

Town of Lebanon
Lease / Purchase Agreements for Capital Projects

Establishment by the Board of Finance (BOF) to document the process for entering into a Lease/Purchase Agreement for approved capital projects with intent to own and to project the full financial impact to the town.

General Description

All Capital Lease/Purchase Agreements for the Town and the Board of Education must be approved at a town meeting or referendum.

Procedures

All departments, boards or commissions must request capital funding during the budget process.

The Board of Finance will determine:

- the funding options for projects included in the proposed budget.
- the estimated annual payments and duration which will be included in the budget proposal.
- Whether or not entering into a lease/purchase agreement is the best means for funding.

Following the approval of the budget, the Finance Office will:

- take the lead and will work with the area requesting the capital item.
- assemble multiple bid proposals and present the best Lease/Purchase proposal to the BOF.
- will include total cost, including: interest rate, duration, down payment and any additional expenses of the proposal.

The Board of Finance must provide a proposal to a Town Meeting by passing:

- a resolution to enter into a Capital Lease/Purchase Agreement and/or release of capital funding, and
- a request to the Board of Selectmen to call a Town Meeting for the purposes of entering into a Capital Lease/Purchase Agreement and/or release of capital funding.

The Resolution language must accompany the package of lease information from the Finance Office.

BOF Sample resolution

Be it resolved, that the Board of Finance recommends that the Town of Lebanon enter into a lease-purchase agreement in a principal amount not to exceed \$_____ with annual payments not to exceed \$_____ to finance costs related to the acquisition of a _____ for the _____; and to authorize the First Selectman to determine the lease purchase financing provider, to accept and determine the amount, date, interest rate, term and other details of the financing under the lease purchase agreement, and to take other actions as may be necessary or expedient in connection with the fulfillment of the provisions of the lease purchase agreement and related transactions, and to authorize the First Selectman and other proper officers and officials of the Town to take all other action and to enter into any other

agreements which are necessary or desirable to complete the project and to finance the project through the lease purchase agreement.

Revenue Source

Capital lease/purchases are recognized as current and future obligations for the duration of the lease. The Capital Lease/Purchase is subject to annual appropriations and the lease agreement should include a non-appropriation of funds clause.

Changes

The policy will remain in effect until action is taken by the BOF to revise or abolish the policy at a regular scheduled meeting.

Approved: September 20, 2016 Board of Finance regular meeting.

Revised: March 21, 2023 Board of Finance regular meeting.