHARGER POLICE CAR
 BLACK / WHITE PATROL
 8-30-2016

- INCLUDES OPTIONS
- 29A DODGE CHARGER POLICE PKG
- 5.7 LITER V-8
- HD CLOTH BUCKET SEATS W/CLOTH REAR
- FULL SIZE SPAIR
- 8 KEYS / REMOTES
- BLACK LEFT SPOT LIGHT
- MATCHING RIGHT SPOT LIGHT
- LED SPOT LAMPS
- BLACK VINYL FLOOR COVERING
- DEACTIVATE REAR DOORS/WINDOWS (CW6)
- KEY ALIKE (FREQ 1)
- POWER SEAT
- POWER HEATED MIRRORS FOLD AWAY
- REAR BACK UP SENSORS AND CAMERA
- BLUETOOTH (STANDARD FOR 2015)
- BLACK AND WHITE PAINT

SELLING PRICE	26,603.00
OPTIONS NEEDED AND NOT NEEDED	
UPFIT PER SPEC	10,579.00
SUB TOTAL	37,182.00
SALES TAX 8.5%	3,160.47
MAX CARE SERVICE CONTRACT	2,525.00
5YR/100,000 MILE-0 DED	
CA TIRE TAX	8.75
DELIVER TO LEHR	300.00
TOTAL FOR EACH CAR	43,176.22

SEE NEXT PAGE FOR UNIT TOTALS

1221 S. Auto Center Dr. - Anaheim, CA 92806

Phone: 1 (714) 635-2340 Fax: 1 (714) 533-1553



2016 DODGE CHARGER 29A POLICE PKG W/UPFIT

43,176.22 X 2 UNITS = 86,352.44

NOTES;

- 1 NEW WARRANTY FOR THE 2016 MODELS ARE
3YR/36,000 ON THE CAR
5YR/100,000 ON THE POWER TRAIN**
- 2 DELIVERY TIME IS 120-150 DAYS ARO**

McPeek's Dodge of Anaheim
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