

TOWNSHIP OF BIRCH RUN  
SAGINAW COUNTY, MICHIGAN

BIRCH RUN TOWNSHIP  
RESOLUTION APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO FINANCE THE  
ACQUISITION OF A FIRE TRUCK, AUTHORIZING EXECUTION OF SAID INSTALLMENT  
PURCHASE AGREEMENT, AND AUTHORIZING THE UNDERTAKING OF ALL OTHER  
NECESSARY AND REQUIRED ACTS IN CONNECTION WITH THE ACQUISITION AND  
FINANCING OF SAID PURCHASE

NO. 2020-08

At a Regular Meeting of the Birch Run Township Board, Township of Birch Run, Saginaw County, Michigan, held at the Township Meeting Room on the 12<sup>th</sup> day of May, 2020, at 7 o'clock Eastern Standard Time.

PRESENT: Letterman, Trinklein, Parlberg, Moore, Kiessling, Sheridan, Totten

ABSENT: None

The following resolution was made by Sheridan and seconded by Kiessling:

RESOLUTION APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO FINANCE THE ACQUISITION OF A FIRE TRUCK, AUTHORIZING EXECUTION OF SAID INSTALLMENT PURCHASE AGREEMENT, AND AUTHORIZING THE UNDERTAKING OF ALL OTHER NECESSARY AND REQUIRED ACTS IN CONNECTION WITH THE ACQUISITION AND FINANCING OF SAID PURCHASE.

WHEREAS, the Township Board has determined to purchase a fire truck within the Birch Run Township and owned by the Township (the "Project") and finance a portion of the cost thereof through an installment purchase; and

WHEREAS, the Township has contracted with Spartan USA Motors Inc. (the "Seller") to complete the Project for the sum of approximately \$616,882, of which sum \$510,000.00 remains to be financed; and

WHEREAS, under the provisions of Act 99 of the Public Acts of Michigan of 1933, as amended ("Act 99"), the Township is authorized to enter into an agreement for the acquisition of real and personal property for public purposes, to be paid for in installments over a period not to exceed 15 years (in this case, 10 years) or the useful life of the property acquired as determined by resolution of the Township Board (whichever is the lesser time period); and

WHEREAS, the outstanding balance of all such installment purchases by the Township under Act 99, exclusive of interest, shall not exceed one and one-quarter percent (1-1/4%) of the taxable value of the real and personal property in the Township on the date of such agreement or agreements; and

WHEREAS, the acquisition of the Project pursuant to an installment purchase agreement will not result in the outstanding balance of all such purchases to be in excess of the limitations contained in Act 99 as set forth above; and

WHEREAS, the Township requested proposals for financing the acquisition of the Project through an installment purchase agreement pursuant to Act 99; and

WHEREAS, the proposal of Independent Bank (the "Financial Institution"), has been determined to be the lowest responsive proposal within the time allotted for response.

WHEREAS, the Township Board has had presented to it at this meeting the form Installment Purchase Agreement (the "Agreement") to be entered into by the Township, the Financial Institution and

the Seller in connection with such financing, and it is the desire of the Township Board to approve and authorize the execution of such Agreement; and

WHEREAS, the Township Board desires to authorize the undertaking of all such acts necessary to complete the construction and financing of the Project.

NOW, THEREFORE, BE IT RESOLVED:

1. That the acquisition of the Project is hereby found and declared to be for valid public purposes and in the best interests of the health, safety and welfare of the residents of the Township.

2. That the contract for purchase of the fire truck was awarded to the Seller for the sum of approximately \$616,882.00, and the total cost of the project to be financed is \$510,000.00.

3. That the proposal of the Financial Institution is hereby approved and that the financed cost of the Project in the amount of \$510,000.00, shall be financed through the Financial Institution through an installment purchase agreement at a bank qualified tax-exempt interest rate of 2.35% per annum, or the rate which is in effect as of the date of closing under this Agreement for a term of ten (10) years (subject to adjustment on that date, based upon the Financial Institution's qualified tax exempt rate then in effect) by the payment of ten (10) equal annual payments of principal and interest, commencing June 1, 2021, and each anniversary date thereafter through 2030 as set forth on the Payment Schedule attached as Exhibit "A" to the Agreement.

4. That the Agreement is hereby approved substantially in the form presented at this meeting with such additions, changes and modifications as shall be approved by the Township Supervisor, who is empowered to approve such additions, changes and modifications without the need for an additional meeting on such issues.

5. That the Project has a useful life extending beyond the term of the Agreement in 2030.

6. The Township hereby agrees that the payment of principal and interest shall be made from the Township Fire Fund. To the extent that funds contained in the Township Fire Fund are insufficient to meet the obligation of the Installment Purchase Agreement, the Township is authorized to make such principal and interest payments from the Township General Fund. In addition, the Township hereby pledges its full faith and credit to the extent that the Fire Fund or the General Fund is insufficient for the payments required under the Agreement.

7. The Township covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest component of the payments due under the Agreement from the adjusted gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). The Township designates its obligation to pay the Financed Purchase Price under the Agreement as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Code and does not reasonably anticipate that qualified tax-exempt obligations of the Township will exceed \$10,000,000 during the 2030 calendar year.

8. The Township Supervisor and the Township Treasurer, or either of them, are hereby directed and authorized to execute such additional certificates and other documents as shall be necessary to effectuate the closing contemplated by the Agreement.

9. All resolutions or parts of resolutions insofar as they conflict with the provisions hereof be and the same hereby are rescinded to the extent of such conflict.

RESOLUTION DECLARED ADOPTED.

YEAS: Totten, Trinklein, Moore, Kiessling, Letterman, Parlberg, Sheridan

NAYS: None

ABSTENTIONS: None

