

RESOLUTION OF THE CITY COUNCIL

No. 27

Approved January 13, 2016



RESOLVED, That the Members of the Providence City Council
hereby Authorize Approval of the following Change Order Contract Award by the
Board of Contract and Supply, in accordance with Section 21-26 of the Code of
Ordinances.

MLC (Municipal Leasing Consultants)
(Finance Department)

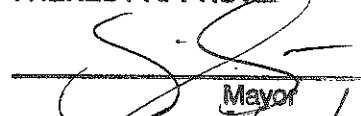
\$13 million dollars

IN CITY COUNCIL

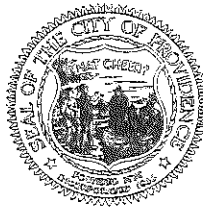
JAN 07 2016

READ AND PASSED

PRES.

CLERK

I HEREBY APPROVE


Mayor
Date: 1/13/16

MATTHEW M. CLARKIN, JR.
INTERNAL AUDITOR
25 DORRANCE STREET, ROOM #307
PROVIDENCE, RI 02903
Phone: (401) 421-7740 EXT. 577
Fax: (401) 351-1056
mclarkin@providenceri.com



City of Providence, Rhode Island Office of the Internal Auditor

December 14, 2015

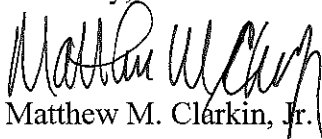
Ms. Lori Hagen
City Clerk's Office
City of Providence
25 Dorrance Street
Providence, RI 02903

Dear Lori:

I am writing to request that the following requested contract award be submitted to the City Council and the Finance Committee for approval.

- *Finance Department* – Approval of a change order with MLC for the financing the city's LED Street Lighting Conversion Project in an amount not to exceed \$13.0 million.

Sincerely,


Matthew M. Clarkin, Jr.
Internal Auditor

Cc:

Lawrence Mancini, Director of Finance
Cyd McKenna, Chief of Staff – City Council
James Lombardi, City Treasurer/ Sr. Advisor to City Council

Lawrence J. Mancini
Finance Director



Jorge O. Elorza

Mayor

Finance Department
"Building Pride In Providence"

December 9, 2015

Honorable Jorge O. Elorza
Chairman, Board of Contract and Supply
City Hall
Providence, RI 02903

Dear Mayor Elorza:

On behalf of the City of Providence Department of Public Property and Finance Department, we are hereby respectfully requesting an amendment and change order to the current Master Lease Financing Agreement with:

MLC (Municipal Leasing Consultants)
7 Old Town Lane
Grand Isle VT 05458

in the amount of \$13,000,000 (Thirteen Million Dollars and no cents) for financing for the City's LED Street Lighting conversion project.

This will be represented by a secondary Schedule of Master Lease for this amendment. The original Master Lease bids were opened on April 7, 2014 and the master Lease was awarded on May 19, 2014. The City Council approval of the borrowing resolution was adopted and effective July 14, 2014.

The terms that have been presented by MLC for this project financing are:

10 year financing at 2.59 percent interest, with the first payment due 18 months from closing, which is expected to be in the FY 18 budget (July 2017). There will be an interest-only payment of \$162,353.97 due within six months of closing, based upon the terms negotiated by the City and agreed to by MLC, followed by 10 annual payments of \$1,637,872 beginning in July 2017. (FY 18 Budget year).

The Department of Public Property has been conducting negotiations with PRISM (The project manager for this project) who will manage the purchase acquisition of the street lights from National Grid, the supply and installation of the new LED lights and the maintenance of the lights going forward. Furthermore, PRISM has managed the public and competitive bid process for the new equipment.

The streetlight conversion project is expected to save approximately \$3,000,000 per year in lighting electricity costs before the debt-service associated with its acquisition and conversion costs.

Lawrence J. Mancini
Finance Director



Jorge O. Elorza

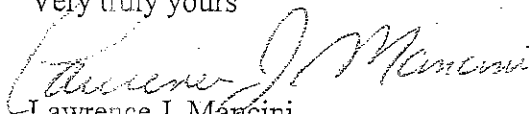
Mayor

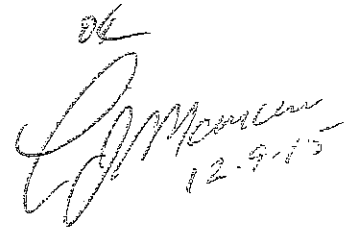
Finance Department
"Building Pride In Providence"

The Department of Public Property had received proposals from alternative funding sources, as solicited by PRISM (the project manager under this project) which were not as competitively priced as our current Master Lease Financing vendor. MLC was approximately 1 full percentage point (96 basis points) lower than the next competitive bidder (Bank of America) and 1.76 basis points lower than the second competitive bidder (Green World). The additional terms and repayment options were also more favorably offered by MLC.

The funding for the Master Lease Payment will be provided for by the General Fund, as part of its annual appropriation for debt-service and will be generated by the energy savings from the street light conversion.

Very truly yours


Lawrence J. Mancini
Finance Director


12-9-15

CC:

Brett P. Smiley
Tony Simon
Alan R. Sepe



Municipal Leasing Consultants
7 Old Town Lane
Grand Isle, VT 05458-2325
Tel (802) 372-8435
Fax (802) 372-4775
www.PowerOfLeasing.com

November 24, 2015

Lawrence J. Mancini
Finance Director
City of Providence
25 Dorrance Street, Room 207
Providence, RI 02903

Dear Lawrence,

Municipal Leasing Consultants, an independent woman-owned business, is pleased to present the following proposal to lease certain capital equipment pursuant to the following terms and conditions:

LESSOR: Municipal Leasing Consultants, its Agents or Assignee
LESSEE: City of Providence, RI
EQUIPMENT: LED Street Lighting Project
EQUIPMENT COST: \$13,000,000.00 approximate

PAYMENT STRUCTURES: See Attached Payment Schedules

Option 1: Tax-Exempt Lease Purchase – 8 Yrs w/first payment due 6 months after funding, followed by equal annual payments in arrears.

Rate: 2.39%

Option 2: Tax-Exempt Lease Purchase – 10 Yrs w/first payment due 6 months after funding, followed by equal annual payments in arrears.

Rate: 2.59%

Option 3: Tax-Exempt Lease Purchase – 12 Yrs w/first payment due 6 months after funding, followed by equal annual payments in arrears.

Rate: 2.69%

Please initial and circle the desired option.

As part of the proposal process, we encourage you to contact us to discuss the intricacies of our proposal and your specific goals. There are many variations available to our proposed financing structure, which can be "fine tuned" as our dialog progresses.

The preceding costs are estimates and thus, the payment amount would be changed in proportion to the actual cost. The Vendor(s) will be paid upon the Lessee's authorization and the execution of mutually acceptable documentation.

THE ABOVE QUOTES ARE FIXED FROM NOVEMBER 24, 2015 TO DECEMBER 24, 2015 IN ANTICIPATION OF CLOSING / FUNDING BY THIS DATE. THEREAFTER, THE RATE WILL FLOAT AND NOT BE LOCKED IN UNTIL DOCUMENTS ARE PREPARED FOR CLOSING AND WILL BE BASED ON THE LIKE TERM SWAP RATES.

EQUIPMENT ACCEPTANCE DATE:

This proposal is based on both the assumption and the condition that any and all equipment will be delivered to and accepted by Lessee prior to November 24, 2016.

OPTION AT LEASE EXPIRATION:

At the lease expiration, the Lessee shall have the right to purchase the equipment for One dollar (\$1.00), assuming the lease is not in default and all terms and conditions of the lease have been met.

NET LEASE:

This lease will be a net lease transaction with maintenance, acceptable insurance coverage, taxes and any legal fees the responsibility of the Lessee.

LEASE AMORTIZATION SCHEDULE:

Amortization schedules with separate principal and interest cost breakdown will be provided with the final documentation.

WARRANTIES:

Lessor is bidding only as to the provision of lease purchase financing for the purchase cost of the equipment and will have no responsibility to the Lessee or any other person for the selection, furnishing, delivery, servicing or maintaining of the equipment. All equipment manufacturer or vendor warranties will be passed to the Lessee under the agreement.

NON-APPROPRIATION:

The lease payments shall be subject to annual appropriation for each fiscal year.

BANK OR NON-BANK QUALIFICATION:

Lessee reasonably anticipates the total amount of tax-exempt obligations (other than private activity bonds) to be issued by Lessee during calendar year 2015, will exceed ten million (\$10,000,000.00) dollars.

FINANCIAL STATEMENTS:

If applicable, Lessee shall furnish Lessor with its financial statement for the last three (3) fiscal years and its current year fiscal budget.

AUTHORIZED SIGNORS:

The Lessee's governing board shall provide MLC with its resolution or ordinance authorizing this Agreement and shall designate the individual(s) to execute all necessary documents used therein.

LEGAL OPINION:

The Lessee's counsel shall furnish MLC with an opinion of counsel letter covering this transaction and the documents used herein.

REIMBURSEMENT:

If Lessee intends to be reimbursed for any equipment cost associated with this agreement, intent for reimbursement from the proceeds of this Agreement must be evidenced, and must qualify under the Treasury Regulation Section 1.150.2.

DOCUMENTATION:

All documentation will be provided by Lessor, its Agents or Assignee, and must be satisfactory to all parties concerned.

ESCROW FUNDING:

If applicable, an escrow account will be established to make disbursements. The proceeds of the lease will be deposited into an Escrow Account. The fee on this account will be \$250.

PREPAYMENT OPTION:

The Lessee will have the option to prepay on any payment date for 102% of the remaining balance.

BASIS OF PROPOSAL:

This proposal is based upon financing being provided by Lessor and should not be construed nor relied upon as a commitment. Such a commitment is subject to formal credit review, approval and execution of mutually acceptable documentation. The contract, and not the proposal, will set forth the agreement between the parties.

We appreciate the opportunity to provide this proposal and look forward to working with you in the future. If the foregoing meets with the City's approval, please date and sign the acceptance below and return the signed proposal to the undersigned via email or fax to 802-372-4775 and subsequently remit payment of \$550.00 for the Documentation Fee. Failure to consummate this transaction once credit approval is granted will result in a \$550.00 fee being assessed to the City. Formal credit approval will be pursued upon receipt of the signed proposal and complete credit package. Credit approval normally takes ten (10) to fourteen (14) business days.

If you have any questions or need further information, please do not hesitate to contact me at 802/372-8435.

The foregoing is acknowledged and accepted as of the 9TH day of December, 2015.

City of Providence, RI

By: *Lauren J. Morrison*
Title: Finance Director

Sincerely,

Reneé M. Piché

Reneé M. Piché
President

renee.piche@powerofleasing.com

City of Providence, RI

Compound Period : Annual

Nominal Annual Rate : 2.390 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	01/07/2016	13,000,000.00	1		
2 Payment	07/01/2016	Interest Only	1		
3 Payment	07/01/2017	2,038,877.13	7	Annual	07/01/2023

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 01/07/2016				13,000,000.00
1 07/01/2016	149,816.99	149,816.99	0.00	13,000,000.00
2016 Totals	149,816.99	149,816.99	0.00	
2 07/01/2017	2,038,877.13	310,700.00	1,728,177.13	11,271,822.87
2017 Totals	2,038,877.13	310,700.00	1,728,177.13	
3 07/01/2018	2,038,877.13	269,396.57	1,769,480.56	9,502,342.31
2018 Totals	2,038,877.13	269,396.57	1,769,480.56	
4 07/01/2019	2,038,877.13	227,105.98	1,811,771.15	7,690,571.16
2019 Totals	2,038,877.13	227,105.98	1,811,771.15	
5 07/01/2020	2,038,877.13	183,804.65	1,855,072.48	5,835,498.68
2020 Totals	2,038,877.13	183,804.65	1,855,072.48	
6 07/01/2021	2,038,877.13	139,468.42	1,899,408.71	3,936,089.97
2021 Totals	2,038,877.13	139,468.42	1,899,408.71	
7 07/01/2022	2,038,877.13	94,072.55	1,944,804.58	1,991,285.39
2022 Totals	2,038,877.13	94,072.55	1,944,804.58	
8 07/01/2023	2,038,877.13	47,591.74	1,991,285.39	0.00
2023 Totals	2,038,877.13	47,591.74	1,991,285.39	
Grand Totals	14,421,956.90	1,421,956.90	13,000,000.00	

City of Providence, RI

Compound Period : Annual

Nominal Annual Rate : 2.590 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	01/07/2016	13,000,000.00	1		
2 Payment	07/01/2016	Interest Only	1		
3 Payment	07/01/2017	1,637,871.72	9	Annual	07/01/2025

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	01/07/2016				13,000,000.00
1	07/01/2016	162,353.97	162,353.97	0.00	13,000,000.00
2016 Totals		162,353.97	162,353.97	0.00	
2	07/01/2017	1,637,871.72	336,700.00	1,301,171.72	11,698,828.28
2017 Totals		1,637,871.72	336,700.00	1,301,171.72	
3	07/01/2018	1,637,871.72	302,999.65	1,334,872.07	10,363,956.21
2018 Totals		1,637,871.72	302,999.65	1,334,872.07	
4	07/01/2019	1,637,871.72	268,426.47	1,369,445.25	8,994,510.96
2019 Totals		1,637,871.72	268,426.47	1,369,445.25	
5	07/01/2020	1,637,871.72	232,957.83	1,404,913.89	7,589,597.07
2020 Totals		1,637,871.72	232,957.83	1,404,913.89	
6	07/01/2021	1,637,871.72	196,570.56	1,441,301.16	6,148,295.91
2021 Totals		1,637,871.72	196,570.56	1,441,301.16	
7	07/01/2022	1,637,871.72	159,240.86	1,478,630.86	4,669,665.05
2022 Totals		1,637,871.72	159,240.86	1,478,630.86	
8	07/01/2023	1,637,871.72	120,944.32	1,516,927.40	3,152,737.65
2023 Totals		1,637,871.72	120,944.32	1,516,927.40	
9	07/01/2024	1,637,871.72	81,655.91	1,556,215.81	1,596,521.84
2024 Totals		1,637,871.72	81,655.91	1,556,215.81	
10	07/01/2025	1,637,871.72	41,349.88	1,596,521.84	0.00
2025 Totals		1,637,871.72	41,349.88	1,596,521.84	
Grand Totals		14,903,199.45	1,903,199.45	13,000,000.00	

City of Providence, RI

Compound Period : Annual

Nominal Annual Rate : 2.690 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	01/07/2016	13,000,000.00	1		
2 Payment	07/01/2016	Interest Only	1		
3 Payment	07/01/2017	1,380,990.33	11	Annual	07/01/2027

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 01/07/2016				
1 07/01/2016	168,622.47	168,622.47	0.00	13,000,000.00
2016 Totals	168,622.47	168,622.47	0.00	13,000,000.00
2 07/01/2017	1,380,990.33	349,700.00	1,031,290.33	11,968,709.67
2017 Totals	1,380,990.33	349,700.00	1,031,290.33	
3 07/01/2018	1,380,990.33	321,958.29	1,059,032.04	10,909,677.63
2018 Totals	1,380,990.33	321,958.29	1,059,032.04	
4 07/01/2019	1,380,990.33	293,470.33	1,087,520.00	9,822,157.63
2019 Totals	1,380,990.33	293,470.33	1,087,520.00	
5 07/01/2020	1,380,990.33	264,216.04	1,116,774.29	8,705,383.34
2020 Totals	1,380,990.33	264,216.04	1,116,774.29	
6 07/01/2021	1,380,990.33	234,174.81	1,146,815.52	7,558,567.82
2021 Totals	1,380,990.33	234,174.81	1,146,815.52	
7 07/01/2022	1,380,990.33	203,325.47	1,177,664.86	6,380,902.96
2022 Totals	1,380,990.33	203,325.47	1,177,664.86	
8 07/01/2023	1,380,990.33	171,646.29	1,209,344.04	5,171,558.92
2023 Totals	1,380,990.33	171,646.29	1,209,344.04	
9 07/01/2024	1,380,990.33	139,114.93	1,241,875.40	3,929,683.52
2024 Totals	1,380,990.33	139,114.93	1,241,875.40	
10 07/01/2025	1,380,990.33	105,708.49	1,275,281.84	2,654,401.68
2025 Totals	1,380,990.33	105,708.49	1,275,281.84	
11 07/01/2026	1,380,990.33	71,403.41	1,309,586.92	1,344,814.76
2026 Totals	1,380,990.33	71,403.41	1,309,586.92	
12 07/01/2027	1,380,990.33	36,175.57	1,344,814.76	0.00

City of Providence, RI

Last interest amount increased by 0.05 due to rounding.

CONFIDENTIAL

City of Providence

Streetlights Program Financing Options

October 23, 2015

Providence Streetlights		BOA	Green World	Green World
City cash needed*		\$2,500,000	\$2,500,000	\$0
<u>Lease</u>				
	Principal	\$ 9,450,856	\$ 9,400,000	\$ 12,100,000
	Interest rate	3.55%	4.35%	4.35%
	Term	7 years	10 years	10 years
<u>Payment</u>				
	Total annual pmt.	\$ 1,548,520	\$ 1,178,900	\$ 1,516,350
	First pmt. Due	Nov-16	Dec-16	Dec-16
<u>Savings</u>				
	Streetlight savings	\$ 3,400,000	\$ 3,400,000	\$ 3,400,000
	Lease payment	\$ 1,548,520	\$ 1,178,900	\$ 1,516,350
	Net ANNUAL budget sav	\$ 1,851,480	\$ 2,221,100	\$ 1,883,650
<u>Notes:</u>				
		Equipment lease with streetlights as security	Streetlights are real property needed for security	Streetlights are real property needed for security

* This amount would be needed for cash flow during installation.
Incentives/rebates wil repay it after completion.

BoA has said they will offer same terms for the \$12.1 m option but no term sheet has been received.