



CITY OF DUNWOODY

400 Northridge Road
Suite 1250
Dunwoody, GA 30350
Phone: 678.382.6700 • Fax: 678.382.6701
www.dunwoodyga.gov

MEMORANDUM

To: City Council
From: Warren Hutmacher
Date: March 9, 2009
Item: Supplemental Lease

Staff Recommendation:

Staff recommends that the City Manager establish a supplemental five (5) year lease with SunTrust in the amount of \$600,000 at an interest rate not to exceed 3.93%. The contract will be fully funded at closing and all interest will accrue to the benefit of the City.

Background:

The City of Dunwoody must establish an additional lease with SunTrust to finance certain start up costs not originally funded in the adopted budget.

Discussion:

The recommended amount will allow us to fully pay for City Hall build-out costs not covered by the tenant improvement allowance. It will include the following:

1. Server/IT Equipment
2. VOIP
3. Software Applications
4. Audio Video System for City Hall
5. 24 x 7 Chiller

Staff originally pursued a supplemental lease with GMA. However, we were unable to complete an agreement with GMA through either BB&T or RBC Centura. The leasing proposal was sent to seven (7) additional major and local banks. Responses were received from SunTrust and Synovus. Synovus was not willing to offer a five (5) year term. SunTrust offered a five (5) term and presented bank qualified installment leasing with two options: one with a 3% prepayment penalty and one without a prepayment penalty.



CITY OF DUNWOODY

400 Northridge Road
Suite 1250
Dunwoody, GA 30350
Phone: 678.382.6700 • Fax: 678.382.6701
www.dunwoodyga.gov

Because there is less than \$3,500 difference in interest over the term of the lease, staff recommends selection of the option without the prepayment penalty. Depending on when the prepayment occurs, the 3% penalty could amount to as much as \$18,000.

Alternatives:

1. Finance each component separately at a significantly higher interest rate.
2. Allocate the budgeted rent funds directly to the build-out costs and use contingency funds to purchase the necessary systems.

Financial Impact:

The total interest for the five (5) year lease is estimated at \$63,249.90. The initial debt service payment of \$66,673.66 is due on September 15, 2009. Total annual debt service will be \$133,347.30.

Attachments:

SunTrust Leasing Proposal

SunTrust Equipment Finance & Leasing Corporation
303 Peachtree Street, N.E., 15th Floor, Mail Code GA Atlanta 130
Atlanta, GA 30308
Tel 404.658.4751
Fax 404.827.6695
dennis.mcdermott@suntrust.com

Dennis M. McDermott
Vice President



March 4, 2009

Lisa Ferguson, CPA
Accounting Manager
City of Dunwoody
400 Northridge, Ste. 1250
Atlanta, GA 30350

Dear Ms. Ferguson:

SunTrust Equipment Finance & Leasing Corporation is pleased to provide the following proposal to finance the acquisition of various equipment by the City of Dunwoody.

General Structure:	Listed below is an outline of some of the significant terms and conditions of the financing.
Borrower:	City of Dunwoody, GA, (the "City")
Amount:	\$600,000
Facility:	Tax Exempt, Bank Qualified Installment Financing Contract (the "Contract").
Purpose:	To provide financing for the acquisition of various equipment (the "Equipment")
Security:	<ul style="list-style-type: none">• A security interest in the Equipment financed.• Annual appropriation of funds by the City.
Term:	Five (5) year

Interest Rate:	Tax Exempt, Bank Qualified Rate	
		Current Rate
	Option 1: Fixed Rate (prepayment at 103% of Par)	3.73%
	Option 2: Fixed Rate (prepayment allowed on any payment date with no penalty)	3.93%
	Upfront Costs: Bank document fees	\$500 plus UCC fees

Payment Amount: See attached amortizations

Optional Redemption: Option 1: The City will have the ability to prepay the Contract on any payment date at 103% of Par
Option 2: Prepayment will be allowed on any payment date at par

Funding: The Contract will be fully funded at closing.

Escrow of Funds: Lessor has assumed 100% funding into an escrow account on the date of closing for this transaction. The escrow account will be used to pay vendors and any escrow expenses.

Escrow Agent is assumed to be SunTrust Bank. Lessor will review and approve escrow disbursements prior to Escrow Agent disbursing funds. It is assumed that **all interest earnings will accrue for benefit of Lessee**. This proposal also does not take into consideration the application of any interest earnings from the escrow fund of the account. An escrow set up fee of \$250 will be assessed.

The interest rate is firm for a funding by March 13, 2009, if this proposal is selected by February 17, 2009, subject to final approval by the governing body of the City. If the financing is not selected and closed within the above described timeframe, the interest rate will be subject to change based on the three (3) year swap rate. The financing is subject to final credit approval by the Credit/Investment Committee of SunTrust Bank and approval of the lease documents in SunTrust Equipment Finance & Leasing Corporation's sole discretion.

Very truly yours,



Dennis M. McDermott
Vice President

City of Dunwoody, GA

Assumed Funding Date: 3/15/2009
 Financing Amount: \$ 600,000.00
 Interest Rate: 3.730%
 Payments per Period 2
 Payment Amount \$ 66,324.99

Date	Payment	Interest	Principal	Balance	Prepayment Price
9/15/2009	\$ 66,324.99	\$ 11,190.00	\$ 55,134.99	\$ 544,865.01	\$ 561,210.96
3/15/2010	66,324.99	10,161.74	56,163.25	488,701.76	503,362.81
9/15/2010	66,324.99	9,114.29	57,210.70	431,491.06	444,435.79
3/15/2011	66,324.99	8,047.31	58,277.68	373,213.38	384,409.78
9/15/2011	66,324.99	6,960.43	59,364.56	313,848.82	323,264.28
3/15/2012	66,324.99	5,853.28	60,471.71	253,377.11	260,978.42
9/15/2012	66,324.99	4,725.48	61,599.51	191,777.61	197,530.93
3/15/2013	66,324.99	3,576.65	62,748.34	129,029.27	132,900.15
9/15/2013	66,324.99	2,406.40	63,918.59	65,110.68	67,064.00
3/15/2014	66,324.99	1,214.31	65,110.68	(0.00)	(0.00)
	\$ 663,249.90	\$ 63,249.90	\$ 600,000.00		

City of Dunwoody, GA

Assumed Funding Date: 3/15/2009
 Financing Amount: \$ 600,000.00
 Interest Rate: 3.930%
 Payments per Period 2
 Payment Amount \$ 66,673.66

Date	Payment	Interest	Principal	Balance	Prepayment Price
9/15/2009	\$ 66,673.66	\$ 11,790.01	\$ 54,883.65	\$ 545,116.35	\$ 545,116.35
3/15/2010	66,673.66	10,711.54	55,962.12	489,154.23	489,154.23
9/15/2010	66,673.66	9,611.89	57,061.77	432,092.45	432,092.45
3/15/2011	66,673.66	8,490.62	58,183.04	373,909.41	373,909.41
9/15/2011	66,673.66	7,347.32	59,326.34	314,583.08	314,583.08
3/15/2012	66,673.66	6,181.56	60,492.10	254,090.98	254,090.98
9/15/2012	66,673.66	4,992.89	61,680.77	192,410.21	192,410.21
3/15/2013	66,673.66	3,780.86	62,892.80	129,517.41	129,517.41
9/15/2013	66,673.66	2,545.02	64,128.64	65,388.77	65,388.77
3/15/2014	66,673.66	1,284.89	65,388.77	(0.00)	(0.00)
	\$ 666,736.60	\$ 66,736.60	\$ 600,000.00		

SCHEDULE F

ORDINANCE/RESOLUTION FOR SUPPLEMENTAL LEASES

A RESOLUTION OR ORDINANCE TO AUTHORIZE AND
DIRECT AN OFFICER OF THE CITY
TO EXECUTE ONE OR MORE LEASE SUPPLEMENTS FOR A LEASE
OR LEASES; TO DESIGNATE SUCH LEASES AS QUALIFIED TAX-EXEMPT
OBLIGATIONS;
TO PROVIDE AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

WHEREAS, the City has entered into a Capital Lease (the "Lease") dated as of March 31, 2009, with SunTrust Bank, for the leasing from time to time of certain equipment, machinery or other personal property pursuant to Supplemental Leases;

NOW THEREFORE, BE IT RESOLVED OR ORDAINED AS FOLLOWS BY THE GOVERNING BODY OF THE CITY:

1. The Mayor of the City is hereby authorized and directed to execute and deliver a Lease Supplement pursuant to the Master Lease to put into effect one or more leases for servers/IT Equipment, telephone system, network equipment, software and applications, audio/video system, chiller (the "Leased Property"); said officer of the City is authorized and directed in the name and on behalf of the City to execute and deliver (i) one or more Lease Supplements for items of the Leased Property in substantially the form attached to the Master Lease, with such changes and additions as may be approved by said officer, and (ii) such other documents as may be deemed by such officer to be necessary or desirable to effect the purposes hereof or of the Master Lease, and such execution shall constitute conclusive evidence that the executed document has been authorized and approved hereby; the aforesaid officer is further authorized to do all things necessary or appropriate to effectuate the purposes hereof.
2. An appropriation in the City's 2010 operating budget will be made in the amount of \$66,324.99, which shall be sufficient to pay the "Rentals" and the "Termination Payment" during the "Starting Term" under such Lease Supplements;
3. The lease or leases contemplated by the said Lease Supplements are hereby designated "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and said officer shall be authorized to confirm such designation by execution of appropriate documents in connection therewith.
4. This authorization shall be effective immediately.

CLERK'S CERTIFICATE

The undersigned hereby certifies that he or she is the Clerk of the City of Dunwoody, Georgia (the "City"), and that the lease Resolution was adopted by the governing body of the City at a meeting duly held on March 9, 2009, at which a quorum was present and acting throughout, and that the same has not been rescinded or modified and is now in full force and effect. Given under the seal of the City, this March 9, 2009.

(SEAL) _____ City Clerk