

AN ORDINANCE NO. 87-141-134

ADOPTED JUN 22 1987

Authorizing the Director of Finance, for and on behalf of the City of Richmond, to enter into an agreement with Sovran Bank, N.A., concerning the financing of certain machinery and equipment purchased or to be purchased on an installment basis pursuant to Section 7.02(f) of the Charter of the City of Richmond, and execute an Equipment Financing Note in the amount of \$2,300,000 in conjunction therewith.

Patron - City Manager

Approved as to form and legality
by City Attorney

WHEREAS, paragraph (f) of Section 7.02 of the Charter of the City of Richmond enumerating purposes for which bonds or notes of the City may be issued provides for the issuance of notes for the purchase of machinery or equipment on the installment basis; and

WHEREAS, the Director of Finance of the City of Richmond for the purpose of financing the purchase of machinery and equipment proposes to enter into an agreement with Sovran Bank, N.A., for borrowing \$2,300,000, such borrowing to be payable over a period not exceeding sixty months in duration and to be evidenced by an "Equipment Financing Note" in said amount of \$2,300,000 to be utilized for the purpose of refinancing, purchase and the payment of costs incurred in conjunction therewith of machinery and equipment, including equipment for the Department of Public

PURCHASE AGREEMENT

This Agreement is made as of _____, 1987 by and between Sovran Bank, N.A., a national banking association, (the "Bank") and the City of Richmond, Virginia, a municipal corporation of the Commonwealth of Virginia, (the "City"). The Bank has agreed to purchase the City's Note subject to the terms and conditions of this Agreement. Accordingly, the Bank and the City hereby agree as follows:

1. On or before _____, 1987, the Bank agrees to purchase the City's note (the "Note") in the original principal sum of Two Million Three Hundred Thousand Dollars (\$2,300,000) (the "Note"). The Note shall be issued pursuant to Ordinance of the City Council of the City of Richmond the proceeds of which shall be used to purchase equipment for the City's municipal purposes, or to reimburse the City its costs and expenses incurred for equipment purchase in anticipation of the issuance of the Note. The Note shall be payable in monthly installments of interest and equal consecutive annual installments of principal due on the _____ day of _____ of each year, with the final installments of principal and interest thereof being due on _____, 1992 (the "Maturity Date").

2. Interest Remarketing. (a) The Note shall upon delivery bear interest at an initial rate determined by the Bank and approved by the City. Thereafter, the Bank shall determine the Weekly Rates for each seven day period thereafter beginning

on _____, 1987 until the Maturity Date, or until conversion to a Fixed Rate as hereinafter provided. Upon any change in a Weekly Rate, the Bank shall promptly notify the City by telephone not later than noon on the date a Weekly Rate is changed, which rate shall be confirmed in writing within two business days. The City may elect at any time prior to the Maturity Date to convert the Weekly Rates as hereinafter provided. Accrued interest shall be payable monthly on the first business day of each month for the previous month beginning on _____, 1987, and will be computed for actual days elapsed on the basis of a 365-day year.

(b) The City shall have the option at any time to fix the rate of interest on the then outstanding principal amount of the Note, such fixed rate to be determined in accordance with the formula set forth under the caption "Fixed Rate Option" in the Official Statement. The City's Director of Finance shall advise the Bank in writing of the City's exercise of such option at least ___ days prior to the date on which it intends for the rate to be fixed, which date, together with the rate as so determined, shall be specified in such notice. The interest rate once fixed in accordance herewith shall remain in effect until payment of the Note in full and the provisions for variable interest rates set forth in Section 2(a) above shall be of no further force or effect.

(c) Purchaser of interests in the Note shall have the right as described in the Official Statement to tender his or her interest for repurchase upon notice of a change in a Weekly Rate

or the City's conversion to a Fixed Rate. If no event of default shall have occurred hereunder then Sovran shall have the obligation to repurchase or arrange for a sale of the tendered interest in accordance with a Remarketing Agreement referenced in the Official Statement.

3. Arbitrage. The City covenants to take no action or permit to suffer any action which could be in violation of its Arbitrage Certificate of even date; and that the equipment purchased with the proceeds hereof shall only be used for municipal purposes.

4. Conditions to Purchase. The following conditions must be satisfied prior to the Bank's purchase of the Note:

- (a) Receipt by the Bank of executed copies of this Agreement and the Note.
- (b) Receipt by the Bank of executed copies of The Official Statement and IRS Form 8038.
- (c) Receipt by the Bank of a certified copy of all resolutions and ordinances adopted by or with respect to the City to authorize the transactions contemplated hereby (the Bond Resolution).

(d) Receipt by the Bank of an opinion of bond counsel acceptable to the Bank to the effect that (i) the Note has been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, (ii) the Note is a valid and legally binding obligation of the City, secured by a pledge of its full faith and credit for the payment of both principal and interest, and (iii) interest on the Note will be exempt from all Federal and Virginia State income taxes.

(e) No event shall have occurred and be continuing which constitutes a default hereunder, or which would constitute a default but for the requirement that notice be given or that a period of time elapse, or both.

(f) All documentation, opinions and other legal matters incident to the issuance and delivery of the Note shall be satisfactory to the Bank's counsel.

5. Default. The following shall constitute events of default under this Agreement:

- (a) Failure of the City to make a payment of principal or interest on either the Note when due;
- (b) Failure of the City to perform or observe any term, covenant or condition contained herein if such failure shall continue unremedied for 30 days after written notice thereof is given to the City by the Bank;
- (c) The occurrence of an event of default with respect to any other present or future indebtedness of the City which continues unremedied after any grace period applicable thereto;
- (d) If the rating assigned by Moody's Investor Service or Standard and Poor's Corporation to general obligations instruments issued by the City is lower than "____" or "____", respectively;
- (e) The filing of a petition in bankruptcy by or against the City;
- (f) The Bank determines that any representation, warranty or opinion made or given by or on behalf of the City in connection with the Note is inaccurate or untrue in any material respect.

Upon the occurrence of any event of default, any obligation of the Bank to purchase the Note shall terminate and the Bank may, at its option, declare all indebtedness of the City to the Bank to be immediately due and payable. The City agrees to pay all costs and expenses incurred by the Bank in enforcing any obligation hereunder or under the Note.

6. Miscellaneous.

- (a) All notices, requests, demands and other communications given in connection with this agreement shall be in writing and mailed or delivered to the parties at the following addresses:

If to the Bank, at: /111 East Main Street
 Richmond, Virginia 23261
 Attention: Public Finances
 Dept.

If to the Borrower, at: Director of Finance
 City of Richmond
 900 East Broad Street
 Richmond, Virginia 23219

or at such other addresses as may be designated by such party from time to time by writing forwarded in the like manner.

- (b) No delay or failure on the part of the Bank in exercising any power or right hereunder or under the Note shall operate as a waiver thereof, nor

shall any single or partial exercise of any power or right preclude any other future exercise thereof, or the exercise of any other power or right.

(c) This Agreement shall be governed by the laws of the Commonwealth of Virginia.

Executed as of the day and year first above written.

CITY OF RICHMOND, VIRGINIA

By _____

Title _____

SOVRAN BANK, N.A.

By _____

Title _____

ORDINANCE OR RESOLUTION SUMMARY
CITY OF RICHMOND, VIRGINIA

Resolution Ordinance No. 87-141	Subject
Requested by City Manager	Enter into agreement with Sovran Bank for financing of certain machinery
Received City Manager's Office -----	
Summarized June 15, 1987	

SUMMARY

This Ordinance would authorize the Director of Finance, for and on behalf of the City of Richmond, to enter into an agreement with Sovran Bank, N.A., concerning the financing of certain machinery and equipment purchased or to be purchased on an installment basis, and execute an Equipment Financing Note in the amount of \$2,300,000 in conjunction therewith.

The equipment/machinery to be financed/purchased is for use by the Department of Public Safety (Fire and Police equipment), Department of Public Works and the Department of Recreation and Parks (trucks and other motorized equipment) exclusive of ordinary passenger motor vehicles.

COUNCIL ACTION

On Docket 6/22/87
Amended
Adopted
Rejected