

RESOLUTION NO 103-01

A RESOLUTION APPROVING SHORT TERM RENTAL AGREEMENTS WITH KANSAS STATE BANK AND FEDERAL SIGNAL LEASING FOR CERTAIN FIRE VEHICLES AND EQUIPMENT, AND THE COLORADO EMS PAYMENT GUARANTEE

Recitals.

The Colorado EMS Foundation (Foundation) donated 13 pieces of fire apparatus to the City over the last couple of years. In February of this year the foundation Trustee and President, Rob Dixon informed the City that the foundation wasn't paying the bank and lessor, due to concerns regarding IRS regulations.

As it turns out, the real problem is that the foundation has not made the required payments, totaling approximately \$2.3 million, on the equipment donated to the City of Grand Junction. To avoid threatened litigation by the bank and leasing company that assert a lien on the title to the equipment, the City has negotiated these short-term rental agreements. The City's position throughout has been that the donations to it are complete; the bank and lessor need to address these questions directly with the Foundation.

In order to give the Foundation every opportunity to make good on its promises to pay the bank and leasing company, the City Manager has negotiated short-term rental agreements with both institutions through December 31, 2001. Between now and then the City will further evaluate it's options, determine if any equipment is not essential, and whether the City should finance or purchase this equipment if the foundation does not pay as it has promised.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

The two short-term rental agreements attached hereto with Federal Signal Leasing and Kansas State Bank (Manhattan) dated September 15, 2001 are in the best interest of the City.

The City Manager is hereby authorized and directed to enter into the agreements on behalf of the City.

The City Manager is directed to evaluate other options for the retention and financing of all or a portion of the equipment as appropriate and necessary to recommend appropriate agreements or actions.

The City Manager is directed to enter into a guarantee agreement with the Foundation in substantially the form attached hereto.

ADOPTED AND APPROVED this 3rd day of October, 2001.

/s/ Cindy Enos-Martinez
President of the Council

ATTEST:

/s/ Stephanie Tuin
City Clerk

Letter of Agreement between Federal Signal Corporation ("Lessor") and the City of Grand Junction ("City")

Re: Colorado EMS Foundation/donated trucks and equipment

First, we agree to briefly state the background of our current situation. Rob Dixon representing the Colorado EMS Foundation ("Foundation") "donated" vehicles and equipment to the City. The City now understands that title to that equipment was subject to a lien in favor of the Lessor. However, the City believes it has defenses to the Lessor's claims to repossess the vehicles or to require the City to pay for the vehicles and/or equipment.

We each acknowledge the position of the other party. The City position is that the trucks/equipment are a completed donation. The Lessor's position is that all equipment is subject to the Lessor's lien and that the Lessor has received no payments. The City must either return the vehicles, sign a mutually agreeable lease, or pay-off the equipment.

We agree that the Foundation has currently promised to convert its investments to liquid assets by December 31, 2001. One purpose of this letter is to agree that by signing this letter agreement, we do not give up any of our legal defenses and legal positions, nor do we make admissions that would later be used in litigation. We agree to provide time for the Foundation to implement its promise to liquidate so that it might meet its obligations, the Lessor can receive payment(s), and the City can keep its "donated" equipment.

Another purpose of this agreement is to get from today's date through December 31, 2001 without having to make any tough final decision(s) which could put us in an adversarial position and could lead to litigation over substantially differing positions and theories.

Therefore, the City will pay the Lessor "rental payments" for the months of September, October, November and December of 2001 as stated in Attachment A "Schedule of Payments", dated September 15, 2001. Regardless of whether or not Foundation pays its obligations and regardless of whether or not the City enters into an agreement with the Lessor, we agree that these rental payments will be applied to reduce the then current principal balance as shown on Attachment B "List of Leased Equipment."

The City will require that the Foundation guarantee to repay to the City all amounts paid to Lessor, including the rentals per month plus any amounts under an eventual lease purchase.

We agree that we have not negotiated the terms of any lease, lease-purchase or pay-off at this time. The Lessor and the City agree that we will do so, to the best of our good faith abilities, reach an agreement by October 31, 2001. The City Manager will schedule any such tentative agreement for the City Council's review in early November, to be effective January 1, 2002.

We both agree that these negotiations, this letter agreement, and our other discussions

will not be used as admission(s) or used against the other if we end up having to litigate.

Both parties also agree that the "at fault" party is the Colorado EMS Foundation and/or its representative Rob Dixon. Both parties agree that to the extent that we can, we should stay allied in our efforts to pursue being made whole against the EMS Foundation and Mr. Dixon.

We have agreed that the rental payments will apply against the current principal amount at 4.5% interest as set forth on Attachment A.

We both agree that these trucks and equipment are essential to the City's mission. We also agree that while the trucks and equipment are in our possession the City will continue to insure them and properly maintain them.

The other issues that the Lessor and the City have agreed to not address at this time:

(a) What will be the principal amount of any City's refinancing, lease or pay-off and what equipment will be involved?

The City desires that the City/Lessor agreement reflect the current fair market value of all of trucks and equipment.

Date: _____

Date: _____

Kelly Arnold, City Manager
City of Grand Junction
250 N. 5th St.
Grand Junction CO 81501

Robert Racic, President
Federal Signal Leasing Corporation
1415 W. 22nd St.
Oak Brook IL 60523

ATTACHMENT A
September 15, 2001

Letter Agreement between Federal Signal Leasing (Lessor) and City of Grand Junction ("City").

Lessee:	City of Grand Junction
Date of First Payment:	September 15, 2001
Original Balance:	\$1,028,198.00
Total Number of Payments:	4

PAYMENT SCHEDULE

PMT #	DUE DATE	TOTAL PAYMENT	APPLIED TO INTEREST	APPLIED TO PRINCIPAL	BALANCE
1	09/15/2001	\$ 21,600.00	\$ 3,856.00	\$ 17,744.00	\$ 1,010,454.00
2	10/15/2001	\$ 21,600.00	\$ 3,789.00	\$ 17,811.00	\$ 992,643.00
3	11/15/2001	\$ 21,600.00	\$ 3,722.00	\$ 17,878.00	\$ 974,765.00
4	12/15/2001	\$ 21,600.00	\$ 3,655.00	\$ 17,945.00	\$ 956,820.00

Note: The 12/15/2001 payment includes interest through 1/15/2002.

ATTACHMENT B
September 15, 2001

Letter Agreement between Federal Signal Leasing (Lessor) and City of Grand Junction ("City").

EQUIPMENT LIST
September 15, 2001

Collateral Description	Serial/ID#	Cost
3 E-1 Pumpers	5020672/1000672	
	5020673/1000673	
	5020674/1000674	\$ 787,425.00
International Tanker 2674	1HTGLAHT4YH250481	\$ 240,773.00
TOTALS		\$ 1,028,198.00

FIRE EQUIPMENT AGREEMENT

This Equipment Agreement ("Agreement") is entered into by and between Kansas State Bank of Manhattan (the "Bank") and the City of Grand Junction, Colorado ("Grand Junction").

RECITALS

- A. Whereas the Bank has financed the purchase of fire trucks and other equipment (collectively the "Fire Equipment") by the Colorado EMS Foundation ("EMS");
- B. Whereas Grand Junction has possession of the Fire Equipment and has deployed the Fire Equipment for its use;
- C. Whereas EMS has defaulted on its financing agreements with the Bank for the Fire Equipment;
- D. Whereas the Bank asserts that it has a perfected security interest and lien on the Fire Equipment; and
- E. Whereas Grand Junction disputes the Bank's assertion of a security interest and lien on the Fire Equipment;

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Grand Junction shall make four monthly lease payments to the Bank on the dates and in the amounts set forth in the Payment Schedule attached to this Agreement as **Attachment A**. The payments shall be credited to the outstanding principal and interest on the Fire Equipment as set forth in the Payment Schedule. A list of the Fire Equipment, including serial numbers, is attached hereto as **Attachment B**. The parties have specifically not agreed as to the principle amount of any future financing for the Fire Equipment or which Fire Equipment may be included in any such financing.
2. The Bank agrees that, absent a breach of this Agreement by Grand Junction, it will not seek to repossess any of the Fire Equipment or otherwise file any claim against Grand Junction prior to December 31, 2001. The Bank may, however, take any other action to maintain or protect its asserted security interest and lien on the Fire Equipment including, but not limited to, asserting a claim against EMS in a court of competent jurisdiction.
3. Notwithstanding paragraph 2 above, in the event that Grand Junction fails to make a full or timely scheduled payment to the Bank as required by this Agreement, the Bank may immediately seek to repossess the Fire Equipment or pursue any of its rights in law or equity unless the Bank receives the payment in full within 10 days of its due date.
4. Grand Junction agrees to properly maintain and insure the Fire Equipment through December 31, 2001, and during all subsequent periods while Grand Junction has possession of the Fire Equipment.
5. Nothing in this Agreement shall be construed as an admission by either party. Neither party waives any legal or equitable claim or defense as a result of this Agreement.
6. This Agreement represents the entire agreement of the parties and supersedes any prior agreements, negotiations, or communications among the parties.
7. The terms of this Agreement may be modified, amended, or any provisions thereof waived only by mutual consent of the parties hereto as reflected in a writing executed by all parties.

8. This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original and all of which, taken together, shall constitute one agreement.

The City of Grand Junction

Dated: _____

By: _____
Kelly Arnold, City Manager

Kansas State Bank of Manhattan

Dated: _____

By: _____
Mike Daniels, President

ATTACHMENT A
September 15, 2001

Letter Agreement between Kansas State Bank of Manhattan (Bank) and City of Grand Junction ("City").

Lessee: City of Grand Junction
Date of First Payment: September 15, 2001
Original Balance: \$1,138,131.00
Total Number of Payments: 4

PAYMENT SCHEDULE

PMT #	DUE DATE	TOTAL PAYMENT	APPLIED TO INTEREST	APPLIED TO PRINCIPAL	BALANCE
1	09/15/2001	\$ 33,729.41	\$ 0.00	\$ 33,729.41	\$ 1,104,401.59
2	10/15/2001	\$ 33,729.41	\$ 4,141.51	\$ 29,587.90	\$ 1,074,813.69
3	11/15/2001	\$ 33,729.41	\$ 4,030.55	\$ 29,698.86	\$ 1,045,114.83
4	12/15/2001	\$ 18,929.04	\$ 5,983.52	\$ 12,942.52	\$ 1,032,169.31

Note: The 12/15/2001 payment includes interest through 12/31/2001.

ATTACHMENT B
September 15, 2001

Letter Agreement between Kansas State Bank of Manhattan (Bank) and City of Grand Junction (Lessee).

EQUIPMENT LIST
September 15, 2001

Collateral Description	Serial/ID#	Cost
1998 Freightliner Med Rescue - SVI	1FV6HFAA9WH911066	
1999 Wells Cargo Trailer - SVI	1WC200F27X4036852	\$ 128,654.00
2000 Spartan Heavy Rescue - SVI	4S7AT329XYC032410	\$ 312,971.00
2000 Haulmark Air Trailer - SVI	4XSPB1625YG018474	
2000 Wells Cargo Trailer - SVI	1WC200G25Y4039460	\$ 98,293.00
2000 International Grizzly - Eone	1HTSDAAR2YH254292	\$ 117,534.00
2000 Ford Jackrabbit - Eone	1FDXF47FXYEB11549	\$ 83,093.00
1999 International - SVI	1HTSDADN6XH655917	\$ 192,858.00
Equipment (see attached list)		\$ 144,728.00
3 Cairns Iris II, Model 52-IR01, Thermal Imaging Cameras	2001, 2027 & 2039	\$ 60,000.00
TOTALS		\$ 1,138,131.00

**City of Grand Junction Contract with
EMS Foundation
Miscellaneous Equipment**

ITEM	SERIAL/ITEM #	QTY	UNIT PRICE	TOTAL PRICE
Pedsco RMI-9WT Remote Mobile Investigator with Tracks - Bomb Robot	#0200802	1	\$59,730.00	\$59,730.00
Rotating Claw with Camera		1	\$2,000.00	\$2,000.00
Large Claw		1	\$3,700.00	\$3,700.00
Satellite Phone		1	\$6,659.27	\$6,659.27
Bomb Suit		1	?	?
Back-Up Camera		1	\$5,900.00	\$5,900.00
Awning		1	?	?
Pol-Da-Tank PDT-2100 22 oz., Hypalon RED		1	\$928.00	\$928.00
TNT BT-5.5 Power Unit		5	\$3,735.00	\$18,675.00
TNT CC-28 Coabl Tool		5	\$2,695.00	\$13,475.00
TNT R-30 Ram		5	\$1,255.00	\$6,275.00
TNT R-10 EXT Extensions w/f/p		5	\$144.00	\$720.00
TNT EXTH-30RED 30' Red Hose		5	\$445.00	\$2,225.00
TNT EXTH-30BLU 30' Blue Hose		5	\$445.00	\$2,225.00
Zuaro Baalc Air Bag Set	5 Model 22 #1323	5	\$3,450.00	\$17,250.00
	5 Model 35 #1129			
	5 Controller #1443			
	5 Controller #1427			
	5 16' Hoses #1535			
	5 16' Hoses #1528			

	5 Model #4500 Pressure Reducer 4500			
	5 Carrying Bags #1612			

ITEM	SERIAL/ITEM #	QTY	UNIT PRICE	TOTAL PRICE
36" CONES W/COLLAR	SALES CD# 401-02	30	\$19.75	\$592.50
12" CONE	SALES CD# 401-02	20	\$4.15	\$83.00
BARD TAPE CLIP	SALES CD# 401-02	80	\$0.60	\$48.00
FREIGHT				\$88.47
REFURBISH CAB CONSOLE		1	\$1,007.00	\$1,007.00
REARRANGE SWITCHES, INSTALL HEADLIGHT FLASHER		1	\$325.00	\$325.00
REFURBISH/FABRICATE BACKBOARD DOLLY		1	\$1,135.00	\$1,135.00
MCS2000 HIGH SPEC MOBILE	MODEL #M01HX, SERIAL #'S 623AAG0562	1	\$707.40	\$707.40
VHF2 50-110W (146-174 MHZ) HIGH PWR	MODEL #427W	1	\$749.00	\$749.00
ENH: CONVENTIONAL SOFTWARE	MODEL #H35	1	\$162.00	\$162.00
ADD: IGNITION SWITCH CABLE	MODEL #B113	1	\$-	\$-
ENH: EXPRESS SERVICE PLUS (ESP)	MODEL #G397	1	\$70.00	\$70.00
ADD: 1/4 WAVE ROOF TOP	MODEL #B776	1	\$-	\$-
TOTAL				\$144,729.64

AGREEMENT

This Agreement is made by and between the Colorado Emergency Medical Services Foundation, hereinafter known as the "Foundation," and the City of Grand Junction, hereinafter referred to as "City."

Recitals. The Foundation was created with the purpose of enhancing the quality and availability of emergency services in the State of Colorado. The Foundation has met its purpose by donating fire trucks and other equipment to the City. However, the Foundation entered into various agreements with certain banks and leasing companies in which the Foundation agreed to pay for the donated trucks and equipment. The Foundation has promised, consistently with its donation to the City, to make all such required payments so that its gift to the City can be fulfilled.

The Foundation's investments are such that it is now attempting to liquidate enough of its assets to make the past due and current payments.

Meanwhile, the bank and leasing company have indicated that the City must make some payments towards the Foundation's obligations to avoid litigation and other actions on their behalf. The City Manager has negotiated two agreements the essence of which are that the City will make certain rental payments, to allow the Foundation time to obtain the cash to make its required payments.

Because the Foundation wishes to stand behind its donations, it supports the City in this regard, and it renews its promises to hold the City harmless for any such payments.

Based on these recitals, and in consideration of the forbearances, promises, and other consideration the adequacy of which is confessed, the Foundation and the City agree as follows:

1. The Foundation donated and caused to be delivered to the City the following fire apparatus, hereinafter known as the "Vehicles," to the City:
 - a) One Freightliner FL70
VIN#1FV6HFAA9WH911066
 - b) Three E-1 Pumpers
VIN# 4ENRAAA83X1000674
VIN# 4ENRAAA81X1000673
VIN# 4ENRAAA8XX1000672
 - c) One International 2674
VIN# 1HTGLAHT4YH250481
 - d) One IHC 4900
VIN# 1HTSDAAR2YH254292
 - e) One Haulmark K716BT-WT
VIN#4XSPB162546018474
 - f) One Wells Cargo Trailer

VIN# 1WC200625Y4039460

- g) One Spartan Fire Truck
VIN#4S7AT329XYCO32410
- h) One Ford F450
VIN#1FDXF47FXEYEB11549
- i) One IHC4900
VIN#1HTSDADN6YH655917
- j) One SVI Wells Cargo Trailer
VIN#C200F27X4036852
- k) Three Cairns Iris II, Model 52-1R01, Thermal Imaging
Cameras
Serial #'s 2001, 2027 & 2039
- l) Other Equipment-Robot/Camera etc. (See Attached)
- m) One Urban Interface Vehicle ICH 4900
VIN: 1HTSEADNO1H301444

2. So that the City may continue to possess, and receive the benefit of all and any of the Vehicles, the City may enter into one or more short- and long- term rental and/or lease or lease-purchase agreements with one or more banks and/or lessors.
3. The City shall continue to use and retain possession of the Vehicles. The City states that each Vehicle is essential to the City's mission.
4. The City shall continue to insure and maintain each of the Vehicles, according to the policies of the City and, as applicable, as required by any lien holder.
5. The City shall not sell, gift, trade or otherwise dispose of any of the Vehicles for value without arranging for payment or credit of such value against any asserted lease or lien; notwithstanding the foregoing, the City may dispose of any Vehicle if it is destroyed or only has salvage value, without payments to any person, and further, the City may take steps to own and retain all or any of the Vehicles.
6. The City acknowledges that the Foundation is not involved in nor responsible for the use and operation of the Vehicles during such time as the City has the use and benefit of the Vehicle(s).
7. The Foundation agrees to take whatever steps are necessary to become current with respect to its prior obligations relating to the Vehicles.
8. On or before the sixtieth (60th) day before each lease payment due date, the Foundation agrees that it shall deposit with the City an amount equal to the next due lease payment or other obligation due to a bank or lessor relating to the Vehicles.
9. The Foundation agrees to reimburse to the City any money the City pays to any other person so that the City may retain the Vehicles without resorting to litigation

or other City options. Specifically within thirty (30) days of mailing of notice by the City to the Foundation, the Foundation agrees to reimburse the City for all rental or similar payments the City has made to date.

10. The Foundation agrees that its duty to fulfill its donation to the City, and any related liability to the City, is not affected by this Agreement. The parties hereto agree to not decide such questions in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this contract as set forth next to the respective signatures.

THE CITY OF GRAND JUNCTION

COLORADO EMS FOUNDATION

Kelly Arnold, City Manager

Rob Dixon, President

Date: _____

Date: _____

ATTEST: _____
City Clerk

Sec/Treas.: _____