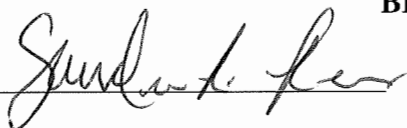


Moved by:



An Ordinance authorizing execution of a lease purchase agreement between the City of Harrisburg and Manufacturers and Traders Trust Company for the purpose of financing up to Three Million Two Hundred Thousand Dollars (\$3,200,000) of the costs of upgrading the City's street lights and other exterior lights and to monitor and guarantee cost savings from the upgrade ("Project") in accordance with Act 39 known as the Pennsylvania Guaranteed Energy Savings Act, 62 Pa.C.S. Sections 3751-3757.

WHEREAS, the City of Harrisburg (the "City") has received a proposal from Manufacturers and Traders Trust Company (the "Bank") to provide lease purchase financing of up to \$3.2 million to the City for the purpose of financing costs of upgrading the City's street lights and other exterior lights and to monitor and guarantee cost savings from the upgrade ("Project") in accordance with Act 39 known as the Pennsylvania Guaranteed Energy Savings Act 62 Pa.C.S. Sections 3751-3757; and

WHEREAS, the City desires to undertake the Project to save money on the costs of energy required to operate the City's street lights, the operation of which is an essential governmental service which the City provides for its residents and visitors; and

WHEREAS, on July 17, 2014 the City of Harrisburg issued Request for Qualifications ("RFQ") No. 1-2014 seeking qualifications from Energy Services Companies ("ESCOs") to conduct a technical energy audit and implement a guaranteed energy savings contract for the Project; and

WHEREAS, based upon the responses to the RFQ, the City issued a Request for Proposal ("RFP") to a short list of the four (4) best qualified ESCOs; and

WHEREAS, based upon the combined score of the RFQ and the RFP, the City has selected The Efficiency Network ("TEN") as the best qualified ESCO; and

30 **WHEREAS**, pursuant to Resolution 119-2014, on December 8, 2014 the City entered
31 into an Inventory Audit Agreement with TEN to determine the exact scope of the Project; and

32 **WHEREAS**, the Inventory Audit has been completed and pursuant to Resolution 50-
33 2015 the City desires to enter into a Street Lighting Upgrade and Guaranteed Savings Contract
34 with TEN (“Contract”) to perform the upgrade and savings project; and

35 **WHEREAS**, the estimated total contract cost of the Project is Three Million Six Hundred
36 Dollars (\$3,600,000); and

37 **WHEREAS**, the City requires financial assistance to fund the Project costs; and

38 **WHEREAS**, the Bank has provided the City with a proposed Lease Purchase Agreement
39 to finance up to \$3.2 million dollars to assist in funding the Project costs; and

40 **WHEREAS**, the City desires to accept the proposal from the Bank attached to this
41 Ordinance as Exhibit “A” (the “Proposal”) and, in furtherance thereof, to enter into a Lease
42 Purchase Agreement or similar agreement with the Bank and take any further actions necessary
43 for the financing of the Project.

44 **NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF**
45
46 **HARRISBURG, AND IT IS HEREBY ENACTED BY AUTHORITY OF THE**
47
48 **SAME, AS FOLLOWS:**
49

50 **SECTION 1.**

51 1. Acceptance of Proposal. The City hereby accepts the Proposal. The City’s Director
52 of Budget and Finance is hereby authorized to execute and deliver the Proposal to the Bank and
53 to negotiate the final payment terms of a Lease Purchase Agreement (the “Lease”) in accordance
54 with the terms of the Proposal, provided, however, that the maximum amount funded pursuant to

55 the Lease may not exceed \$3.2 million, the term of the Lease may not extend beyond 8 years and
56 the interest rate payable by the City pursuant to the Lease may not exceed 3.6% per year.

57 2. Authorization of Lease Purchase Agreement and Related Actions. The proper
58 officers of the City are hereby authorized and directed to execute and deliver the Lease and such
59 additional documents, instruments and certificates as shall be required to consummate the Lease
60 transaction.

61 3. Legal Opinions. The City hereby appoints the firm of Campbell & Levine,
62 LLC, Pittsburgh, PA., as special counsel for the purpose of reviewing the Lease and related
63 documentation and delivering any legal opinions required to be delivered by the Bank pursuant
64 to the Proposal.

65 4. Bank Qualified Designation. The City hereby designates the Lease as a “qualified
66 tax exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code of
67 1986, as amended, inasmuch as the City reasonably anticipates that the amount of tax exempt
68 obligations to be issued by the City during 2015 will not exceed \$10,000,000.

69 5. Effectiveness of Ordinance; Repeal of Prior Inconsistent Actions. This
70 Ordinance shall be effective as of _____, 2015. Any of the City’s prior actions,
71 resolutions or ordinances that are inconsistent with the foregoing are hereby rescinded in full.

72

73 **SECTION 2. DELEGATION**

74 Appropriate City officials are authorized and directed to take such actions as are necessary to
75 effectuate this ordinance.

76

77 **SECTION 3. SEVERABILITY**

78

79 If any provision, sentence, clause, section or part of this ordinance or the application thereof to
80 any person or circumstance is for any reason found to be unconstitutional, illegal or invalid by a
81 court of competent jurisdiction, such unconstitutionality, illegality or invalidity shall not affect or
82 impair any of the remaining provisions, sentences, clauses, sections or parts of this ordinance. It
83 is hereby declared as the intent of the Council of the City of Harrisburg that this ordinance would
84 have been adopted had such unconstitutional, illegal or invalid provision, sentence, clause,
85 section or part not been included herein.

92 **SECTION 4. REPEALER**

93 All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

96 **SECTION 5. EFFECTIVE DATE**

97 This Ordinance shall take effect in accordance with the law.

100 Seconded by: Wank R. D. Williams

101 Passed by Council: _____

102 Signed by the Mayor: [Signature]

103
104
105
106
107
108
109
110
passed the City Council September 8, 2015
Wank R. D. Williams
President of City Council
Attest [Signature]
City Clerk

YEAS		NAYS
✓	MR. ALLATT	
✓	MR. BALTIMORE	
✓	MS. DANIELS	
✓	MR. KOPLINSKI	
✓	MS. REID	
✓	MS. WILSON	
✓	MS. WILLIAMS	
Yeas	<u>7</u>	
Nays	<u>0</u>	

Approved
 Returned to City Council with objections
[Signature]
Mayor
9/8/15
Date

EXHIBIT A

M&T Bank

Understanding what's important®

July 9, 2015

Mr. Bruce P. Weber
Director, Budget and Finance
City of Harrisburg
10 North Second Street, Suite 303
Harrisburg, PA 17101-1678

Re: Lease/Purchase Financing for City of Harrisburg Streetlight LED Upgrade, Guaranteed Energy Savings Contract (Revised)

Dear Bruce,

Manufacturers and Traders Trust Company ("M&T Bank") is pleased to outline the following financing proposal for the City of Harrisburg. The terms and provisions outlined below are to be set forth more fully in lease documents and subject to review and approval by both Lessor's and Lessee's counsel.

LESSOR: M&T Bank (its nominees, assigns or affiliates)

LESSEE: City of Harrisburg

EQUIPMENT & FUNDING AMOUNT: Streetlight LED Upgrade, Guaranteed Energy Savings Contract thru The Efficiency Network Approximately \$3,069,144.00

FACILITY: Tax-Exempt Municipal Lease Purchase Agreement

This will be a non-cancelable, net lease transaction whereby maintenance, insurance, applicable taxes, and all items of a similar nature will be the responsibility of the Lessee. Provisions of the lease will require that Lessor be named Lender/Loss Payee on the insurance coverage.

TERMS & PAYMENT: Lease Term: 8 Years including six month construction period
Closing Date: August 1, 2015 (estimate)
First Payment Date: February 1, 2016 (six months after funding)
Payment Frequency: Quarterly – other options are available
Interest Rate: 3.549%

Payment Schedule: See attached sample Amortization Schedule showing quarterly payments with an additional \$500,000 payment from grant monies to be made on May 1, 2016. Other structures are available.

ESCROW: If required, the Lease will be funded into an escrow account held by M&T Bank at the closing date. This will lock the interest rate at closing and protect against any future rate increases. During the construction period, with Lessee's approval, payments to the vendor(s) will be made from this escrow account as needed. Any interest earned on this account will accrue to the benefit of Lessee.

BASIS OF RENTAL FACTORS: The interest rates quoted in this proposal are based on M&T Bank's eight (8) year Cost of Funds (COF) as of June 26, 2015 for a Bank Qualified transaction. The actual rate will be fixed three days prior to the closing and may be indexed to this cost of funds at discretion of Lessor.

Cost of Funds shall mean the most recent yield on United States Treasury Obligations adjusted to a constant like-term maturity in effect three (3) business days prior to closing date as published by the Board of Governors of the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the Bank, plus the ask side of the like-term swap spread in effect three (3) business days prior to closing date as set forth in Bloomberg, L.P., or by such other quoting service, index or commonly available source utilized by the Bank.

TAX INDEMNIFICATION: Pennsylvania
Lessee will provide to Lessor the appropriate Commonwealth of Pennsylvania Exempt Organization certificate. This proposal assumes that this transaction qualifies as tax exempt, Bank Qualified pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. This offer is subject to Lessee providing bond counsel tax opinion, at Lessee's expense, stating the aforementioned qualifications.

DOCUMENTATION & APPLICABLE FEES: All documentation will be provided by Lessor and must be satisfactory to all parties. Lessee will pay to Lessor a documentation fee equal to \$250. The fee for an escrow account, if required, would be \$500. No acquisition fees, disposition fees or security deposit will be charged to this account.

END OF LEASE OPTIONS: Provided the Lessee has met all the terms and conditions of the lease agreement, the Lessee at lease expiration will have clear title of equipment upon payment of all amounts due under the lease.

PRE-PAYMENT: Provided there are no events of default and that the lease is current, Lessee may prepay all, but not less than all, of the lease on any payment date for 103% of the remaining principal balance.

EARLY TERMINATION: Pursuant to General Municipal Law the lease will allow for early termination for reasons of non-appropriation.

CONDITIONS:

This proposal is For Discussion Purposes Only. Final approval, if any, may only be granted upon receipt of all information deemed appropriate by Lessor and in accordance with Lessor's loan, legal and other applicable policies. This proposal is subject to Lessor's final credit and investment approval. Lessor takes a general exception to the application of any contract terms and conditions included in any solicitation for quotations. The terms and conditions applicable to the provision of our products and services will be those reflected in those final signed agreements and documents.

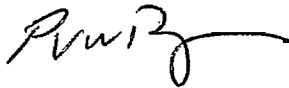
Lessee shall have delivered to M&T Bank, sufficiently in advance of closing, all documentation and other information required by the Bank in accordance with all applicable banking laws and regulations in effect from time to time, including, without limitation, the USA PATRIOT Act. Any failure by Lessee or any necessary third party to deliver to the Bank, in a timely manner, any material information requested, or any misrepresentation or inaccuracy with respect to any such information received, or if Bank's due diligence reveals that opening the accounts contemplated herein would potentially violate the Bank's regulatory compliance policies or applicable law, shall permit the Bank, in its sole discretion, to withdraw and/or cancel this proposal without liability, and retain any fees.

ACCEPTANCE &
EXPIRATION:

The Lessee may acknowledge its approval of this lease proposal by signing and returning this letter. This proposal shall expire in thirty (30) days unless extended by Lessor.

Thank you for allowing us the opportunity to present this proposal. Please contact me at (610) 449-3944 if you have any questions in reference to this proposal.

Sincerely,



Paul V.W. Black
Vice President – Municipal Leasing
Phone: 610-449-3944
Fax: 610-449-3945
Email: pvblack@mtb.com

PROPOSAL ACCEPTED THIS _____ DAY OF _____, 2015

By: _____
City of Harrisburg

Encl: Sample Amortization Schedule

CC: Michael Gossert, M&T Bank

M&T Bank
– Sample Amortization Schedule –

City of Harrisburg

Compound Period: Monthly

Nominal Annual Rate: 3.549 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	08/01/2015	3,069,144.00	1		
2 Lease Payment	02/01/2016	96,534.90	2	Quarterly	05/01/2016
3 Lease Payment	05/01/2016	500,000.00	1		
4 Lease Payment	08/01/2016	96,534.90	29	Quarterly	08/01/2023

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Lease Payment	Interest	Principal	Balance
Lease	08/01/2015				3,069,144.00
2015 Totals		0.00	0.00	0.00	
1	02/01/2016	96,534.90	54,866.23	41,668.67	3,027,475.33
2	05/01/2016	96,534.90	26,940.80	69,594.10	2,957,881.23
3	05/01/2016	500,000.00	0.00	500,000.00	2,457,881.23
4	08/01/2016	96,534.90	21,872.11	74,662.79	2,383,218.44
5	11/01/2016	96,534.90	21,207.70	75,327.20	2,307,891.24
2016 Totals		886,139.60	124,886.84	761,252.76	
6	02/01/2017	96,534.90	20,537.38	75,997.52	2,231,893.72
7	05/01/2017	96,534.90	19,861.10	76,673.80	2,155,219.92
8	08/01/2017	96,534.90	19,178.80	77,356.10	2,077,863.82
9	11/01/2017	96,534.90	18,490.42	78,044.48	1,999,819.34
2017 Totals		386,139.60	78,067.70	308,071.90	
10	02/01/2018	96,534.90	17,795.92	78,738.98	1,921,080.36
11	05/01/2018	96,534.90	17,095.25	79,439.65	1,841,640.71
12	08/01/2018	96,534.90	16,388.33	80,146.57	1,761,494.14
13	11/01/2018	96,534.90	15,675.12	80,859.78	1,680,634.36
2018 Totals		386,139.60	66,954.62	319,184.98	
14	02/01/2019	96,534.90	14,955.57	81,579.33	1,599,055.03
15	05/01/2019	96,534.90	14,229.62	82,305.28	1,516,749.75
16	08/01/2019	96,534.90	13,497.20	83,037.70	1,433,712.05
17	11/01/2019	96,534.90	12,758.27	83,776.63	1,349,935.42

2019 Totals		386,139.60	55,440.66	330,698.94	
18	02/01/2020	96,534.90	12,012.76	84,522.14	1,265,413.28
19	05/01/2020	96,534.90	11,260.62	85,274.28	1,180,139.00
20	08/01/2020	96,534.90	10,501.78	86,033.12	1,094,105.88
21	11/01/2020	96,534.90	9,736.19	86,798.71	1,007,307.17
2020 Totals		386,139.60	43,511.35	342,628.25	
22	02/01/2021	96,534.90	8,963.79	87,571.11	919,736.06
23	05/01/2021	96,534.90	8,184.52	88,350.38	831,385.68
24	08/01/2021	96,534.90	7,398.31	89,136.59	742,249.09
25	11/01/2021	96,534.90	6,605.10	89,929.80	652,319.29
2021 Totals		386,139.60	31,151.72	354,987.88	
26	02/01/2022	96,534.90	5,804.84	90,730.06	561,589.23
27	05/01/2022	96,534.90	4,997.45	91,537.45	470,051.78
28	08/01/2022	96,534.90	4,182.88	92,352.02	377,699.76
29	11/01/2022	96,534.90	3,361.06	93,173.84	284,525.92
2022 Totals		386,139.60	18,346.23	367,793.37	
30	02/01/2023	96,534.90	2,531.93	94,002.97	190,522.95
31	05/01/2023	96,534.90	1,695.42	94,839.48	95,683.47
32	08/01/2023	96,534.90	851.43	95,683.47	0.00
2023 Totals		289,604.70	5,078.78	284,525.92	
Grand Totals		3,492,581.90	423,437.90	3,069,144.00	

Last interest amount decreased by 0.03 due to rounding.

INTER

OFFICE

MEMO

To: HARRISBURG CITY COUNCIL
From: Kirk Petroski, City Clerk
LEGISLATIVE APPROVAL FORM

Date: _____

LEGISLATIVE APPROVAL FORM/CERTIFICATE OF ACCEPTANCE

BILL NO. -2015 RESOLUTION NO. -2015

THE ABOVE LISTED ITEM WAS WRITTEN AND PREPARED FOR FINAL INTRODUCTION AT THE HARRISBURG CITY SOLICITOR'S OFFICE ON:



Assistant City Solicitor

8/21/15

Date

Requested by Department/Bureau: Finance

Department/Bureau Contact Person: Bruce Weber

For Action on or before:

The attached was received in the Office of the City Clerk for introduction on

Received by: _____

Date: _____