

ORDINANCE NO.: 2021-12
SPONSOR: MAYOR NEUGEBAUER
INTRODUCED: JUNE 22, 2021

ASSIGNED TO: _____

AN ORDINANCE AUTHORIZING A LEASE PURCHASE-FINANCING TRANSACTION BETWEEN HUNTINGTON PUBLIC CAPITAL CORPORATION AND THE CITY OF GREEN FOR THE FINANCING OF IMPROVEMENTS TO VARIOUS LOCATIONS IN THE CITY.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GREEN, COUNTY OF SUMMIT, STATE OF OHIO:

SECTION ONE:

Findings and Determinations. Green City Council finds and determines the following matters:

- (a) It is necessary for the City to undertake the following improvements at various locations in the City: (i) upgrade and replace existing interior and exterior lighting and fixtures with LED lighting; and (ii) replace the City’s heating and air ventilation and cooling automation system with a new automation system, all as further described in an agreement between Gardiner Service Company and the City (collectively, the “Project”).
- (b) The financing of the Project through a lease-purchase financing arrangement is in the best interest of the City.
- (c) Huntington Public Capital Corporation (“HPCC”), a subsidiary of The Huntington National Bank, has submitted a proposal (the “Proposal”) for an 11-year lease-purchase agreement at an estimated amount of \$982,304 (the “Lease”).
- (d) The City will remain the owner of the Project during the term of the Lease.
- (e) The obligations under the Lease will be subject to annual appropriations by this Council.

SECTION TWO:

Acceptance of Lease Proposal. Green City Council accepts the Proposal to finance the costs of the Project. The aggregate principal obligation of the City under the Lease must not exceed \$985,000.

SECTION THREE:

Signing of Lease and Related Documents. The Mayor is authorized to sign, acknowledge, and deliver, in the name of and on behalf of the City, the Lease, in accordance with the terms of the Proposal and the following terms:

- (a) The aggregate principal obligation of the City under the Lease must not exceed \$985,000.

- (b) The interest rate will be determined at the time the Lease and related documents are signed, but must not exceed four percent (4%) per year.
- (c) The obligations of the City under the Lease for fiscal years beginning after December 31, 2021 are subject to annual appropriations being made by the City in an amount sufficient to pay the lease payments and to meet the other obligations of the City under the Lease.

The Mayor, Director of Finance, Director of Law, Clerk of Council, or any other City officials, as appropriate, are each further authorized to sign any certifications, financing statements, escrow agreements, documents, and instruments, and to take such other actions as are desirable, advisable, necessary, or appropriate to consummate the transactions contemplated by this Ordinance and the Lease.

SECTION FOUR:

Application of Proceeds. The proceeds of the Lease must be paid into the proper fund or funds as provided in the Lease, and those proceeds are appropriated and must be used for the purpose for which the Lease is authorized, and are appropriated for that purpose.

SECTION FIVE:

Federal Tax Matters. The Director of Finance may, in consultation with bond counsel, may determine that the interest component of lease payments due under the Lease (the "Interest") be excluded from gross income for federal tax income tax purposes and not treated as an item of tax preference for purposes of the alternative minimum tax. If the Director of Finance makes that determination, then the following will apply:

- (a) The City covenants that it will use, and will restrict the use and investment of, the proceeds of the Lease in such manner and to such extent as may be necessary so that (i) the obligations of the City under the Lease will not (A) constitute private activity bonds or arbitrage bonds under Sections 141 or 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or (B) be treated other than as obligations to which Section 103(a) of the Code applies, and (ii) the Interest will not be treated as a preference item under Section 57 of the Code.
- (b) The City further covenants (i) that it will take or cause to be taken such actions which may be required of it for the Interest to be and remain excluded from gross income for federal income tax purposes, (ii) that it will not take or authorize to be taken any actions which would adversely affect that exclusion, and (iii) that it, or persons acting for it, will, among other acts of compliance, (A) apply the Lease proceeds to the governmental purpose of the Lease, (B) restrict the yield on investment property

acquired with the Lease proceeds, (C) make timely and adequate rebate payments to the federal government if required to do so, (D) maintain books and records and make calculations and reports, and (E) refrain from certain uses of Lease proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of that Interest under the Code.

- (c) The Director of Finance, as the fiscal officer, or any other officer of the City having responsibility for execution of the Lease, is authorized to:
 - (i) make or effect any election, selection, designation, choice, consent, approval, or waiver on behalf of the City with respect to the Lease as the City is permitted or required to make or give under the federal income tax laws, including, without limitation, any of the elections provided for in or available under Section 148 of the Code, for the purpose of assuring, enhancing, or protecting favorable tax treatment or status of the Lease or Interest or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which action must be in writing and signed by the officer,
 - (ii) take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants, and certifications of and on behalf of the City, as may be appropriate to assure the exclusion of Interest from gross income and the intended tax status of the Lease,
 - (iii) give one or more appropriate certificates of the City, for inclusion in the transcript of proceedings for the Lease, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Lease, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the Interest and the tax status of the Lease, and
 - (iv) designate the City's obligations to pay lease payments due under the Lease as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code if such designation is applicable and desirable.

SECTION SIX:

The City finds and determines that all formal actions of this Council concerning and relating to the enactment of this Ordinance were taken in open meetings of this Council and all deliberations of this Council or any of its committees that resulted in those formal actions were in meetings open to the public, in compliance with Section 121.22, Revised Code.

ADOPTED: _____

Nichole Messner, Clerk of Council

Rocco Yeargin, Council President

APPROVED: _____, 2021

Gerard M. Neugebauer, Mayor

ENACTED EFFECTIVE: _____, 2021

ON ROLL CALL: Babbitt Brandenburg DeVitis France
 Meager Shaughnessy Yeargin

Suburbanite publication on _____ and _____

Nichole Messner, Clerk of Council

06/17/2021 Approved as to form and content by Lisa Carey Dean, Director of Law _____

TERM SHEET- DRAFT

Proposed Facility:	Tax-exempt, lease-purchase agreement (the "Lease")
Lessee:	City of Green (the "City")
Lessor:	Huntington Public Capital Corporation ("Huntington")
Vendor:	Gardiner
Escrow Agent:	The Huntington National Bank
Projects:	The Vendor shall implement Energy Conservation Measures ("ECMs") located at various buildings within the City (collectively, the "Projects"). These ECMs were outlined within the project scope that was provided to Huntington.
Project Ownership:	Title to the Projects will vest immediately with the City, and the City shall remain the owner of the Projects during the Lease Term.
Financed Amounts:	Approximately \$982,304.00
Use of Proceeds:	To finance equipment (the "Equipment") for various ECMs to certain buildings within the City.
Structure/Security:	The Lease shall be payable from legally available revenues of the City, subject to annual appropriation. Pursuant to the documentation of the Lease, title shall vest with the City and the City shall grant Huntington a continuing, first priority security interest in all of the Equipment.
Lease Commencement Date:	TBD
	The Financed Amount will be deposited with the Escrow Agent on the Lease Commencement Date for the benefit of the City. Disbursements will be made by the Escrow Agent at the direction of the City with approval by Huntington
Lease Term and Estimated Rate:	<i>Final pricing to be set once a closing date is set. The rates below are as of 06/11/2021.</i> Option A: Eleven (11) Years: 2.22% Option B: Twelve (12) Years: 2.28%
Tax Status:	Tax-Exempt
Lease Payments:	Semi-Annual
Final Maturity Date:	Option A: December 1, 2032 Option B: December 1, 2033

Prepayment Option:	The Lease may be pre-paid in whole, but not in part, on any payment date, at 102% of the outstanding balance, plus accrued interest.
Origination Fees:	None
Additional Transaction Fees:	Any additional transaction fees, including those of the Vendor, a municipal advisor or legal counsel to the City, shall be the responsibility of the City.
Warranties:	Huntington will make no warranties expressed or implied. The City's sole warranty rights are any provided by the Vendor and/or the manufacturers of the Equipment.
Energy Performance Contract:	<p>The Vendor and the City shall enter into an Energy Performance Contract (the "Project Agreement"), pursuant to which the Vendor shall, among other things, (1) guarantee to the City the completion of the Project at a maximum cost by the date specified in the Project Agreement, (2) provide to the City the measurement & verification and other services specified in the Project Agreement, (3) guarantee to the City the achievement of a minimum amount of energy and/or operational savings each year during the term of the Project Agreement, and (4) agree to make payments to the City to the extent actual, realized savings calculated on an annual basis are less than guaranteed by the Vendor in the Project Agreement.</p> <p>Under the Lease, the City shall unconditionally agree to make payments as due and scheduled, subject only to annual appropriation of funds.</p>
Performance Bond:	The Vendor shall provide performance and payment bonds in connection with the Projects from a surety company with an A.M. Best rating of at least "A". Huntington shall be named as dual obligee on each policy.
Maintenance, Taxes and Insurance:	All maintenance, taxes and insurance in connection with the Projects and the Lease are the responsibility of the City. The City shall bear all risk of loss or damage to the Projects and shall be responsible for keeping the Projects insured with companies satisfactory to and for such amounts as required by Huntington. Huntington and its affiliates, successors and assigns must be named as loss payee and additional insured as applicable on all insurance policies. Evidence of such insurance must be satisfactory to Huntington.
Documentation:	Documents shall be prepared by in-house counsel for Huntington and will contain customary representations and warranties for transactions similar in amount and type, including a validity opinion and tax opinion.
Private Placement:	Huntington shall represent that it is a Qualified Institutional Buyer or an Accredited Investor and shall fund the Lease on a private-placement basis.
Expiration:	These terms shall expire at Huntington's option if (a) Huntington has not received the City's acceptance by July 23, 2021 and, (b) if closing on the Lease does not occur on or before August 10, 2021.

Thank you for the opportunity to offer a proposal on this request. We appreciate your consideration and look forward to your favorable response. Should you have any questions regarding this proposal, please do not hesitate to contact me.

Respectfully submitted,

Jill L. Murphy
 Senior Vice President - Huntington Public Capital
Jill.Murphy@Huntington.com

ACCEPTED BY:
 City of Green

 Signature

 Title

 Name

 Date

Sample Debt Service Schedule

11 Years

Loan	07/12/2021				982,304.00
1	12/01/2022	53,739.41	30,536.12	23,203.29	959,100.71
2	06/01/2023	53,739.41	10,646.02	43,093.39	916,007.32
3	12/01/2023	53,739.41	10,167.68	43,571.73	872,435.59
4	06/01/2024	53,739.41	9,684.04	44,055.37	828,380.22
5	12/01/2024	53,739.41	9,195.02	44,544.39	783,835.83
6	06/01/2025	53,739.41	8,700.58	45,038.83	738,797.00
7	12/01/2025	53,739.41	8,200.65	45,538.76	693,258.24
8	06/01/2026	53,739.41	7,695.17	46,044.24	647,214.00
9	12/01/2026	53,739.41	7,184.08	46,555.33	600,658.67
10	06/01/2027	53,739.41	6,667.31	47,072.10	553,586.57
11	12/01/2027	53,739.41	6,144.81	47,594.60	505,991.97
12	06/01/2028	53,739.41	5,616.51	48,122.90	457,869.07
13	12/01/2028	53,739.41	5,082.35	48,657.06	409,212.01
14	06/01/2029	53,739.41	4,542.25	49,197.16	360,014.85
15	12/01/2029	53,739.41	3,996.16	49,743.25	310,271.60
16	06/01/2030	53,739.41	3,444.01	50,295.40	259,976.20
17	12/01/2030	53,739.41	2,885.74	50,853.67	209,122.53
18	06/01/2031	53,739.41	2,321.26	51,418.15	157,704.38
19	12/01/2031	53,739.41	1,750.52	51,988.89	105,715.49
20	06/01/2032	53,739.41	1,173.44	52,565.97	53,149.52
21	12/01/2032	53,739.41	589.89	53,149.52	0.00
Grand Totals		1,128,527.61	146,223.61	982,304.00	

Sample Debt Service Schedule

12 Years

Loan	07/12/2021				982,304.00
1	12/01/2022	49,784.70	31,370.03	18,414.67	963,889.33
2	06/01/2023	49,784.70	10,988.34	38,796.36	925,092.97
3	12/01/2023	49,784.70	10,546.06	39,238.64	885,854.33
4	06/01/2024	49,784.70	10,098.74	39,685.96	846,168.37
5	12/01/2024	49,784.70	9,646.32	40,138.38	806,029.99
6	06/01/2025	49,784.70	9,188.74	40,595.96	765,434.03
7	12/01/2025	49,784.70	8,725.95	41,058.75	724,375.28
8	06/01/2026	49,784.70	8,257.88	41,526.82	682,848.46
9	12/01/2026	49,784.70	7,784.47	42,000.23	640,848.23
10	06/01/2027	49,784.70	7,305.67	42,479.03	598,369.20
11	12/01/2027	49,784.70	6,821.41	42,963.29	555,405.91
12	06/01/2028	49,784.70	6,331.63	43,453.07	511,952.84
13	12/01/2028	49,784.70	5,836.26	43,948.44	468,004.40
14	06/01/2029	49,784.70	5,335.25	44,449.45	423,554.95
15	12/01/2029	49,784.70	4,828.53	44,956.17	378,598.78
16	06/01/2030	49,784.70	4,316.03	45,468.67	333,130.11
17	12/01/2030	49,784.70	3,797.68	45,987.02	287,143.09
18	06/01/2031	49,784.70	3,273.43	46,511.27	240,631.82
19	12/01/2031	49,784.70	2,743.20	47,041.50	193,590.32
20	06/01/2032	49,784.70	2,206.93	47,577.77	146,012.55
21	12/01/2032	49,784.70	1,664.54	48,120.16	97,892.39
22	06/01/2033	49,784.70	1,115.97	48,668.73	49,223.66
23	12/01/2033	49,784.70	561.04	49,223.66	0.00
Grand Totals		1,145,048.10	162,744.10	982,304.00	