

ORDINANCE NO. 2022 - ____

**AN ORDINANCE AUTHORIZING THE
MAYOR TO EXECUTE A SHORT-TERM LEASE AGREEMENT WITH
BANCORPSOUTH WITH EMERGENCY CLAUSE**

WHEREAS, The City of Bryant Public Works Department owns equipment to complete various jobs around the City of Bryant, Arkansas;

WHEREAS, the City of Bryant Public Works Department is currently in need of a Vac-Con Titan Combo Vacuum Truck (“Equipment”) for sewer/wastewater excavation;

WHEREAS, The City of Bryant received a proposal from BancorpSouth to provide lease-purchase financing for the Equipment;

WHEREAS, The proposal is for a 5 year financing of \$490,000.00 with 5 annual payments at a lease rate of 2.59% and has an expiration date of January 31, 2022 with a deferred first payment due in 2023;

WHEREAS, The City Council has previously authorized the purchase of this equipment in the 2022 budget,

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF BRYANT, ARKANSAS THAT:

Section 1. The City Council hereby finds that the Equipment will have a useful life of more than one (1) year and will benefit the entire City of Bryant.

Section 2. The Mayor and City Clerk, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the issuance, execution, sale and delivery of the Lease Agreement and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor and City Clerk are hereby further authorized and directed, for and on behalf of the City, to execute all papers, documents, agreements, certificates and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

Section 3. In the event any title, section, paragraph, item, sentence, clause, phrase, or word of this resolution is declared or adjudged to be invalid or unconstitutional, such declaration or adjudication shall not affect the remaining portions of the Ordinance which shall remain in full force and effect as if the portion so declared or adjudged invalid or unconstitutional was not originally a part of the Ordinance.

Section 4. All Ordinances and other matters in conflict with this Ordinance are hereby repealed to the extent of any inconsistency.

Section 5: Emergency Declared. This Ordinance is necessary to preserve the public peace, health, safety and welfare, an emergency is declared to exist and this Ordinance shall be in full force and effect from and after the date of its passage.

PASSED AND APPROVED this ____ day of _____, 2022.

APPROVED:

Allen Scott, Mayor

ATTEST:

Sue Ashcraft, City Clerk



1/12/2022

Sent via: jerrytodd@henardutility.com

City of Bryant AR

It is a pleasure to submit for your consideration the following proposal to provide lease-purchase financing based on the terms and conditions set forth below:

1. Lessor: BancorpSouth Equipment Finance, a division of BancorpSouth Bank
2. Lessee: City of Bryant AR
3. Equipment Description: Vac-Con Titan Combo Truck
4. Equipment Cost: \$490,000.00
5. Lease Term: 5 years
6. Lease Payments: (These are approximate payment amounts. The actual payment will be determined at funding date.)

5 annual payments of \$105,838.51
arrears
7. Lease Rate: 2.59%
8. Funding Date: This proposal is contingent upon the equipment being delivered and the lease funded prior to increase in **current prime rate of 3.25%**. Any extension of the funding or delivery date must be in writing.
9. Purchase Option: Title is passed to Lessee at lease expiration for no further consideration.
10. Non-appropriation/Termination: The lease provides that Lessee is to make reasonable efforts to obtain funds to satisfy the obligation in each fiscal year. However, the lease may be terminated without penalty in the event of non-appropriation. In such event, the Lessee agrees to provide an attorney's opinion confirming the events of non-appropriation and Lessee's exercise of diligence to obtain funds.
11. Bank Qualification: This lease-purchase financing shall be designated as a bank qualified tax-exempt transaction as per the 1986 Federal Tax Bill. **This means that the Lessee's governing**

body will pass a resolution stating that it does not anticipate issuing more than \$10 million in General Obligation debt or other debt falling under the Tax Bill's definition of qualifying debt during the calendar year that the lease is funded.

- 12. Tax Status: This proposal is subject to the Lessee being qualified as a governmental entity or "political subdivision" within the meaning of Section 103(a) of the Internal Revenue Code of 1954 as amended, within the meaning of said Section. Lessee agrees to cooperate with Lessor in providing evidence as deemed necessary or desirable by Lessor to substantiate such tax status.
- 13. Net Lease: This will be a net lease transaction whereby maintenance, insurance, taxes (if applicable), compliance with laws and similar expenses shall be borne by Lessee.
- 14. Financial Statements: Complete and current financial statements must be submitted to Lessor for review and approval of Lessee creditworthiness
- 15. Lease Documentation: This equipment lease-purchase package is subject to the mutual acceptance of lease-purchase documentation within a reasonable time period, otherwise payments will be subject to market change.

If the foregoing is acceptable, please so indicate by signing this letter in the space provided below and returning it to BancorpSouth Equipment Finance. **The proposal is subject to approval by BancorpSouth Equipment Finance's Credit Committee and to mutually acceptable terms, conditions and documentation.**

Acceptance of this proposal expires as the close of business on 1/31/2022. Extensions must be approved by the undersigned.

Any concerns or questions should be directed to Bob Lee at 1-800-222-1610

Bob Lee

Bob Lee
Municipal Finance Manager

ACKNOWLEDGMENT AND ACCEPTANCE

By: _____
Title

Date: _____