

CITY COUNCIL MEETING

AGENDA ITEM IV



CITY OF FRANKLIN
COUNCIL AGENDA REPORT
January 2, 2015

From: Judie Milner, Finance Director
Subject: Approved Energy Project Funding Interest Rate Change

Recommendation:

I recommend the Council approves the new interest rate of 3.97% (from 3.19%) for the lease purchase through Municipal Leasing Consultants for the Energy project.

Possible Motions:

January 5, 2015

Councilor moves, "I move that the Franklin City Council set a public hearing for Monday February 2, 2015 at 6:05pm regarding resolution 07-15 increasing the interest rate on the lease for the energy project and re-appropriating the energy project in FY15."

Discussion. Mayor calls for vote.

February 2, 2015

Councilor moves, "*I move the City of Franklin City Council approve Resolution 07-15 authorizing the energy project lease purchase at 3.97% and re-appropriating the energy project in FY15.*"

Discussion. Mayor calls for vote.

Discussion:

On February 3, 2014, the City Council adopted resolution 07-14 approving an energy performance contract with Energy Efficient Investments, Inc., authorizing the City to enter into a lease purchase agreement with Municipal Leasing Consultants, and appropriating the project in the FY14 budget. As most of the Council is aware, the City was unable to secure financing due to tardy financial statement reporting. The Council and the School Board have worked together throughout the year to address the reporting issues. Recently, the City was able to issue FY12 final financials and FY13 draft financials making leasing an option again through Municipal Leasing Consultants. However, due to the time delay between now and the initial approval coupled with our untimely financial reporting, the interest rate has increased to 3.97% (from 3.19% last February). In addition, the FY14

budget appropriation for this project has lapsed so this resolution also re-appropriates the project in the FY15 budget.

Concurrences:

The Council approved the energy performance contract and the funding mechanism through resolution 07-14 adopted February 3, 2014.

Fiscal Impact:

The interest rate increase equates to \$15,239 over the life of the lease (12 years).

Alternatives:

The project would not move forward without this interest rate increase approval or the leasing company changing the interest rate to at least 3.19 % as originally approved.

Attachments/Exhibits:

Resolution 07-14

Resolution 07-15



CITY OF FRANKLIN, NEW HAMPSHIRE

"The 'Three Rivers City'"

316 Central Street
Franklin, NH 03235

(603) 934-3900
fax (603) 934-7413
cityhall@franklinnh.org

CITY OF FRANKLIN NOTICE OF PUBLIC HEARING & MEETING

In accordance with the provision of Chapter 31, Division 2 of the Franklin Municipal Code, notice is hereby given that the City of Franklin will hold a Public Hearing on Monday, February 2, 2015 at 6:05 p.m. in the Council Chambers, Franklin City Hall concerning Resolution #07-15 relative to a lease/purchase agreement through Municipal Leasing Consultants for a higher interest rate than originally approved on the energy project and a supplemental appropriation of the lease proceeds and additional funding from the Capital Reserve Fund in order to fund the Energy Performance Contract.



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RESOLUTION #07-15

A Resolution Relating to the authorization for the City of Franklin to enter into a lease purchase agreement through Municipal Leasing Consultants for a higher interest rate than originally approved with the energy project in February 2014 through resolution 07-14 and FY15 supplemental appropriation of the lease proceeds and additional funding from the Capital Reserve Fund in order to fund the Energy Performance Contract.

In the year of our Lord, Two Thousand Fifteen,

WHEREAS, the City Council of the City of Franklin has adopted a budget for Fiscal Year 2015 which began July 1, 2014, and;

WHEREAS, the City Council of the City of Franklin has adopted Resolution 07-14 approving an Energy Performance Contract with Energy Efficient Investments, Inc. addressing energy related and capital concerns in several City owned buildings including City Hall, Proulx Center, Bessie Rowell Community Center, Highway Garage and Police Station, and;

WHEREAS, the City Council the resolution 07-14 approved to fund this project totaling \$372,307 through energy rebates from energy suppliers, Capital Reserve funding not to exceed \$100,000, and by entering into a lease purchase agreement through Municipal Leasing Consultants for an amount not to exceed \$201,966.29, and;

WHEREAS, The City Council understands that the lease interest rate through Municipal Leasing Consultants has changed from 3.19% to 3.97%, and;

WHEREAS, the City Council understands that lease payments will be funded through energy savings for the period of 12 years, and;

WHEREAS, the City Council understands that the expected energy savings to pay back the lease purchase agreement are guaranteed by Energy Efficient Investments, Inc., Now

THEREFORE BE IT RESOLVED, that at the scheduled meeting of the City Council on Monday, February 2, 2015, the City Council of the City of Franklin, New Hampshire does hereby adopt resolution 07-15 authorizing the City of Franklin to enter into a lease purchase agreement with Municipal Leasing Consultants not to exceed \$201,966.29 at a rate of 3.97% for a period of twelve (12) years and authorizing an increase in FY15 revenues:

Transfer In - Capital Reserve Fund Account No. 01-0-000-39150-000 - One Hundred Thousand Dollars and No Cents (\$100,000),

Other Financing Sources – Capital Lease Proceeds Account No. 01-0-000-39900-000 – Two Hundred One Thousand Nine Hundred Sixty Six Dollars and 29 Cents (\$201,966.29),

Miscellaneous Revenue Account No. 01-0-000-35090-000 – Seventy Thousand Three Hundred Forty Dollars and 71 Cents (\$70,340.71)

Resolution 07-15
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And an increase in expenditure account,

Buildings Account No. 01-9-012-40720-000 – Three Hundred Seventy Two Thousand Three Hundred Seven Dollars and No Cents (\$372,307)

for the funding of the Energy Performance Contract and authorizing the City Manager to sign all necessary documentation of same.

By a roll call vote.

Roll Call:

Councilor Boyd	_____	Councilor Feener	_____
Councilor Clarenbach	_____	Councilor Giunta	_____
Councilor Wells	_____	Councilor Starkweather	_____
Councilor Desrochers	_____	Councilor Barton	_____
Councilor Dzujna	_____		

Approved: _____
Mayor

Passed: _____

I certify that said vote has not been amended or repealed and remains in full force and effect as of the date of this Certification and that Katie A. Gargano is the City Clerk for the City of Franklin, Franklin, New Hampshire.

A true copy, attested: _____
City Clerk

Date: _____



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RESOLUTION #07-14

A Resolution Relating to the approval of an Energy Performance Contract with Energy Efficient Investments, Inc. and the authorization for the City of Franklin to enter into a lease purchase agreement through Municipal Leasing Consultants and supplemental appropriation of the lease proceeds and additional funding from the Capital Reserve Fund in order to fund the Energy Performance Contract.

In the year of our Lord, Two Thousand Fourteen,

WHEREAS, the City Council of the City of Franklin has adopted a budget for Fiscal Year 2014 which began July 1, 2013, and;

WHEREAS, the City Council of the City of Franklin has supported a Franklin goes green initiative, and;

WHEREAS, the City Council of the City of Franklin wishes to address some energy related and capital concerns in several City owned buildings including City Hall, Proulx Center, Bessie Rowell Community Center, Highway Garage and Police Station, and;

WHEREAS, the City Council wishes to fund this project totaling \$372,307 through energy rebates from energy suppliers, Capital Reserve funding not to exceed \$100,000, and by entering into a lease purchase agreement through Municipal Leasing Consultants for an amount not to exceed \$201,966.29 at an interest rate of 3.19%, and;

WHEREAS, the City Council understands that lease payments will be funded through energy savings for the period of 12 years, and;

WHEREAS, the City Council understands that the expected energy savings to pay back the lease purchase agreement are guaranteed by Energy Efficient Investments, Inc., Now

THEREFORE BE IT RESOLVED, that at the scheduled meeting of the City Council on Monday, February 3, 2014, the City Council of the City of Franklin, New Hampshire does hereby adopt resolution 07-14 approving the Energy Performance Contract with Energy Efficient Investments, Inc. and authorizing the City of Franklin to enter into a lease purchase agreement with Municipal Leasing Consultants not to exceed \$201,966.29 at a rate of 3.19% for a period of twelve (12) years and authorizing an increase in FY14 revenues:

Transfer In - Capital Reserve Fund Account No. 01-0-000-39150-000 - One Hundred Thousand Dollars and No Cents (\$100,000),

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Other Financing Sources – Capital Lease Proceeds Account No. 01-0-000-39900-000 – Two Hundred One Thousand Nine Hundred Sixty Six Dollars and 29 Cents (\$201,966.29),

Miscellaneous Revenue Account No. 01-0-000-35090-000 – Seventy Thousand Three Hundred Forty Dollars and 71 Cents (\$70,340.71)

And an increase in expenditure account,

Buildings Account No. 01-9-012-40720-000 – Three Hundred Seventy Two Thousand Three Hundred Seven Dollars and No Cents (\$372,307)

for the funding of the Energy Performance Contract and authorizing the Mayor to sign all necessary documentation of same

By a roll call vote.

Roll Call:

Councilor Boyd	<u>Yes</u>	Councilor Feener	<u>Yes</u>
Councilor Clarenbach	<u>Yes</u>	Councilor Giunta	<u>Absent</u>
Councilor Cournoyer	<u>Yes</u>	Councilor Starkweather	<u>Yes</u>
Councilor Desrochers	<u>Yes</u>	Councilor Barton	<u>Yes</u>
Councilor Dzujna	<u>Yes</u>		

Approved: _____


Mayor

Passed: February 3, 2014

I certify that said vote has not been amended or repealed and remains in full force and effect as of the date of this Certification and that Holly Burbank is the City Clerk for the City of Franklin, Franklin, New Hampshire.

A true copy, attested: _____


City Clerk

Date: 2-6-2014