



V I L L A G E O F K E Y B I S C A Y N E

Office of the Village Manager

MEMORANDUM

Village Council
Franklin H. Caplan, Mayor
Michael E. Kelly, Vice Mayor
Michael W. Davey
Enrique Garcia
Robert Gusman
Mayra P. Lindsay
James S. Taintor

Village Manager
Genaro "Chip" Iglesias

DATE: January 11, 2011
TO: Honorable Mayor and Members of the Village Council
FROM: Genaro "Chip" Iglesias, Village Manager
RE: Recommended Refinancing of Seven (7) Police Vehicle Lease-Purchase Agreement

RECOMMENDATION

Due to the low interest rate environment, its recommended that the Village Council approve the refinancing, with TD Equipment Finance at a rate of 2% (see attached Exhibit A), of seven (7) vehicles purchased in June 2010 (see attached Exhibit B) with a rate of 5.85% for an outstanding principal amount of not to exceed \$145,550.00 which would result in an approximate savings of \$16,192.68.

BACKGROUND

Financial Advisor Estrada Hinojosa, sent out a Request for Interest to fifteen (15) banks seeking financing for the lease-purchase of police vehicles. Several proposals were obtained and TD Equipment Finance, Inc. submitted the lowest rate at 2%. The proposals ranged from 2%-5.25%. I am recommending that we take advantage of the proposal for the new lease-purchase financing of vehicles and refinance with TD Equipment Finance, Inc. at 2%, seven (7) existing police vehicles under a current lease-purchase agreement with Ford Motor Credit at a rate of 5.85%.

Village of Key Biscayne
Police Vehicle Financing Summary Table

Table with 4 columns: Bank Institution, Interest Rate, Annual Payment, Exhibit. Rows include TD Equipment Finance (2.00%, \$46,656.43, A), Pinnacle Public Finance (2.19%), BB&T (2.20%), and Mears Motor Leasing (5.25%).

**RESOLUTION NO. \_\_\_\_\_**

**A CAPITAL PROJECT AUTHORIZING RESOLUTION OF THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, AUTHORIZING THE PURCHASE OF SEVEN (7) POLICE VEHICLES AND ACCOMPANYING EMERGENCY EQUIPMENT FOR THE VILLAGE POLICE DEPARTMENT; AUTHORIZING THE VILLAGE MANAGER TO ENTER INTO A LEASE PURCHASE RELATED TO THE SAME; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the Village received a proposal from TD Equipment Finance, Inc. (“TD”) for the purchase of 7 police vehicles and accompanying emergency equipment (the “Equipment”), a copy of which is attached as Exhibit “A” (the “Proposal”); and

**WHEREAS**, the Village Council desires to lease purchase the Equipment in substantially accordance with the terms of the Proposal; and

**WHEREAS**, the Village has taken the necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment; and

**WHEREAS**, the Village does not reasonably anticipate that it will issue, and it has not budgeted the issuance of, tax-exempt obligations to be issued by it in the calendar year ending December 31, 2011, which will exceed \$10,000,000, including the obligations authorized herein; and

**WHEREAS**, the Village Council authorizes the Village Manager to enter into a lease purchase in substantially accordance with the terms of the Proposal, subject to the approval of the Village Attorney as to form and legal sufficiency; and

**WHEREAS**, the Village Council finds that this Resolution is in the best interest and welfare of the residents of the Village.

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, AS FOLLOWS:**

**Section 1. Recitals Adopted.** That each of the recitals stated above is hereby adopted and confirmed.

**Section 2. Capital Project Authorizing Resolution.** That pursuant to Village Charter Section 3.07(b), this Resolution shall constitute a Capital Project Authorizing Resolution. The Capital Project is the purchase of the Equipment for the Police Department in substantially accordance with the Proposal attached as Exhibit "A."

**Section 3. Village Manager Authorized.** That the Village Manager is hereby authorized to enter into a lease purchase with TD for the purchase of the Equipment in substantially accordance with the terms of the Proposal attached as Exhibit "A," subject to the approval of the Village Attorney as to form and legal sufficiency. The lease shall be designated as a "qualified tax-exempt obligation", as defined in and for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**Section 4. Effective Date.** That this Resolution shall be effective immediately upon adoption hereof.

PASSED AND ADOPTED this \_\_\_\_ day of January, 2011.

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FRANK CAPLAN, MAYOR

ATTEST:

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CONCHITA H. ALVAREZ, CMC  
VILLAGE CLERK

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

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VILLAGE ATTORNEY

# Exhibit A



# Equipment Finance

CONFIDENTIAL

TD Equipment Finance, Inc.  
2059 Springdale Road  
Cherry Hill, NJ 08003

January 4, 2011

Village of Key Biscayne

88 W McIntyre  
Key Biscayne, FL 33149

## Proposal for 7 Police Vehicles & Accompanying Emergency

Dear Ms. Lourdes Reyes Abadin:

Thank you for this opportunity to bid on your request for a Municipal Lease Purchase ("Lease") in the amount of \$137,242.74. TD Equipment Finance, Inc. is pleased to offer the Lease subject to the following terms and conditions:

1. **Lessor** TD Equipment Finance, Inc., or its designee ("Lessor")
2. **Lessee** Village of Key Biscayne
3. **Equipment Description** Seven (7) Police Vehicles and emergency equipment
4. **Maximum Purchase Price** \$137,242.74
5. **Term**
  - a) Commencement Date: The lease shall commence upon Lessee's acceptance of the equipment, but in no event later than June 30, 2011
  - b) Lease Term: 3 Annual payments in advance
  - c) Payment Amount: \$46,656.43
  - d) Payments Due: compounded monthly
  - e) Prepayment: The lease may be prepaid at any time. If a prepayment shall occur, Lessee will agree to pay a premium to be calculated as 2% of the then net investment.
6. **Initial Interest Period** Lessee will pay interim interest from the transaction funding date to the lease commencement date, as the structure requires. The rental will accrue at the daily interest rate equivalent.
7. **Tax-exempt Interest Rate** 2.00%
8. **Index** The tax-exempt rate will be set three (3) business days prior to the funding date (or such other date as determined by Lessor and Lessee). The payment amount is based upon a

3 Year SWAP rate as of 11/14/2011. The payments will be adjusted on, or about, the commencement date to reflect any change in the index in effect at that time. Thereafter, the payments will be fixed for the duration of the lease term. SWAP rates are published daily in the Federal Reserve's H-15 Statistical Release report which may be found at [www.federalreserve.gov/releases/h15/update](http://www.federalreserve.gov/releases/h15/update).

9. **Purchase Option** Lessee will purchase all, but not less than all, of the equipment for \$1.00
10. **Structure** This lease shall be a lease intended as a security transaction. Titles, if any, shall list Lessee as owner and Lessor as lien holder.  
The Lease shall be subject to, and contain a non-appropriation clause; and, the Lessor will require bona fide best efforts by Lessee to include all payments under this master lease purchase in all its budget requests during each lease term in accordance with the terms of the Lease.  
*Include, if a line:*
11. **Municipal Lease Purchase** This lease shall be considered a "Municipal Lease Purchase" by all parties. The Lessee will represent and warrant that it is a state or a political sub-division thereof, within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code") and that the lease will constitute an obligation of Lessee as described in Section 103(a) of the Code.
12. **Tax Status** This agreement is a qualified tax exempt obligation under Section 265 (b) (3) of the Internal Revenue Code of 1986. The interest portion of the payments under this Lease will not be includable in the gross income of the Lessor for federal income taxation purposes. The Lessee will supply at closing a tax opinion from qualified bond counsel.
13. **Legal Opinion** This transaction is subject to a legal opinion which must include a statement that the lease represents a valid and binding obligation of the Lessee.
14. **Costs & Expenses** *Choose one:*
- Lessee shall be responsible for all fees, costs and disbursements incurred by Lessor in connection herewith, including, but not limited to all fees and disbursements of counsel to Lessor (if any), and all filing and search fees, up to \$1,800.00. A documentation fee of \$250.00 will be payable by Lessee.
14. **Insurance** Lessee shall bear all risk of loss, damage and liability to the Equipment and Lessee shall be responsible to keep the Equipment insured or self-insured in a form indicated in

- section 16 of the sample the Lease.
15. **Warranties** Lessor shall lease the Equipment to Lessee without representation or warranty on an "AS IS BASIS". However, Lessor shall assign to Lessee all warranties, guarantees and services provided by the manufacturer(s) and/or vendor(s) to the extent that they can be assigned. LESSOR SHALL NOT BE RESPONSIBLE FOR PROVIDING ANY OF THE FOREGOING.
16. **Lease Documents** All legal matters, and all documents to be executed in connection herewith, shall be in satisfactory form and substance to Lessor, or Lessor's counsel, as may be the case, in its sole discretion.
17. **Lessor's Proposal/Financial Information** This lease proposal is subject to final credit review, and not, nor should it be construed as, a commitment by Lessor or any affiliate to enter into the proposed lease transaction. In order to complete its credit due diligence, Lessee shall provide Lessor with the following:
- Three years most current audited annual financial statements, and shall be furnished annually thereafter, if not otherwise published on the Lessee's website
  - Copy of meeting minutes
  - Copy of budget
  - Other supporting data as may be requested
18. **Authorization** Lessee acknowledges and agrees that Lessor may furnish all Lessee-presented information, financials, analysis, and related credit and review materials to its employees, counsel and agents, as well as its participants and/or assigns. Lessee authorizes Lessor to contact TD Bank, N.A. and other references of Lessee, and to order any and all credit checks and investigative reports, all as Lessor deems necessary in connection with the evaluation of the transaction.
19. **General** The Lease will be a "Triple Net Lease" in which the Lessee will be responsible for all expenses relating to the Equipment including, but not limited to, Equipment maintenance, insurance coverage, and all taxes (e.g. sales, use and personal property). The Lessor will carry any and all insurance coverage required by Lessor in accordance with the Lease. This proposal is not intended to and does not create any binding legal obligation on the part of either party. Lessor shall not be required to enter into the proposed lease transaction until the execution and receipt of this proposal; all necessary lease documentation completed in a form satisfactory to the Lessor, Lessor verifies the Equipment

specifications including, but not limited to, model number, number of units, installation costs, year of manufacturing and maintenance contracts; and approves the final Equipment configuration, acceptance of the financing; and full acceptance of the equipment by Lessee.

TD Equipment Finance, Inc. complies with Section 326 of the USA Patriot Act. This law mandates that we verify certain information about the Lessee while processing any lease request.

**20. Expiration**

This lease proposal shall expire, if not accepted by a qualified official by 5:00 pm, on January 15, 2011

Thank you for this opportunity to present our lease proposal to you. If these terms are acceptable to you, please sign and return it with the requested credit information. Please feel free to address any questions or comments with me. My contact information follows for your convenience.

Sincerely,

J. Robert Heron  
Regional Manager  
TD Equipment Finance, Inc.  
2059 Springdale Road  
Cherry Hill, NJ 08003

/encl.

# Exhibit B



# VILLAGE OF KEY BISCAYNE

Office of the Village Manager

## MEMORANDUM

*Village Council*

Robert L. Vernon, *Mayor*  
Enrique Garcia, *Vice Mayor*  
Michael W. Davey  
Robert Gusman  
Michael E. Kelly  
Jorge E. Mendia  
Thomas Thornton

DATE: June 14, 2010  
TO: Honorable Mayor and Members of the Village Council  
FROM: Genaro "Chip" Iglesias, Village Manager

*Village Manager*

Genaro "Chip" Iglesias

RE: Purchase of Seven (7) Police Vehicles and Accompanying  
Emergency Equipment.

### RECOMMENDATION

It is recommended that the Village Council consider the Police Department's request to purchase seven (7) Police Vehicles and accompanying emergency equipment. The purpose of this request is to replace the department's aging fleet, originally purchased in 2004 and 2005 in accordance with the Police Department's existing fleet replacement program.

### BACKGROUND

The vehicle to be purchased is the 2010 Ford Crown Victoria Police Package. These vehicles are being purchased pursuant to Florida Sherriff's Association Bid Award number 09-17-0908. All accompanying emergency equipment is being purchased as a result of a competitive bidding process and/or City of Miami and City of Hialeah bid awards.

The source of funds will be from Capital Lease designated funds via the Ford Motor Credit Municipal Lease Purchase Finance Plan at a projected cost of \$ 189,687.75 plus fixed annual financing costs of 5.85% for the four (4) year (48 months) term of the lease purchase transaction in four (4) annual installment payments of \$52,053.99 (interest included).

**RESOLUTION NO. 2010-26**

**A CAPITAL PROJECT AUTHORIZING RESOLUTION OF THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, AUTHORIZING THE PURCHASE OF POLICE VEHICLES FOR THE VILLAGE POLICE DEPARTMENT; AUTHORIZING AND PROVIDING FOR THE VILLAGE TO PURCHASE POLICE EQUIPMENT, TO-WIT: SEVEN (7) POLICE VEHICLES; AUTHORIZING EXPENDITURE OF FUNDS; AUTHORIZING AND APPROVING MASTER LEASE AGREEMENT AND RELATED DOCUMENTS; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS,** the Village Council as the governing body of the Village of Key Biscayne (the "Village"), desires to obtain certain police equipment (the "Equipment") for the Village Police Department as described in Equipment Schedule No. 01 to the Master Lease Agreement (collectively, the "Lease") with Ford Motor Credit Company ("Ford"), the form of which Lease has been available for review by the Village Council prior to this meeting; and

**WHEREAS,** the Equipment is essential for the Village to perform its governmental functions; and

**WHEREAS,** the Village has taken the necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment and finds the purchase of Equipment to be exempt from competitive bidding pursuant to Village Code Section 2-86 as being derived from another government entity's bid process; and

**WHEREAS,** the Village proposes to enter into the Lease with Ford, substantially in the form presented at this meeting; and

**WHEREAS,** the Village Council hereby finds and determines that the terms of the Lease and related instruments (collectively, the "Purchase Documents") in substantially the form presented at

this meeting and incorporated in this Resolution are in the best interests of the Village for the acquisition of the Equipment.

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAIYNE, FLORIDA, AS FOLLOWS:**

**Section 1. Recitals Adopted.** That each of the recitals stated above is hereby adopted and confirmed.

**Section 2. Capital Project Authorizing Resolution.** That pursuant to Village Charter Section 3.07(b), this Resolution shall constitute a Capital Project Authorizing Resolution. The Capital Project is the purchase of police equipment, to-wit: Seven (7) new vehicles (the "Equipment") for the Village of Key Biscayne Police Department, at a projected cost of One Hundred Ninety One Thousand, Five Hundred Eighty-Two (\$191,582.05) Dollars and Five Cents, plus fixed annual financing costs of 3.85% for the four (4) year (48 months) term of the lease - purchase transaction, as payable in four (4) annual installment payments.

**Section 3. Equipment Purchase Authorized.**

A. That the acquisition of the Equipment is hereby authorized. The Equipment is further described in the Master Lease Agreement and Equipment Schedule No. 01 (collectively the "Lease") between the Village and Ford, a copy of which is set forth in Exhibit "A," attached hereto and incorporated herein. The Equipment shall be utilized by the Village Police Department to provide law enforcement services for the Village.

B. That the Village Council hereby approves the Lease, and authorizes the Village Manager to execute the Lease, once approved by the Village Attorney for legal sufficiency, for the acquisition of the Equipment for a cost which is consistent with this Resolution and the

Lease.

C. That the Village Manager is authorized to take all action necessary to implement this Resolution and the Lease, and is authorized to expend Village funds for the purchase of the Equipment pursuant to the Lease and in accordance with Village budget appropriations.

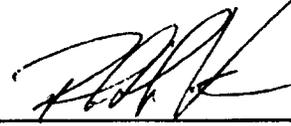
D. That the Purchase Documents and the acquisition and financing of the Equipment under the terms and conditions as described in the Purchase Documents are hereby approved. The Village Manager and any other officer of the Village who shall have power to execute contracts on behalf of the Village be, and each of them hereby is authorized to execute, acknowledge and deliver the Purchase Documents with any changes, insertions and omissions therein as may be approved by the Village Attorney such approval to be conclusively evidenced by such execution and delivery of the Purchase Documents. The Village Clerk of the Village is authorized to affix the official seal of the Village to the Purchase Documents and attest the same.

E. That the proper officers of the Village, be and each of them hereby is, authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution and the Purchase Documents, subject to the approval of the Village Attorney as to form and legal sufficiency.

F. That pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), Village hereby specifically designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

**Section 4.** **Effective Date.** That this Resolution shall be effective immediately upon adoption hereof.

PASSED AND ADOPTED this 22nd day of June, 2010.



MAYOR ROBERT L. VERNON

ATTEST:



CONCHITA H. ALVAREZ, MMC, VILLAGE CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY



VILLAGE ATTORNEY



LEASE/PURCHASE FINANCING PROPOSAL FOR Village of Key Biscayne, FL

REVISED

Schedule: 7794008

Term in Months	48
Payment Timing	Annual in Advance
Payment Amount	\$52,053.99
Underwriting Fee	\$425.00 Financed
Payment Factor	0.271706
Total Amount Funded	\$191,582.05
Annual Percentage Rate	5.85%

APR AND PAYMENT FACTOR ARE APPLICABLE TO TOTAL AMOUNT FINANCED BETWEEN \$150,000 - \$299,999.

The quote is good until 09/30/2010. Vehicle delivery must take place and all required documentation and payments must be received by Ford Credit by the good thru date. After 09/30/2010, rates and payments are subject to change.

\*\*\*\*\* EQUIPMENT DESCRIPTION \*\*\*\*\*

<u>Description</u>	<u>Qty.</u>	<u>Est. Delivery Date</u>	<u>Equipment Cost</u>
2010 Ford Crown Victoria PI	7	TBD	\$154,987.00
Misc. Emergency Equipment - EVS	1		\$27,980.05
Graphics - Autosign Graphics	1		\$2,065.00
Installation - Rainbow Window Tinting	1		\$6,125.00

TOTAL EQUIPMENT COST AFTER DOWN/TRADE (\$0.00): \$191,157.05

\*\*\*\*\*

The above financing proposal has been arranged by Ford Motor Credit Company, for submission to **Village of Key Biscayne, FL**. This proposal is for financing only and is subject to:

1. Completion of mutually acceptable documentation substantially in the form of the enclosed sample documents.
2. A review of the proposed essential use of the equipment and a final credit review of **Village of Key Biscayne, FL** by the funding source.
3. No material adverse change in the financial condition of **Village of Key Biscayne, FL** prior to funding.
4. No change in Federal or applicable state or local tax, regulations, case law, rulings, or other interpretations by the Internal Revenue Service that would affect adversely any Federal, State, or local tax benefit assumed in determining the above proposal.