



## Legislation Text

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**File #:** 08-0386, **Version:** 1

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Resolution to Approve the Expenditure Authorized Under Council Resolution R-07-607 as a Non-Qualified Tax-Exempt Obligation for One of the Two Frontload Refuse Trucks Under an Existing Lease-Purchase Agreement

On December 19, 2007, City Council approved the lease-purchase of two frontload refuse trucks from Bell Equipment Company with Financing from 1<sup>st</sup> Source Bank.

At the time the lease-purchase was approved the City Treasurer opined that the anticipated amount of qualified tax-exempt obligations issued and to be issued as of the date of Lease Agreement would not exceed \$10,000,000.00 and Council approved the expenditure as a “qualified tax-exempt obligation” on that basis.

One truck was delivered in 2007 and the second truck is available now.

The expenditure obligation for the second truck was not effective until delivery. This necessitated a re-determination by the City Treasurer of the anticipated amount of qualified tax-exempt obligations to be issued in the current calendar year and the status of the expenditure obligation for the second truck.

The City Treasurer has determined that obligations will exceed \$10,000,000.00 for the current calendar year and the obligation for the second truck should be approved as a “non-qualified tax exempt obligation” by City Council.

The attached resolution reaffirms the lease-purchase authorized by R-07-607 and reclassifies the second truck as a “non-qualified tax exempt obligation.”

Approval of the Resolution is recommended.

Prepared: Mary Joan Fales, Senior Assistant City Attorney

Reviewed: Matthew Horning, City Treasurer

Sue McCormick, Public Services Area Administrator

Approved: Roger W. Fraser, City Administrator

Whereas, City Council approved Resolution R-07-607 on December 19, 2007, authorizing the purchase of two frontload refuse trucks from Bell Equipment Company with Financing from 1<sup>st</sup> Source Bank;

Whereas, Under the provisions of R-07-607 and the Master Equipment Lease Agreement with 1<sup>st</sup> Source Bank, the City Treasurer was request to determine and did determine that the anticipated amount of qualified tax-exempt obligations, which had been and would be issued by the City of Ann Arbor in 2007 did not exceed \$10,000,000.00 for the calendar year within which the Lease Agreement was to be a “qualified tax-exempt obligation” pursuant to 265(b)(3) of the Internal Revenue Code;

Whereas, The City took deliver of one of the two refuse trucks in 2007 with the second refuse truck scheduled for delivery in 2008;

Whereas, Since obligation for the second refuse truck is effective with delivery, it is necessary for the City Treasurer to make a new determination for 2008 as the amount of qualified tax-exempt obligations under the provisions of Lease Supplement No. 2 to the Master Equipment Lease Agreement; and

Whereas, The City Treasurer has determined that the reasonably anticipated amount of qualified tax-exempt obligations, which have been and will be issued by the City of Ann Arbor does exceed \$10,000,000.00 for the calendar year within which Lease Supplement No. 2 is to be a “non-qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Internal Revenue Code;

RESOLVED, That City Council approves the expenditure for the 2008 Mack model MRU 613 chassis with Heil model HPH-E-28 packer to be delivered in 2008 as a “non-qualified tax-exempt obligation” from the approved FY 2008 Motor Equipment Funds without regard to fiscal year for lease-purchase of the truck; and

RESOLVED, That City Council reaffirms all other findings and authorizations made in R-07-607 in connection with the lease-purchase as if restated here.