

Introduced by: City Manager Herron  
Date August 18, 2004  
Public Hearing: August 31, 2004  
Action: Passed  
Vote: 4-2 (No- Williams,  
Trantham)

## *CITY OF BETHEL, ALASKA*

### **ORDINANCE #04-22**

#### **AN ORDINANCE AMENDING THE ADOPTED ANNUAL FY 2004-05 BUDGET AND AUTHORIZING CITY ADMINISTRATION TO ENTER INTO A LEASE PURCHASE AGREEMENT FOR A REPLACEMENT ROAD GRADER**

**WHEREAS**, the City Council of the City of Bethel ("City Council") approved the acquisition of a 163H Caterpillar Motor Grader ("Road Grader") on May 11, 1999; and

**WHEREAS**, City Council chose to acquire the Road Grader through a negotiated lease purchase agreement rather than under the provisions of Chapter 4.20 of the Bethel Municipal Code; and

**WHEREAS**, it was the intent of the City Council to return the Road Grader to NC Machinery at the end of the 60 month lease, and acquire a new Road Grader; and

**WHEREAS**, the acquisition of the Road Grader pursuant to a negotiated lease purchase agreement is in the City's best financial interests; and

**WHEREAS**, the new monthly lease purchase debt repayment amount exceeds that of the previous lease purchase agreement by \$642.91 a month or by \$7,714.92 annually, requiring a budget modification to be approved by City Council; and

**WHEREAS**, the City needs a Road Grader to maintain City streets in good condition; and

**WHEREAS**, the City Council wishes to confirm by ordinance its intent and approval of the procedures followed in acquiring the Road Grader and the lease purchase agreement with Caterpillar Financial Services Corporation, attached hereto and made a part hereof (the "Agreement").

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of Bethel, Alaska, that:

**SECTION 1. Classification.** This ordinance is not permanent or general in nature and shall not be placed in the Bethel Municipal Code.

**SECTION 2. Inapplicability of Code Provisions.** Chapter 4.20 of the Bethel Municipal Code shall not apply to the acquisition of the Road Grader.

**SECTION 3. Council Approval.** The City Council hereby approves the acquisition of the Road Grader by means of the Agreement, such approval to be effective for all actions of the City administration heretofore and hereafter taken to negotiate and acquire the Road Grader.

Payments under the Agreement shall be subject to annual appropriation by the City Council. The City Manager or his designee is hereby authorized to execute and deliver the Agreement and all certificates, schedules and exhibits included in, related to or required by the Agreement.

**SECTION 4. Tax Exemption.** The City covenants that it will not take any action or permit any action to be taken that would cause the Agreement to constitute a "private activity bond" under Section 141 of the Code. The City hereby designates the Agreement as a "qualified tax exempt obligation" under Section 265(b)(3) of the Code for investment by financial institutions. The City does not expect to issue more than \$10,000,000 in qualified tax exempt obligations during 2004.

**Section 5. Budget Appropriation.** The following sums of money as may be needed or deemed necessary to provide for increased expenses and liabilities of the City of Bethel are hereby appropriated for the corporate purposes and objects of the City hereinafter specified for Fiscal Year 2004-05, July 1, 2004 to June 30, 2005.

**Section 6.** The following is a summary of the changes by fund and department:

**GENERAL FUND**

**Budget Modification 05-2**

Changes to Streets & Roads Department Expenditure line items

	<b>Increases</b>	
10-66-710	Principal - Leased Road Grader	\$8,712
	Total Increases	<b>8,712</b>
	<b>Decreases</b>	
10-66-711	Interest - Leased Road Grader	(995)
	Total Decreases	<b>(995)</b>
<b>Streets &amp; Roads TOTAL</b>	<b>Net Change to General Fund Reserve Balance</b>	<b>↓ \$7,715</b>

**SECTION 7. Effective Date.** This ordinance shall become effective immediately upon adoption and shall have retroactive effect back to the first date that the City administration began to negotiate for acquisition of the Road Grader.

**ENACTED THIS 31<sup>st</sup> DAY OF AUGUST by a vote of four in favor and two opposed.**

  
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 Hugh Short, Jr., Mayor

ATTEST:

  
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 Selena Malone, City Clerk