

FINANCE COMMITTEE

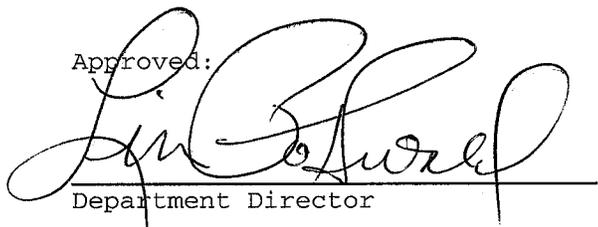
11-0014R

RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO CONTRACT NO.  
20049 WITH CATERPILLAR FINANCIAL SERVICES CORPORATION  
EXTENDING PURCHASE RIGHTS THEREUNDER.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to execute Amendment No. 1 to the Long-term Rental Agreement bearing city Contract No. 20049, a copy of which amendment is on file in the office of the city clerk as Public Document No. \_\_\_\_\_, with Caterpillar Financial Services Corporation, extending the city's option to purchase 12 graders currently under lease from them at no cost to either party.

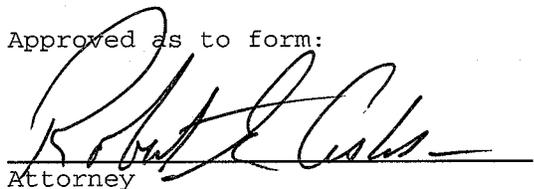
Approved:

  
Department Director

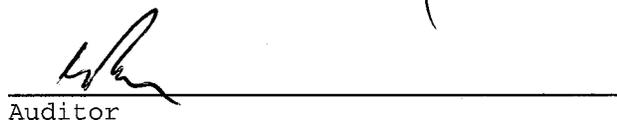
Approved for presentation to council:

  
Chief Administrative Officer

Approved as to form:

  
Attorney

Approved:

  
Auditor

FIN/ATTY REA:dma 12/30/2010

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize an extension of the City's purchase option under a long-term lease agreement with Caterpillar Financial Services so that it can be assigned to Ziegler.

Effective on January 1, 2006, the City leased 12 Caterpillar-brand graders from Caterpillar Financial Service Corporation for a term of five years, which term is up at the end of this year. The agreement included an option to purchase the equipment at the end of the lease term at a price which is more favorable than that normally obtainable on the used equipment market but the City had already decided not to exercise that option and has in fact leased new graders to replace the equipment whose lease is up.

The City and Ziegler, the Caterpillar dealer for the area, have both been contacted by a number of area governmental agencies which would like to acquire

some of the equipment at the City's price, as opposed to paying the higher market price for it. The City looks favorably on assisting their fellow local government agencies but is not in the business of selling heavy equipment and is not interested in entering this business arena. This is, however, Ziegler's trade and so the City is willing to assign its right to purchase to Ziegler and to allow Ziegler to address all of the marketing, sale, transportation and warranty issues that go with the commercial sale of such equipment.

The option runs out at the end of the lease term which is December 31, 2010 and so to make the arrangement possible, it is necessary to extend the option until the necessary approvals can be obtained and Ziegler can exercise the option. This resolution extends the option to January 17<sup>th</sup>, by which time Ziegler anticipates they can complete the necessary paperwork. Caterpillar Financial has agreed to the extension.

Amendment No. 1 to Long-Term Rental Agreement  
Between Caterpillar Financial Services Corporation  
And the City of Duluth

THIS AMENDMENT NUMBER 1 (the "Amendment"), dated as of December 29, 2010 amends the Long-Term Rental Agreement dated as of January 1, 2006 (the "Lease") by and between The City of Duluth ("Lessee") and Caterpillar Financial Services Corporation ("Lessor").

WHEREAS, Lessee and Lessor desire to amend the Lease as provided herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Lessor agree to amend the Lease as follows:

1. Notwithstanding anything to the contrary contained in the Lease and in any agreement, instrument or other document executed or delivered in connection therewith, Lessor agrees and confirms that the date for Lessee to exercise the Cat Value Option pursuant to Section 14 of the Lease is hereby extended to no later than January 17, 2011. Further, Lessor hereby waives the 60 notice requirement contained in said Section 13.
2. Except as amended herein, the Lease remains in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this amendment as of the 29th day of December, 2010.

City of Duluth

Caterpillar Financial  
Services Corporation

By: \_\_\_\_\_  
Its Mayor

By: \_\_\_\_\_

Attest:

Title: \_\_\_\_\_

\_\_\_\_\_  
City Clerk

Approved:

Countersigned:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Auditor