

AN ORDINANCE NO. 85-215-205

ADOPTED AUG 26 1985

Authorizing the Director of Finance, for and on behalf of the City of Richmond, to execute a modified agreement made with Central Fidelity Bank concerning financing of certain machinery and equipment purchased by the City on an installment plan pursuant to Section 7.02(f) of the Charter of the City of Richmond, and to execute notes in conjunction therewith, said agreement entered into pursuant to adoption of Ordinance No. 84-288-256 on November 19, 1984, modification to provide for adjustment of interest rates should federal tax laws or regulations be amended concerning the general level of corporate tax rates, allowance of interest preferences to banks concerning deductibility of expenses in carrying tax-exempt obligations, and to enable Central Fidelity Bank to preserve its net interest margin on moneys loaned to the City of Richmond pursuant to the agreement.

Patron - City Manager

Approved as to form and legality
by City Attorney

1. THE CITY OF RICHMOND HEREBY ORDAINS:
2. § 1. That the Director of Finance, for and on
3. behalf of the City of Richmond, be and is hereby authorized
4. and directed to enter into a modification of the City's
5. agreement with Central Fidelity Bank for the purpose of
6. amending the agreement attached to the draft of Ordinance
7. No. 84-288-256, adopted November 19, 1984, such modifying
8. language to be inserted in the agreement as set out and
9. underlined herein.

1. THIS AGREEMENT, made this _____ day of November,
2. 1984, by and between CENTRAL FIDELITY BANK, ("Central"), a
3. National Banking Association, lender, and the CITY OF
4. RICHMOND ("City"), a municipal corporation of the
5. Commonwealth of Virginia, borrower,

6. W I T N E S S E T H:

7. The City of Richmond agrees to execute and deliver
8. to Central Fidelity Bank, a Revolving Credit Note, said note
9. to be substantially in the form as "Exhibit A" attached
10. hereto and made a part hereof, and in consideration of which
11. note, Central Fidelity Bank, agrees to loan to the City of
12. Richmond a sum not to exceed FOUR MILLION DOLLARS
13. (\$4,000,000). The City of Richmond may then, from time to
14. time, borrow sums in principal amounts of not less than
15. \$100,000 nor more than \$1,000,000, to be used for the
16. purchase of machinery and equipment as authorized in
17. paragraph (f) of Section 7.02 of the Charter of the City of
18. Richmond and there shall be appended to the Revolving Credit
19. Note a schedule upon which shall be listed each individual
20. note evidencing such amount as may be borrowed by the City
21. of Richmond. Each individual loan made to the City of
22. Richmond shall bear interest in the amount of 60% of the
23. prime rate of the interest then charged by Central at the
24. time of the execution of the note. Interest shall be

1. subject to adjustment to conform to the prevailing prime
2. rate charged by Central at the first day of each and every
3. quarter for which any individual note may remain outstand-
4. ing; Central Fidelity Bank having established the rate of
5. interest chargeable on amounts to be advanced to the City of
6. Richmond pursuant to this agreement, with due regard to the
7. general level of corporate income tax and the interest
8. preferences allowed banks concerning deductibility of
9. interest expense to carry tax-exempt obligations, should
10. action by the Congress of the United States amend tax laws,
11. or authorize changes in tax regulations, or other govern-
12. mental action that would cause the bank's yield from such
13. obligation to be impacted, the Central Fidelity Bank and
14. the Director of Finance, with concurrence of the City
15. Manager, are authorized to agree to an adjustment of the
16. interest rate on advances to preserve Central Fidelity
17. Bank's net interest margin on the debt. The City of
18. Richmond reserves the right to prepay at any time without
19. penalty for such prepayment indebtedness incurred through
20. advances made by virtue of this agreement. Interest shall
21. be computed on a 360 day basis each year and shall be
22. payable on the last day of each quarter in each calendar
23. year, except that interest payable with the final
24. installment of any note shall be payable simultaneously with
25. the payment of such final installment. The City of Richmond

1. shall pay the interest and curtails on principal of the note
2. from appropriations made in general fund budgets adopted by
3. the Council of the City of Richmond and any such payments on
4. principal and interest or of interest shall be subject to
5. funds having been appropriated and being available for such
6. payment. In the event of the non-appropriation of funds or
7. the non-availability of funds to make payments of interest
8. and curtails, the City of Richmond may at its option, to be
9. exercised by the giving of sixty days prior written notice
10. to Central Fidelity Bank, terminate this agreement as of
11. the end of any fiscal year for which funds have been
12. appropriated. Upon the termination of this agreement by
13. Central Fidelity Bank the City shall transfer to Central
14. Fidelity Bank title to any machinery or equipment for which
15. individual loans have been made, executed and delivered to
16. Central Fidelity Bank and, upon tender of such machinery and
17. equipment, any and all notes then outstanding as to such
18. equipment and machinery shall be cancelled and returned to
19. maker. The transfer of any such machinery and equipment to
20. Central Fidelity Bank shall be free of all liens, claims and
21. encumbrances. Central shall release any liens, claims or
22. encumbrances which may have been created in favor of Central
23. Fidelity Bank. Upon relinquishment by the City of Richmond
24. of all ownership and equitable rights to machinery and

1. equipment and extinguishment of any liens, the City shall
2. have no further rights and no further obligations pursuant
3. to this agreement. The City of Richmond will, where
4. requisite, obtain all governmental authorizations necessary
5. to surrender and deliver any machinery and equipment to
6. Central Fidelity Bank. If any machinery or equipment is
7. broken (not to include such damage as shall reasonably
8. constitute normal wear and tear) or has parts missing at the
9. time of surrender and delivery, the City of Richmond will
10. pay such sums as may be necessary to cover replacement of
11. broken or missing parts.

12. During the period this agreement is in force, the
13. City of Richmond will not appropriate any funds for the
14. acquisition of machinery or equipment of similar or greater
15. capability or capacity than that purchased through the
16. issuance of individual notes, but shall apply all such funds
17. appropriated for purchase of similar machinery and equipment
18. to payment of any individual note scheduled on the Revolving
19. Credit Note. The City of Richmond will not give priority
20. nor parity by the application of appropriated funds to lease
21. or acquire other machinery or equipment of similar or
22. greater capability or capacity.

23. The Director of Finance of the City of Richmond will
24. during the period for which this agreement is in force and

1. effect advise Council of the funds that will be required to
2. meet payment of interest and curtail of principal on all
3. individual notes outstanding during each upcoming fiscal
4. year and will request the City Manager to include in each
5. general fund budget submitted to Council an appropriation in
6. a sum sufficient to make payment of such interest and
7. curtail of principal. Funds appropriated for such purpose
8. shall be applied to payment of moneys becoming due and
9. payable to Central Fidelity Bank under the terms of this
10. agreement.

11. The City of Richmond agrees to appropriate a sum
12. sufficient to meet the interest payable and principal
13. curtail to be made during the first full fiscal year
14. commencing after the execution of this agreement.

15. IN WITNESS WHEREOF, Central Fidelity Bank and the
16. City of Richmond have caused this agreement to be executed
17. on their behalfs by the officers of each duly authorized so
18. to do.

19. § 2. This ordinance shall be in force and effect
20. upon adoption.

21.
22.
23.
24.

ORDINANCE OR RESOLUTION SUMMARY
CITY OF RICHMOND, VIRGINIA

Resolution
 Ordinance No. 85-215

Requested by ... City Manager

Received City Manager's Office

Summarized 8/20/85

Subject

To Execute Agreement

SUMMARY

This ordinance would authorize the Director of Finance to execute a modified agreement made with Central Fidelity Bank concerning financing of certain machinery and equipment purchased by the City on an installment plan and to execute notes to provide for adjustment of interest rates should federal tax laws or regulations be amended concerning the general level of corporation tax rates, allowance of interest preferences to banks concerning deductibility of expenses in carrying tax-exempt obligations, and to enable Central Fidelity Bank to preserve its net interest margin on moneys loaned to the City of Richmond.

COUNCIL ACTION

On Docket 8-26-85

Amended

Adopted

Rejected