

STAFF REPORT

AGENDA ITEM #: 18-135
COUNCIL MTG OF: November 20, 2018
FROM: Dave Caron, Town Administrator
OFFERED BY: Susan Hickey, Chief Financial Officer
PREPARED BY: Susan Hickey, Chief Financial Officer
SUBJECT: Authorization to enter into an approved Master Lease Agreement

INTRODUCTION: Obtain Council approval to enter into a FY19 Master Lease Agreement approved in August 2016 for capital improvement purchases as approved in the FY2019 budget.

TOWN ADMINISTRATOR COMMENTS

I have reviewed this proposal and concur with the CFO's recommendation.

BACKGROUND

During the budget review in May 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 and lending institutions for quotes of interest rates and terms for a master lease agreement for capital purchases. The FY2019 lease amount is \$1,605,413. Bank of America was chosen again for their guaranteed fixed interest rates and no fees passed onto the community. The interest rates are 3.3% for both five and seven-year terms. Equipment incorporated in this master lease agreement include public works vehicles (including cemetery, highway, parks and the transfer station). Other equipment includes fire vehicles including a pumper engine.

Although the Council's approval of Resolution #2016-025 contemplated adjustments to the list of acquisitions, Bank of America has requested a formal Council amendment to the Resolution for FY2019 purchases. Although the Council approved Resolution #2018-064 on October 23, Bank of America has requested additional edits, which has resulted in the development of #2018-064A.

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 & MOTION BY COUNCIL

Recommendation is for the Town Council to adopt the resolution as presented. (Please read motion #2018-064A).

Vote required: Simple majority of Councilor's present



RESOLUTION

Number 2018-064A

To Amend Resolution #2016-025 for 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 Legislative 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 2019 Town Budget; and

WHEREAS, the Town Council authorized the Town Administrator to enter into an agreement with Bank of America to finance certain capital equipment; and

WHEREAS, Resolution #2016-025 specifically contemplated and authorized supplementing the items to be financed under this Agreement;

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the Town is hereby authorized to amend the Master Equipment Lease/Purchase Agreement by increasing the overall leasing capacity by adding the following capital items:

Public Safety Vehicles and Equipment- \$865,364

Public Works Vehicles and Equipment- \$740,049
\$1,605,413

Further, that this authorization shall not increase appropriations beyond what has been previously authorized under separate Council action, and the Town Administrator 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.

This Resolution shall take effect immediately upon its passage.

Adopted: November 20, 2018

Attest:

X _____
James Morgan, Council Chair
Date: _____

X _____
Daniel Healey, Town Clerk
Date: _____