

# Agenda Summary Report (ASR)

## Franklin County Board of Commissioners

<b>DATE SUBMITTED:</b> 10/23/2019	<b>PREPARED BY:</b> Matt Mahoney Public Works Director
<b>Meeting Date Requested:</b> 05/28/2019	<b>PRESENTED BY:</b> Matt Mahoney Public Works Director
<b>ITEM:</b> (Select One) <input checked="" type="checkbox"/> <b>Consent Agenda</b> <span style="margin-left: 100px;"><input type="checkbox"/> <b>To Be Brought Before the Board</b></span> <b>Time needed:</b> <u>N/A</u>	
<b>SUBJECT:</b> Governmental Equipment Lease-Purchase Agreement for Caterpillar Model 140M3 Motor Grader.	
<b>FISCAL IMPACT:</b> The Lease of a new Caterpillar Model 140M3 Motor Grader will cost \$33,626.28 plus tax in 2019 (First Payment will be deducted from \$170,000 Trade-In of existing Motor Grader), \$33,626.28 plus tax in 2020, \$33,626.28 plus tax in 2021, \$33,626.28 plus tax in 2022, \$33,626.28 plus tax in 2023. In lieu of paying the final payment of \$185,000.00, Western States has provided a guarantee for purchase of the Caterpillar Model 140M3 Motor Grader. Therefore the total five year cost for the Motor Grader is \$168,131.40 (plus tax) which will be paid from the Motor Vehicle (ER&R) fund, 59448000 Capital Expenditures/Expenses – Public Works Central Services, as part of the 2019 Major Equipment Purchases with Lease payments budgeted in successive years.	
<b>BACKGROUND:</b> The new Caterpillar 140M3 Motor Grader will replace MG-1379, Serial Number 1DW770GXHFF669808, which will be traded in as part of the purchase. MG-1379, purchased in June 2015, has reached its maximum 5,000 hours as a condition of the guaranteed buy-back.	
In accordance with RCW 39.34, local governments may make purchases using another agency’s purchasing contract. Franklin County has entered into a Joint Powers Agreement with the National Joint Powers Alliance, via Franklin County Resolution Number 2016-387. The National Joint Powers Alliance has a Contract No. 032515-CAT with Caterpillar, Inc. for the procurement of Heavy Construction Equipment, and under this contract, Caterpillar’s authorized dealer for the Franklin County service area is Western States of Pasco, Washington; and	
Pursuant to RCW 36.01.010 and RCW 36.32.120 the legislative authority of each county is authorized to enter into contracts on behalf of the County and have the care of County property and management of County funds and business. The Board of Franklin County Commissioners constitutes the legislative authority of Franklin.	
In accordance with <i>RCW 36.34.020</i> , the Board of Franklin County Commissioners are not required to publish a notice of intention to sell when personal property to be disposed of is to be traded in upon the purchase of a like article.	
The Public Works Director is requesting that the Board of Franklin County Commissioners authorize the Public Works Department to procure, via lease-purchase agreement through the National Joint Powers Alliance Master Contract, one (1) Caterpillar 140M3 Motor Grader from Western States of Pasco, Washington.	
Should the Board approve the procurement, via lease-purchase, Franklin County will need to insure the necessary budget for the lease-purchase in each successive year, in accordance with the Governmental Equipment Lease-Purchase Agreement.	
<b>RECOMMENDATION:</b> Staff recommends the Lease-Purchase of a Caterpillar Model 140M3 Motor Grader.	
<b>SUGGESTED MOTION:</b> <b>I hereby move that the Board of Franklin County Commissioners authorize the Public Works Department to Lease-Purchase a Caterpillar Model 140M3 Motor Grader, through the National Joint Powers Alliance Contract, from Western States of Pasco, Washington</b>	

**COORDINATION:**

This package has been discussed with and is supported by Craig Erdman, County Engineer/Assistant Public Works Director, Greg Snyder, Shop Supervisor, Scott Garberg, Pasco Road Supervisor, and John White, Connell Road Supervisor. The Governmental Equipment Lease-Purchase Agreement and Western States' Guarantee Purchase Agreement were submitted to the Franklin County Prosecuting Attorney's office for review and have been approved as to form by Jennifer Johnson, Chief Civil Deputy Prosecuting Attorney.

**ATTACHMENTS:**

- 1. DRAFT Resolution
- 2. Governmental Equipment Lease-Purchase Agreement (2 Originals)

**HANDLING/ROUTING:**

Clerk of the Board: 1 – Original Resolution

Public Works Department: 1 – Copy Resolution, and \* 2 Original Agreements  
Auditor - Accounting: 1 – Copy Resolution

\*Public Works will deliver to vendor and return one (1) fully executed agreement to the Clerk of the Board.

*I certify the above information is accurate and complete.*



\_\_\_\_\_  
Matt Mahoney, Public Works Director

**FRANKLIN COUNTY RESOLUTION \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF  
FRANKLIN COUNTY WASHINGTON**

***LEASE-PURCHASE OF CATERPILLAR 140M3 MOTOR GRADER***

**WHEREAS**, the Franklin County Public Works Department maintains county property, through the Motor Vehicle (ER&R) Fund, including a 2015 John Deere 770G Motor Grader (MG-1379); and

**WHEREAS**, in accordance with RCW 36.33A.030, the Board of Franklin County Commissioners have appointed the Public Works Director as the administrator of the Motor Vehicle (ER&R) Fund; and

**WHEREAS**, the Public Works Director has determined, due to MG-1379 reaching its maximum 5,000 hours as a condition of the guaranteed buy-back, that it is in the best interest of the County to trade-in its 2015 John Deere 770G Motor Grader (MG-1379), Serial Number 1DW770GXHFF669808, to Western States Caterpillar at a price of \$170,000; and

**WHEREAS**, in accordance with RCW 39.34, local governments may make purchases using another agency's purchasing contract; and

**WHEREAS**, Franklin County has entered into a Joint Powers Agreement with the National Joint Powers Alliance, via Franklin County Resolution Number 2016-387; and

**WHEREAS**, the National Joint Powers Alliance has a Contract No. 032515-CAT with Caterpillar, Inc. for the procurement of Heavy Construction Equipment, and under this contract, Caterpillar's authorized dealer for the Franklin County service area is Western States of Pasco, Washington; and

**WHEREAS**, pursuant to RCW 36.01.010 and RCW 36.32.120 the legislative authority of each county is authorized to enter into contracts on behalf of the County and have the care of County property and management of County funds and business; and

**WHEREAS**, the Board of Franklin County Commissioners constitutes the legislative authority of Franklin County and finds that the procurement of vehicles and equipment via the National Joint Powers Alliance, as being in the best interest of Franklin County, desires to enter into attached Governmental Equipment Lease Purchase Agreement; and

**WHEREAS**, in accordance with *RCW 36.34.020*, the Board of Franklin County Commissioners are not required to publish a notice of intention to sell when personal property to be disposed of is to be traded in upon the purchase of a like article.

**FRANKLIN COUNTY RESOLUTION \_\_\_\_\_**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Franklin County Commissioners authorize the Public Works Department to procure, via lease-purchase agreement through the National Joint Powers Alliance Master Contract, one (1) Caterpillar 140M3 Motor Grader from Western States of Pasco, Washington.

**BE IT FURTHER RESOLVED** that Franklin County shall insure for the necessary budget for the lease-purchase in each successive year, in accordance with the Governmental Equipment Lease-Purchase Agreement.

**BE IT FURTHER RESOLVED** that the 2015 John Deere 770G Motor Grader (MG-1379) be traded in as part of the lease-purchase of the Caterpillar 140M3 Motor Grader.

**BE IT FURTHER RESOLVED**, that the Chairman of the Board of Franklin County Commissioners be, and hereby is, authorized to sign said Governmental Equipment Lease-Purchase Agreement between Franklin County and Caterpillar Financial Services Corporation.

**APPROVED** this 29<sup>th</sup> day of October, 2019

**BOARD OF COUNTY COMMISSIONERS  
FRANKLIN COUNTY, WASHINGTON**

\_\_\_\_\_  
Chair

Attest:

\_\_\_\_\_  
Chair Pro Tem

\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_  
Member

Originals: Clerk of the Board

Copy: Public Works Department  
County Auditor / Accounting



**Governmental Equipment Lease-Purchase Agreement  
Transaction Number 3750482**

**1. PARTIES**

**LESSOR ("we", "us", or "our"):**  
CATERPILLAR FINANCIAL SERVICES CORPORATION  
2120 West End Avenue  
Nashville, TN 37203

**LESSEE ("you" or "your"):**  
FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT  
3416 STEARMAN AVE  
PASCO, WA 99301

In reliance on your selection of the equipment described below (each a "Unit"), we have agreed to acquire and lease the Units to you, subject to the terms of this Lease. **Until this Lease has been signed by our duly authorized representative, it will constitute an offer by you to enter into this Lease with us on the terms stated herein.**

**2. DESCRIPTION OF THE UNITS**

DESCRIPTION OF UNITS Whether the Unit is new or used, the model number, the manufacturer, and the model name.	SERIAL/VIN Unique ID number for this Unit.	ANNUAL LEASE PAYMENT This is due per period, as stated below in section 3.	FINAL LEASE PAYMENT	DELIVERY DATE Enter date machine was delivered to you
(1) New 140M3 Caterpillar Motor Grader	N9D01648	\$33,626.28	\$185,000.00	10/29/2019

**TERMS AND CONDITIONS**

3. **Lease Payments; Current Expense** You will pay us the lease payments, including the final lease payment set forth above (collectively, the "Lease Payments"). Lease Payments will be paid by you to us as follows: a first payment of \$33,626.28 will be paid in advance and the balance of the Lease Payments is payable in 5 successive annual payments of which the first 4 payments are in the amount of \$33,626.28 each, and the last payment is in the amount of \$185,000.00 plus all other amounts then owing under this Lease, with the first Lease Payment due on the date that we sign this Lease and subsequent Lease Payments due on a like date of each year thereafter until paid in full. A portion of each Lease Payment constitutes interest and the balance of each Lease Payment is payment of principal. The Lease Payments will be due without demand. You will pay the Lease Payments to us at Caterpillar Financial Services Corporation; P.O. Box 100647; Pasadena, CA 91189-0647 or such other location that we designate in writing. Your obligations, including your obligation to pay the Lease Payments due in any fiscal year, will constitute a current expense of yours for such fiscal year and will not constitute an indebtedness of yours within the meaning of the constitution and laws of the State in which you are located (the "State"). Nothing in this Agreement will constitute a pledge by you of any taxes or other moneys, other than moneys lawfully appropriated from time to time for the payment of the "Payments" (as defined in the last sentence of this Section) owing under this Agreement. **You agree that, except as provided in Section 7, your duties and liabilities under this Agreement and any associated documents are absolute and unconditional. Your payment and performance obligations are not subject to cancellation, reduction, or setoff for any reason. You agree to settle all claims, defenses, setoffs, counterclaims and other disputes you may have with the Supplier, the manufacturer of the Unit, or any other third party directly with the Supplier, the manufacturer or the third party, as the case may be. You will not assert, allege or make any such claim, defense, setoff, counterclaim or other dispute against us or with respect to the payments due us under this Agreement.** As used in this Agreement, "Payments" will mean the Lease Payments and any other amounts required to be paid by you.

The portion of the Lease Payments constituting principal will bear interest (computed on the basis of actual days elapsed in a 360 day year) at the rate of 3.85% per annum.

4. **Late Charges** If we do not receive a Payment on the date it is due, you will

pay to us, on demand, a late payment charge equal to the lesser of five percent (5%) of such Payment or the highest charge allowed by law.

5. **Security Interest** To secure your obligations under this Agreement, you grant us a continuing first priority security interest in each Unit (including any Additional Collateral), including all attachments, accessories and optional features (whether or not installed on such Units) and all substitutions, replacements, additions, and accessions, and the proceeds of all the foregoing, including, but not limited to, proceeds in the form of chattel paper. You authorize the filing of such financing statements and will, at your expense, do any act and execute, acknowledge, deliver, file, register and record any document, which we deem desirable to protect our security interest in each Unit and our rights and benefits under this Agreement. You, at your expense, will protect and defend our security interest in the Units and will keep the Units free and clear of any and all claims, liens, encumbrances and legal processes however and whenever arising.

6. **Disclaimer of Warranties** WE HAVE NOT MADE AND DO NOT MAKE ANY WARRANTY, REPRESENTATION OR COVENANT OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE UNITS. AS TO US, YOUR LEASE AND PURCHASE OF THE UNITS WILL BE ON AN "AS IS" AND "WHERE IS" BASIS AND "WITH ALL FAULTS". **Nothing in this Agreement is intended to limit, waive, abridge or otherwise modify any rights, claims, or causes of action that you may have against any person or entity other than us.**

7. **Non-Appropriation** You have an immediate need for, and expect to make immediate use of, the Units. This need is not temporary or expected to diminish during the term of this Agreement. To that end, you agree, to the extent permitted by law, to include in your budget for the current and each successive fiscal year during the term of this Agreement, a sufficient amount to permit you to discharge your obligations under this Agreement. Notwithstanding any provision of this Agreement to the contrary, we and you agree that, in the event that prior to the commencement of any of your fiscal years you do not have sufficient funds appropriated to make the Payments due under this Agreement for such fiscal year, you will have the option of terminating this Agreement as of the date of the commencement of such fiscal year by giving us sixty (60) days prior written notice of your intent to terminate. No later than the last day of the last fiscal year for which appropriations were made for the Payments (the "Return Date"), you will



return to us all of the Units, at your sole expense, in accordance with Section 14, and this Agreement will terminate on the Return Date without penalty or expense to you and you will not be obligated to pay the Lease Payments beyond such fiscal year; provided, that you will pay all Payments for which moneys have been appropriated or are otherwise available; and provided further, that you will pay month to-month rent at the rate set by us for each month or part of any month that you fail to return the Units.

8. **Tax Warranty** You will, at all times, do and perform all acts and things necessary and within your control to ensure that the interest component of the Lease Payments will, for the purposes of Federal income taxation, be excluded from our gross income. You will not permit or cause your obligations under this Agreement to be guaranteed by the Federal Government or any branch or instrumentality of the Federal Government. You will use the Units for the purpose of performing one or more of your governmental functions consistent with the scope of your authority and not in any trade or business carried on by a person other than you. You will report this Agreement to the Internal Revenue Service by filing Form 8038G, 8038GC or 8038, as applicable. Failure to do so will cause this Agreement to lose its tax exempt status. You agree that if the appropriate form is not filed, the interest rate payable under this Agreement will be raised to the equivalent taxable interest rate. If the use, possession or acquisition of the Units is determined to be subject to taxation, you will pay when due all taxes and governmental charges assessed or levied against or with respect to the Units.
9. **Assignment** You may not, without our prior written consent, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of your right, title and interest in and to this Agreement and/or the Units and/or grant or assign a security interest in this Agreement and/or the Units, in whole or in part. We may not transfer, sell, assign, pledge, hypothecate, or otherwise dispose of our right, title and interest in and to this Agreement and/or the Units and/or grant or assign a security interest in this Agreement and/or the Units, in whole or in part.
10. **Indemnity** To the extent permitted by law, you assume liability for, agree to and do indemnify, protect and hold harmless us and our employees, officers, directors and agents from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses (including reasonable attorney's fees), of whatsoever kind and nature, arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by you or us), operation, ownership, selection, delivery, storage, leasing or return of any item of Units, regardless of where, how and by whom operated, or any failure on your part to accept the Units or otherwise to perform or comply with any conditions of this Agreement.
11. **Insurance; Loss and Damage** You bear the entire risk of loss, theft, destruction or damage to the Units from any cause whatsoever. No loss, theft, destruction or damage of the Units will relieve you of the obligation to make Lease Payments or to perform any obligation owing under this Agreement. You agree to keep the Units insured to protect all of our interests, at your expense, for such risks, in such amounts, in such forms and with such companies as we may require, including but not limited to fire and extended coverage insurance, explosion and collision coverage, and personal liability and property damage liability insurance. Any insurance policies relating to loss or damage to the Units will name us as loss payee as our interests may appear and the proceeds may be applied toward the replacement or repair of the Units or the satisfaction of the Payments due under this Agreement. You agree to use, operate and maintain the Units in accordance with all laws, regulations and ordinances and in accordance with the provision of any policies of insurance covering the Units, and will not rent the Units or permit the Units to be used by anyone other than you. You agree to keep the Units in good repair, working order and condition and house the Units in suitable shelter, and to permit us or our assigns to inspect the Units at any time and to otherwise protect our interests in the Units. If any Unit is customarily covered by a maintenance agreement, you will furnish us with a maintenance agreement by a party acceptable to us.
12. **Default; Remedies** An "Event of Default" will occur if (a) you fail to pay any

Payment when due and such failure continues for ten (10) days after the due date for such Payment or (b) you fail to perform or observe any other covenant, condition, or agreement to be performed or observed by you under this Agreement and such failure is not cured within twenty (20) days after written notice of such failure from us. Upon an Event of Default, we will have all rights and remedies available under applicable law. In addition, we may declare all Lease Payments due or to become due during the fiscal year in which the Event of Default occurs to be immediately due and payable by you and/or we may repossess the Units by giving you written notice to deliver the Units to us in the manner provided in Section 14, or in the event you fail to do so within ten (10) days after receipt of such notice, and subject to all applicable laws, we may enter upon your premises and take possession of the Units. Further, if we financed your obligations under any extended warranty agreement such as an Equipment Protection Plan, Extended Service Contract, Extended Warranty, Customer Service Agreement, Total Maintenance and Repair Agreement or similar agreement, we may cancel such extended warranty agreement on your behalf and receive the refund of the extended warranty agreement fees that we financed but had not received from you as of the date of the Event of Default.

13. **Miscellaneous** This Agreement may not be modified, amended, altered or changed except by a written agreement signed by you and us. In the event any provision of this Agreement is found invalid or unenforceable, the remaining provisions will remain in full force and effect. This Agreement, together with exhibits, constitutes the entire agreement between you and us and supersedes all prior and contemporaneous writings, understandings, agreements, solicitations, documents and representations, expressed or implied. Any terms and conditions of any purchase order or other documents submitted by you in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on us and will not apply to this Agreement. You agree that we may correct patent errors in this Agreement and fill in blanks including, for example, correcting or filling in serial numbers, VIN numbers, and dates. Any notices required to be given under this Agreement will be given to the parties in writing and by certified mail at the address provided in this Agreement, or to such other addresses as each party may substitute by notice to the other, which notice will be effective upon its receipt.
14. **Title; Return of Units** Notwithstanding our designation as "Lessor", we do not own the Units. Legal title to the Units will be in you so long as an Event of Default has not occurred and you have not exercised your right of non-appropriation. If an Event of Default occurs or if you non-appropriate, full and unencumbered title to the Units will pass to us without the necessity of further action by the parties, and you will have no further interest in the Units. If we are entitled to obtain possession of any Units or if you are obligated at any time to return any Units, then (a) title to the Units will vest in us immediately, and (b) you will, at your expense, promptly deliver the Unit to us properly protected and in the condition required by Section 11. You will deliver the Unit, at our option, (i) to the nearest Caterpillar dealer selling equipment of the same type as the Unit; or (ii) on board a carrier named by us and shipping the Unit, freight collect, to a destination designated by us. If the Unit is not in the condition required by Section 11, you must pay us, on demand, all costs and expenses incurred by us to bring the Unit into the required condition. Until the Units are returned as required above, all terms of this Agreement will remain in full force and effect including, without limitation, your obligation to pay Lease Payments and to insure the Units.
15. **Other Documents** In connection with the execution of this Agreement, you will cause to be delivered to us (i) either (A) a certified copy of your authorizing resolution substantially in the form attached as Attachment B and a copy of the minutes of the relevant meeting or (B) an opinion of your counsel substantially in the form attached as Attachment C; (ii) a Verification of Insurance substantially in the form attached to this Agreement; (iii) a copy of the signed Form filed with the Internal Revenue Service required in Section 8 above as Attachment D; and (iv) any other documents or items required by us.
16. **Applicable Law** This Agreement will be governed by the laws, excluding the laws relating to the choice of law, of the State in which you are located.

## SIGNATURES

LESSOR  
CATERPILLAR FINANCIAL SERVICES CORPORATION

Signature \_\_\_\_\_

Name (print) \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

LESSEE  
FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT

Signature \_\_\_\_\_

Name (print) ROBERT E. KOCH

Title CHAIRMAN

Date 10/29/2019



Verification of Insurance

Lessee:

LESSOR (we):

LESSEE (you):

CATERPILLAR FINANCIAL SERVICES CORPORATION
2120 West End Avenue
Nashville, TN 37203-0001

FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT
3416 STEARMAN AVE
PASCO, WA 99301

Subject: Insurance Coverage Requirements

1. The above-named Lessor and Lessee have entered into Governmental Equipment Lease-Purchase Agreement Transaction Number 3750482 (the "Agreement"). In accordance with the Agreement, Lessee has instructed the insurance agent named below:

Company: WASHINGTON COUNTIES RISK POOL
2558 RW JOHNSON RD. SW, STE. 106
Address: TUMWATER, WA 98512-6103
Phone No: 360-292-4500

Agent's Name:

to issue:

a. All Risk Physical Damage Insurance on the Equipment (as defined in the Agreement) evidenced by a Certificate of Insurance and Long Form Loss Payable Clause naming the Lessor and/or its Assignee, as loss payee.

The Coverage Required: the aggregate purchase price for the Equipment.

b. Public Liability Insurance evidenced by a Certificate of Insurance, naming the Lessor and/or its Assignee as Additional Insured, with a minimum of \$1,000,000 per occurrence is required.

2. Proof of insurance coverage will be provided to Lessor or its Assignee prior to the time the Equipment is delivered to Lessee.

Table with 5 columns: Model #, Equipment Description, Serial #, VIN #, Value Including Tax. Row 1: 140M3, Caterpillar Motor Grader, N9D01648, \$311,768.60

SIGNATURES

LESSEE

FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT

Signature

Name (print) ROBERT E. KOCH

Title CHAIRMAN

Date 10/29/2019



Opinion of Counsel



Re: Governmental Equipment Lease-Purchase Agreement (Transaction Number 3750482) (the "Lease") Between FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT ("Lessee") and Caterpillar Financial Services Corporation ("Lessor")

Sir/Madam:

I am an attorney for Lessee, and in that capacity I am familiar with the above-referenced transaction, the Lease, and all other documents pertaining to the Lease (the Lease and such other documents pertaining to the Lease being referred to as the "Lease Agreements").

Based on my examination of these and such other documents, records and papers and matters of fact and laws as I deemed to be relevant and necessary as the basis for my opinion set forth below, upon which opinion Lessee and any subsequent assignee of Lessee's interest may rely, it is my opinion that:

- 1. Lessee is a fully constituted political subdivision or agency duly organized and existing under the Constitution and laws of the State of Washington (the "State"), and is authorized by such Constitution and laws (i) to enter into the transaction contemplated by the Lease Agreements and (ii) to carry out its obligations thereunder.
2. The Lease Agreements (i) have been duly authorized, executed and delivered by Lessee and (ii) constitute valid, legal and binding obligations and agreements of Lessee, enforceable against Lessee in accordance with their terms, assuming due authorization and execution thereof by Lessor.
3. No further approval, license, consent, authorization or withholding of objections is required from any federal, state or local governmental authority with respect to the entering into or performance by Lessee of the Lease Agreements and the transactions contemplated by the Lease Agreements.
4. Lessee has sufficient appropriations or other funds available to pay all amounts due under the Lease Agreements for the current fiscal year.
5. The interest payable to Lessor by Lessee under the Lease Agreements is exempt from federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.
6. The entering into and performance of the Lease Agreements will not (i) conflict with, or constitute a breach or violation of, any judgment, consent decree, order, law, regulation, bond, indenture or lease applicable to Lessee, or (ii) result in any breach of, or constitute a default under, or result in the creation of, any lien, charge, security interest or other encumbrance upon any assets of Lessee or the Units (as defined in the Lease) pursuant to any indenture, mortgage, deed of trust, bank loan, credit agreement or other instrument to which Lessee is a party, or by which it or its assets may be bound.
7. No litigation or proceeding is pending or, to the best of my knowledge, threatened to, or which may, (a) restrain or enjoin the execution, delivery or performance by Lessee of the Lease Agreements, (b) in any way contest the validity of the Lease Agreements, (c) contest or question (i) the creation or existence of Lessee or its governing body or (ii) the authority or ability of Lessee to execute or deliver the Lease Agreements or to comply with or perform its obligations under the Lease Agreements. There is no litigation or proceeding pending or, to the best of my knowledge, threatened that seeks to or could restrain or enjoin Lessee from annually appropriating sufficient funds to pay the Lease Payments (as defined in the Lease) or other amounts contemplated by the Lease Agreements. In addition, I am not aware of any facts or circumstances which would give rise to any litigation or proceeding described in this paragraph.
8. The Units are personal property and, when subjected to use by Lessee, will not be or become fixtures under the laws of the State.
9. The authorization, approval and execution of the Lease Agreements, and all other proceedings related to the transactions contemplated by the Lease Agreements, have been performed in accordance with all applicable open meeting, public records, public bidding and all other applicable laws, rules and regulations of the State.
10. The appropriation of moneys to pay the Lease Payments coming due under the Lease and any other amounts contemplated by the Lease Agreements does not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.
11. The Lessor will have a perfected security interest in the Units upon the filing of an executed UCC-1 or other financing statement at the time of acceptance of the Units with the Secretary of State for the State.

SIGNATURE

Name (PRINT): JENNIFER JOHNSON
Signature: [Handwritten Signature]
Title: DEPUTY PROSECUTING ATTORNEY

Date: 10/23/19
Address: 1016 N. 4TH AVENUE
PASCO, WA 99301





# Caterpillar Financial Services Corporation

## INVOICE

Page	Date	Invoice No.
1	10/09/2019	LSAP-516348411-1

FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT  
 3416 STEARMAN AVE  
 PASCO, WA 99301

Description	Serial	VIN	Due Date	Pmt. No.	Amount
(1) 140M3 Caterpillar Motor Grader	N9D01648		Upon Receipt.	1	\$33,626.28
Sales and Use Tax					\$2,891.86
Document Fee					\$0.00
Filing Fee					\$0.00
Stamp Fee					\$0.00
Other Fees					\$0.00
Freight Fee					\$0.00
WITHOUT THE APPROPRIATE TAX EXEMPTION CERTIFICATE, APPLICABLE SALES AND/OR USE TAX WILL BE CHARGED.					

**PLEASE PAY THIS AMOUNT \$ \$36,518.14**

Invoice No.	Total Enclosed
LSAP-516348411-1	\$

FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT  
 3416 STEARMAN AVE  
 PASCO, WA 99301

Remit To: Caterpillar Financial Services Corporation  
 5th Floor Document Services  
 Doc Specialist: WESTERN STATES EQUIPMENT CO.  
 2120 West End Ave.  
 Nashville, TN 37203

RETURN INVOICE AND CHECK FOR SPECIFIED PAYMENT(S) WITH SIGNED DOCUMENTS.

Your check will be cashed by Caterpillar Financial Services Corporation (CFSC) upon receipt, but that act will not constitute acceptance by CFSC of the Loan, Lease or Schedule. If CFSC accepts and executes the Loan, Lease or Schedule, the proceeds of this check will be applied to the specified payments. If CFSC does not accept the Loan, Lease or Schedule, CFSC will return an amount equal to this check.



**Meeting Minutes**

---

WESTERN STATES EQUIPMENT CO.  
500 E. OVERLAND ROAD  
P.O. BOX 38  
BOISE ID 83707-0038

**Reference:**

FRANKLIN COUNTY PUBLIC WORKS DEPARTMENT

We are requesting a copy of the minutes of the appropriation meeting during which the funds for this deal were allocated.

A copy of this information is necessary to complete the documentation package and to fund the deal. Your ability to return a complete package will ensure timely payment to you.

Thank you for your assistance.

CATERPILLAR FINANCIAL SERVICES CORPORATION  
DOCUMENTATION DEPARTMENT



**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.  
**Caution:** If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

**Part I Reporting Authority** If Amended Return, check here

<b>1</b> Issuer's name FRANKLIN COUNTY PUBLIC WORKS DEPT	<b>2</b> Issuer's employer identification number (EIN) 91-6001315
<b>3a</b> Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	<b>3b</b> Telephone number of other person shown on 3a
<b>4</b> Number and street (or P.O. box if mail is not delivered to street address) Room/suite 3416 STEARMAN AVE	<b>5</b> Report number (For IRS Use Only) 3
<b>6</b> City, town, or post office, state, and ZIP code PASCO, WA	<b>7</b> Date of issue
<b>8</b> Name of issue <i>CATERPILLAR MODEL 140M3 MOTOR GRADER</i>	<b>9</b> CUSIP number
<b>10a</b> Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) <i>KEITH JOHNSON, FRANKLIN COUNTY ADMINISTRATOR</i>	<b>10b</b> Telephone number of officer or other employee shown on 10a <i>(509) 545-3514</i>

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

<b>11</b> Education	<b>11</b>	
<b>12</b> Health and hospital	<b>12</b>	
<b>13</b> Transportation	<b>13</b>	
<b>14</b> Public safety	<b>14</b>	
<b>15</b> Environment (including sewage bonds)	<b>15</b>	
<b>16</b> Housing	<b>16</b>	
<b>17</b> Utilities	<b>17</b>	
<b>18</b> Other. Describe ►	<b>18</b>	
<b>19</b> If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>		
If obligations are BANs, check only box 19b <input type="checkbox"/>		
<b>20</b> If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
<b>21</b>	11/2024	\$ 309276	\$ 185,000	5 years	3.85 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

<b>22</b> Proceeds used for accrued interest	<b>22</b>	
<b>23</b> Issue price of entire issue (enter amount from line 21, column (b))	<b>23</b>	
<b>24</b> Proceeds used for bond issuance costs (including underwriters' discount)	<b>24</b>	
<b>25</b> Proceeds used for credit enhancement	<b>25</b>	
<b>26</b> Proceeds allocated to reasonably required reserve or replacement fund	<b>26</b>	
<b>27</b> Proceeds used to currently refund prior issues	<b>27</b>	
<b>28</b> Proceeds used to advance refund prior issues	<b>28</b>	
<b>29</b> Total (add lines 24 through 28)	<b>29</b>	
<b>30</b> Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	<b>30</b>	

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds.

<b>31</b> Enter the remaining weighted average maturity of the bonds to be currently refunded	► _____ years
<b>32</b> Enter the remaining weighted average maturity of the bonds to be advance refunded	► _____ years
<b>33</b> Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	► _____
<b>34</b> Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	► _____

**Part VI Miscellaneous**

<b>35</b>	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .	<b>35</b>	
<b>36a</b>	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .	<b>36a</b>	
<b>b</b>	Enter the final maturity date of the GIC ▶ _____		
<b>c</b>	Enter the name of the GIC provider ▶ _____		
<b>37</b>	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .	<b>37</b>	
<b>38a</b>	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
<b>b</b>	Enter the date of the master pool obligation ▶ _____		
<b>c</b>	Enter the EIN of the issuer of the master pool obligation ▶ _____		
<b>d</b>	Enter the name of the issuer of the master pool obligation ▶ _____		
<b>39</b>	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . .		<input type="checkbox"/>
<b>40</b>	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . .		<input type="checkbox"/>
<b>41a</b>	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
<b>b</b>	Name of hedge provider ▶ _____		
<b>c</b>	Type of hedge ▶ _____		
<b>d</b>	Term of hedge ▶ _____		
<b>42</b>	If the issuer has superintegrated the hedge, check box . . . . .		<input type="checkbox"/>
<b>43</b>	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . .		<input type="checkbox"/>
<b>44</b>	If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . .		<input type="checkbox"/>
<b>45a</b>	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement . . . . . ▶ _____		
<b>b</b>	Enter the date the official intent was adopted ▶ _____		

<b>Signature and Consent</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	Signature of issuer's authorized representative _____ Date _____		Type or print name and title <b>ROBERT E. KOCH, CHAIRMAN</b>	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Firm's name ▶	Firm's EIN ▶		PTIN
	Firm's address ▶	Phone no.		



September 9 2019

Franklin County Public Works  
3416 Stearman Ave  
Pasco, Washington 99301-7104

Dear Valued Customer,

Please accept this letter as a guarantee for purchase of your Caterpillar Model 140M3 Serial Number N9D01648 . This guarantee is made in conjunction with the Governmental Failsafe Warranty. We agree to purchase this unit from you at the end of the 5 years for the amount of \$185,000 based on a maximum of 5,000 S.M.U.'s. If the time period or service meter unit limits are exceeded the above machine will be appraised to determine a new value.

Lessee agrees that each Unit, upon its return, shall:

1. Be in sound mechanical condition and to be in good working order under full load.
2. Have the same attachments and piece parts as when delivered.
3. a. Have tires in safe and operable condition with a minimum of (40%) of wear remaining tread life and all of the same style (no recaps).  
OR  
b. Have a minimum of forty percent (40%) life remaining on all undercarriage components including track shoes, links, pins and bushings, idlers, bogies, sprockets, carrier rollers, track rollers;
4. Have no cracked or broken glass;
5. Have no missing sheet metal and any damage to sheet metal;
6. Have no structural damage to frame.
7. Have met the full requirement of the warranty procedures, including scheduled oil sampling at the prescribed intervals.
8. Have no damage or modification to machine ROPS (roll over protection structure) per Caterpillar guidelines, repair or replacement of ROPS will be billed at time of return.

We require thirty (30) days written notice if you choose to exercise this guarantee and transfer title of the above-described equipment to Western States Equipment Company.  
If you have any questions or if we may be of further assistance, please call.

It is understood that under this agreement that the "terms of return" will be met and/or brought into compliance before this re-purchase agreement will be fully executed. Items that are out of compliance will be repaired and billed to

Sincerely,

\_\_\_\_\_  
Jesikah Luangaphay  
Vice President, Finance

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Dyke Jones  
Used Equipment Manager