



STAFF REPORT

AGENDA ITEM #: 16-108
COUNCIL MTG OF: August 16, 2016
FROM: S. Daly, Acting Town Administrator
OFFERED BY: Susan Hickey, Chief Financial Officer
PREPARED BY: Susan Hickey, Chief Financial Officer
SUBJECT: Authorization to enter into Master Lease Agreement

PURPOSE

Obtain Council approval to enter into a master lease agreement for capital improvement purchases as approved in the FY2017 budget.

TOWN ADMINISTRATOR COMMENTS

I have reviewed this proposal and, relying on bond counsel's review of the lease and drafting of the actions portion of the Council Resolution, concur with the CFO's recommendation.

BACKGROUND

During the budget review on May 19, 2016, it was determined that entering into a competitively bid master lease agreement for capital improvement purchases over the next five years would be cost effective for the town.

DISCUSSION

A bid was produced and sent to local and national banks for quotes of interest rates and terms for a master lease agreement for capital purchases over the next five years totaling \$4,168,000. Bids were received from several banks. Bank of America was chosen for their guaranteed fixed interest rates of 1.35% for leases up to three years in length, and 1.50% for leases of four to seven years in length.

FISCAL IMPACT

As purchases are made funds available in the master lease will be applied to the purchases. Annual lease payments will be a legal obligation of the Town and will be made from Capital Reserve Funds or other resources as budgeted.

RECOMMENDED ACTION BY COUNCIL

Recommendation is for the Town Council to adopt the resolution as presented.

RECOMMENDED MOTION

I MOVE THAT THE TOWN COUNCIL adopt Resolution number 2016-025 as follows: *[Read the Resolution]*

Vote required: Simple majority of Councilors present.

Attachment(s) Resolution #2016-025

(Documents referred to in the Resolution may be viewed at the Administrator's office.)



RESOLUTION

Number 2016-025

To Authorize Entrance Into a Master Lease/Purchase Agreement to
Finance the Acquisition of Certain Capital Equipment

WHEREAS, Section 7.1 of the Town Charter designates the Town Council as the governing body of the Town, which is then empowered by New Hampshire law to incur debt on behalf of the Town; and

WHEREAS, the Council incorporated a lease-to-purchase method of financing the acquisition of certain capital equipment into the Fiscal Year 2017 Town Budget; and

WHEREAS, bids were solicited from financial institutions engaged in this method of financing, which bids were evaluated by the Town's Finance Department and the provider of the most advantageous bid was selected; and

WHEREAS, the lease/purchase agreement offered by the selected provider was scrutinized and approved by the Town's bond counsel;

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the Town is hereby authorized to enter into a certain Master Equipment Lease/Purchase Agreement (the "Lease/Purchase Agreement") with Banc of America Public Capital Corp (the "Lessor") as described in (i) Lessor's July 26, 2016 Term Sheet (attached hereto as Exhibit A); (ii) Lessor's email of August 2, 2016 describing interest rate options available under the Lease/Purchase Agreement (attached hereto as Exhibit B); and (iii) Lessor's draft Master Equipment Lease/Purchase Agreement in substantially the form presented to this meeting (attached hereto as Exhibit C), the proceeds of which will be used to finance the acquisition of certain equipment, more specifically described in the Lease/Purchase Agreement, as amended and supplemented from time to time, in the approximate amount of \$4,168,000; and

BE IT FURTHER RESOLVED that the Town Administrator (and/or such other Town officials who may be specified by the Town's bond counsel) is hereby authorized to execute and deliver the Lease/Purchase Agreement and any exhibits thereto or documents contemplated thereby; and to take such other actions as may be necessary to consummate such financing; and

BE IT FURTHER RESOLVED that all actions previously taken by the Town and/or the Town Council with respect to the subject matter of this Resolution are hereby ratified and confirmed.

This Resolution shall take effect immediately upon its passage.

Adopted: August 16, 2016.

Attest:

X _____

Brian Chirichiello, Council Chair

Date: _____

X _____

Daniel Healey, Town Clerk

Date: _____