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# CITY PROCEDURE

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**SUBJECT:** Lease Line of Credit  
Operating Budget Requests

No. F-7.0

**Effective:** June 30, 1993

**Revised:** September 1, 2008

**Revised:** October 14, 2013

**Approved:** Constance P. Sanchez

**Date:** 10-14-13

**Constance P. Sanchez**  
**Director of Financial Services**

## PURPOSE:

The purpose of this policy is to provide financing of essential equipment for the City.

## POLICY:

Through the budget process, equipment will be identified that must be lease purchased due to lack of funding for outright purchase. The equipment must be essential to perform services and the life of the equipment equal to or greater than the recommended financing term. Depending upon useful life, the equipment may be financed for terms of two to ten years.

## PROCEDURES:

- I. The Department obtains approval for lease purchase during budget process. Requests to use lease purchase outside of the budget process require approval of the City Manager or his designee.
- II. Once the purchase has been approved by City Council, the Department sends the invoice and certified motion approving the purchase by the City Council approval to Cash Management.
- III. Cash Management sends an e-mail to the leasing company requesting financing and provides the specified term of the loan. A copy of the invoice is attached to the e-mail along with the certified motion approving purchase by City Council.
- IV. The leasing company reviews and approves the financing and sends Cash Management an amortization schedule with the stated interest rate, IRS Form 8038-

G, Universal Commercial Code (UCC) draft, advance rent invoice and a copy of the Bloomberg benchmark rate.

- V. Cash Management completes the following Exhibits, obtains all needed signatures and transmits to the leasing company:
  - A. Exhibit A - Property Description
  - B. Exhibit B - Schedule of Lease Payments Relating to Property
  - C. Exhibit C - Certificate of Acceptance
- VI. Cash Management makes all scheduled payments.
- VII. Cash Management retains the contract package for the life of the lease purchase term.
- VIII. Cash Management provides a copy of the monthly lease payment schedule to departments with outstanding lease payments.

**QUESTIONS REGARDING THIS POLICY:**

Questions regarding this Policy shall be directed to the Director of Financial Services or designee, who may be contacted at (361) 826-3613.

**Exhibit A**

**“27:2005-5”  
Property Description**

The following Property comprises a Property Group which is subject to the terms and conditions of that certain Master Lease Agreement entered into by and between the City of Corpus Christi and “X” Leasing Company (Lessor) dated the 30<sup>th</sup> day of November, 2012.

Invoice #	Qty	Description	Amount
E01151	1	GE XL3100 4X4 truck-mounted excavator	\$241,683.18
		Total	\$241,683.18

**All Property made subject of this Agreement is owned by and under the sole and exclusive use of the City of Corpus Christi, a political subdivision of the State of Texas, and is used as part of the City’s governmental services in furtherance of its public purpose. The City asserts all exemptions provided for political subdivisions of the State of Texas as authorized under the Constitution and laws of the State of Texas against the assessment, levy, or charges for ad valorem taxation, personal property taxation, or any other charges.**

LESSOR: “X” Leasing Company

CITY OF CORPUS CHRSTITI

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Constance P. Sanchez  
Director of Financial Services

LEGAL FORM APPROVED ON NOVEMBER 30, 2012.

By: \_\_\_\_\_  
Lisa Aguilar  
Assistant City Attorney  
for City Attorney

**Exhibit B**

**"27:2005-5"**

**SCHEDULE OF LEASE PAYMENTS RELATING TO PROPERTY**

The following schedule of Lease Payments constitutes the applicable payments for the Property Group described on Exhibit A 27:2005-5 attached to that certain Master Lease Purchase Agreement entered by and between the City of Corpus Christi and "X" Leasing Company (Lessor) dated the 30<sup>th</sup> day of November, 2012.

**See attached amortization schedule**

**All Property made subject of this Agreement is owned by and under the sole and exclusive use of the City of Corpus Christi, a political subdivision of the State of Texas, and is used as part of the City's governmental services in furtherance of its public purpose. The City asserts all exemptions provided for political subdivisions of the State of Texas as authorized under the Constitution and laws of the State of Texas against the assessment, levy, or charges for ad valorem taxation, personal property taxation, or any other charges**

LESSOR: "X" Leasing Company

CITY OF CORPUS CHRSTI

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Constance P. Sanchez  
Director of Financial Services

LEGAL FORM APPROVED ON NOVEMBER 30, 2012.

By: \_\_\_\_\_

Lisa Aguilar  
Assistant City Attorney  
for City Attorney

**Exhibit C**

**"27:2005-5"**

**CERTIFICATE OF ACCEPTANCE**

I, the undersigned, hereby certify that I am the duly qualified and Director of Financial Services of the City of Corpus Christi, (the City), and, with respect to the Master Lease Purchase Agreement dated November 30, 2012, (the Agreement), by and between Lessor and the City that:

1. The Property listed on Exhibit A "27:2005-5" (the Property Group) has been delivered and installed in accordance with the City's specifications (as that term is defined in the Agreement) and has been fully tested and finally accepted by the City. The serial vehicle identification number(s) of the Property Group is/are listed on Exhibit A "27:2005-5".
2. The Lease Payments provided for on the page of Exhibit B "27:2005-5" relating to such Property Group (the Lease Payments) shall commence monthly, and be due and payable on the first business day of each month thereafter.
3. The City has appropriated and/or taken other lawful actions necessary to provide monies sufficient to pay all Lease Payments required to be paid under the Lease during the current fiscal year of Lessee, and such monies will be applied in payment of all such Lease Payments due and payable during such fiscal year.
4. During the Lease Term (as defined in the Lease) the Property Group will be used by the City to perform essential governmental functions devoted exclusively to public use. Such functions are: Streets department – Excavating of streets for street repairs.
5. The City has not terminated and Lease under Section 4.2 of the Agreement and no Event by Default has occurred there under.
6. There is no litigation, action, suit or proceeding pending before and court, administrative agency, arbitrator or governmental body that challenges the organization or existence of the City; the authority of the City or its officers or its employees to enter into the Lease; the proper authorization, approval and execution of the Lease and other documents contemplated thereby; the appropriation of monies, or any other action taken by the City to provide monies, sufficient to make lease payments coming due under the Lease in the City's current fiscal year; or the ability of the City otherwise to perform its obligations under the Lease and the transaction contemplated thereby.

CITY OF CORPUS CHRSTI

\_\_\_\_\_  
Constance P. Sanchez  
Director of Financial Services

LEGAL FORM APPROVED ON NOVEMBER 30, 2012.

By: \_\_\_\_\_  
Lisa Aguilar

Assistant City Attorney  
for City Attorney

EXAMPLE