

AGENDA ITEM #: 19-117
COUNCIL MTG OF: October 1, 2019
FROM: Dave Caron, Town Administrator
OFFERED BY: Susan Hickey, Chief Financial Officer
PREPARED BY: Susan Hickey, Chief Financial Officer
SUBJECT: Authorization to enter into a Schedule to Master Lease Agreement

INTRODUCTION: Obtain Council approval to enter into a FY20 Schedule to the Master Lease Agreement approved in August 2016 for capital improvement purchases as approved in the FY2020 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 FY2020 lease amount is \$1,891,660. Banc of America was chosen again for their guaranteed fixed interest rates and no fees passed onto the community. The interest rates are 1.99% for a five-year term and 2.03% for a seven-year term. These rates and terms may also be blended into one lease schedule to the master lease agreement. Equipment incorporated into this master lease agreement include public works vehicles and equipment, police vehicles and replacement of HVAC units at the Municipal Center, Derry Public Library, Vehicle Maintenance Garage and Police Department.

Although the Council's approval of Resolution #2016-025 contemplated adjustments to the list of acquisitions, Banc of America has requested a formal Council amendment to the Resolution for FY2020 purchases similar to the amendment provided in Resolution #2017-079.

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 #2019-061).

Vote Required: Simple majority of Councilor's present.