

JULY 6, 2006

The Town Board of the Town of Corinth held a workshop meeting on July 6, 2006 at 4:00 pm at the Town Hall.

Present: Richard Lucia, Supervisor  
Charles Brown, Councilman  
John Major, Councilman  
Edward Byrnes, Councilman  
Mitchell Saunders, Councilman  
Rose E. Farr, Town Clerk  
Fred Mann, Code Enforcement Officer  
Harry Plummer, Highway Superintendent

Public Present: Mary Baugh, Robert Kelley, Eleanor Kelley, Arleen Springer, Sigrid Koch, Herbert Syrop, Barbara Weatherwax, Diana Jordan, Ralph DeCristofaro, Yvonne Melville, Russell Melville, Leif Sandwick, G. McGuckin, Bruce Baker, Meredith Smith and James Martin from LA Group.

After Roll Call by the Town Clerk the following business was transacted:

**PURCHASE OF LOADER**

Supervisor Lucia told the board that it was necessary to discuss the purchase of the loader for the Highway Department. The following was stated:

The Town wishes to enter into a Lease Purchase Agreement (the “Agreement”) with Municipal Group, Inc. (“Municipal Group”) for the purchase of a Volvo Model L90E Wheel Loader (the “Equipment”). The total cost is \$107,782 minus a trade-in allowance of \$15,500 for a purchase price of \$92,282; the interest rate is 4.83% for a 5-year term.

As you know, the Lease Purchase Agreement must be authorized by Resolution of the Town Board. Please note that the Resolution must be approved by an affirmative vote of two-thirds of the Town Board.

Under the Regulations governing lease purchase agreements by political subdivisions, the Town Board may not adopt the Resolution authorizing the Lease Purchase Agreement unless an evaluation of financing alternatives has been prepared. At a minimum, the evaluation must contain (a) a statement indicating the estimated cost of each capital improvement to be financed, exclusive of the cost of financing; (b) a statement indicating whether the proposed capital improvements may be financed with indebtedness issued under the Local Finance Law and if not, the specific reasons why such financing is not authorized; (c) if the capital improvements may be financed with indebtedness, a statement indicating the estimated total cost of the capital improvements, inclusive of the cost of financing, if financed pursuant to the Local Finance Law; (d) a statement indicating the estimated total cost of the proposed capital improvements, inclusive of the cost of financing, if financed pursuant to an installment purchase contract; (e) a comparison of the estimated total costs of financing under the Local Finance Law and the proposed installment purchase contract; and (f) a recommendation as to whether it is in the best interests of the political subdivision to finance the capital improvements pursuant to the Local Finance Law or pursuant to the installment purchase contract and the specific reasons for such recommendation. The Resolution authorizing the Lease Purchase Agreement must refer to this evaluation of financing alternatives and state the specific reasons why the Town Board has determined that it is in the best interest of the Town to finance the equipment using the installment purchase contract. We believe that the purchase of the wheel loader could be financed under the Local Finance Law. Our most recent Bond

Anticipation Note (BAN) financing with TD Banknorth was at a rate of 4.29% for a one year renewal bond anticipation note in an amount of nearly \$300,000. We contacted Glens Falls National Bank who quoted 4.49% for a 5-year statutory installment bond. This suggests that the Municipal Group rate of 4.83% for the 5 year term is consistent with prevailing interest rates. However, you should probably contact TD Banknorth to determine what rate they could offer. Rates have been rising over the past few years, so the rate for a one year BAN would probably increase each year while the rate for the installment purchase contract would remain the same over the 5 year term.

#### **EVALUATION OF FINANCING ALTERNATIVES**

**WHEREAS**, the Town Board determined that a need exists for acquisition of a wheel loader (the “Equipment”) which was anticipated to cost more than \$10,0000; and

**WHEREAS**, the Town Board has authorized the purchase of the Equipment under New York State Contract for the amount of \$107,782.00; and

**WHEREAS**, Municipal Group, Inc. (“Municipal Group”) has offered to provide financing for the Equipment pursuant to a Master Lease Agreement;

#### **NOW, THEREFORE,**

Pursuant to the requirements of 6 NYCRR Part 39, the Town Board has prepared the following evaluation of financing of the Equipment:

(a) The total cost of the Equipment is \$107,782. With a trade-in allowance of \$15,500, the estimated cost of the Equipment which will be financed, exclusive of the cost of financing, is \$92,282;

(b) The proposed Equipment may be financed with indebtedness issued under the Local Finance Law;

(c) The estimated total cost of the Equipment, inclusive of the cost of financing, if financed pursuant to the Local Finance Law would be approximately \$120,500 based on a probable interest rate of 4.49% and a term of bonds (or bond anticipation notes and renewals) of 5 years, not including additional costs related to the financing including bond counsel fees and publication;

(d) The estimated total cost of the Equipment, inclusive of the cost of financing, if financed pursuant to the Master Lease Agreement as proposed by Municipal Group would be approximately \$120,500 based on a fixed interest rate of 4.83% and an effective contract term of 5 years;

(e) The estimated total costs described in subdivision (c) would be very close to those described in subdivision (d) above, not taking into account bond counsel, publication and other costs related to the financing.

(f) It is in the best interests of the Town to finance the Equipment pursuant to the Master Lease Agreement as proposed by Municipal Group. If bond counsel fees and other costs related to issuance of the Town's bonds or bond anticipation notes are taken into consideration, the total costs described in (c) and (d) above would be nearly identical if not cheaper under the Master Lease Agreement. Under the Lease Purchase Agreement the Town is not required to pledge its faith and credit and the Agreement terminates if the Town cannot appropriate funds to pay the amounts due thereunder. The Agreement specifically provides that it is not a general obligation of the Town, neither the full faith and credit nor the taxing power of the Town are pledged and the Agreement terminates in the event of non-appropriation of funds. In light of the uncertainty of appropriations for various Town purposes, this flexibility could be significant at some time over the next 5 years.



**Section 1:** After taking into account the evaluation of financing alternatives, the Town Board hereby determines that it is in the best interests of the Town to finance the Equipment pursuant to the proposed Lease Purchase Agreement with Municipal Group for the following specific reasons: In light of the uncertainty of appropriations for various Town purposes, the flexibility afforded by termination of the Lease Purchase Agreement if the Town cannot appropriate funds to pay the amounts due thereunder could be significant at some time over the next 5 years.

**Section 2:** The acquisition of the Equipment under the terms and conditions provided for in the Lease Purchase Agreement is necessary, convenient, in furtherance of, and the Equipment will at all times be used in connection with, the Town's governmental and proprietary purposes and functions and is in the best interests of the Town, and no portion of the Equipment will be used, directly or indirectly, in any trade or business carried on by any person other than a governmental unit of the State on a basis different from the general public.

**Section 3:** The Town Board hereby authorizes financing the purchase of the Equipment pursuant to the provisions of the Lease Purchase Agreement proposed by Municipal Group.

**Section 4:** The Town Supervisor is hereby authorized and directed to execute and deliver the Lease Purchase Agreement with Municipal Group and to execute and deliver such other agreements, instruments and other writings, and to take such further actions as he, in his sole discretion, deems

necessary or desirable to carry out the intent of this Resolution and the Lease Purchase Agreement.

**Section 5:** The Town Board hereby certifies that the Town has not issued or effected the issuance of, and reasonably anticipates that it will not issue or effect the issuance of, more than \$10,000,000 of tax-exempt obligations during the 2006 calendar year and, to the extent that it is permitted to do so under the Internal Revenue Code of 1986, as amended (the "Code"), hereby designates the lease of the Equipment to which the Agreement pertains as a "qualified tax-exempt obligation" as defined by Section 265(b)(3) of the Code.

**Section 6:** The Town Board hereby covenants that it will perform all acts within its power which are or may be necessary to ensure the maintenance of the Town's legal status as being a duly organized and existing entity under the Laws of the State, which status is the basis for the interest portion of the rental payments coming due under the Agreement to at all times remain exempt from federal income taxation under the laws and regulations of the United States of America as presently enacted and construed or as hereafter amended.

**Section 7: Effective Date** - This Resolution shall take effect immediately.

The question of the adoption of this Resolution was duly put to a vote on roll call which resulted as follows:

AYES: 5  
NAYS: 0  
ABSENT: 0

ROLL CALL

AYES: 5                      NAYS: 0                      ABSENT: 0

The Resolution was declared duly adopted by a vote of not less than two-thirds (2/3) of the full membership of the Town Board.

Supervisor Lucia stated that he had discussed the referrals to the County Planning Board with Michael Valentine from Saratoga County Planning Board and was told if the Town of Corinth entered into a Memorandum of Understanding with the County Planning Board the time frame for certain projects which the County Planning Board deemed to have no significant county-wide and inter-community impacts could be reduced.

**RESOLUTION #167**  
**AUTHORIZING SUPERVISOR TO SIGN MEMORANDUM OF UNDERSTANDING WITH THE SARATOGA COUNTY PLANNING BOARD**

On a motion of Councilman Brown and seconded by Councilman Major, the following resolution was

ADOPTED Ayes 5                      Lucia, Brown, Major, Byrnes and Saunders  
                    Nays 0

RESOLVED that the Town Supervisor is hereby authorized and directed to execute and deliver the Memorandum of Understanding with Saratoga County Planning Board, and to execute and deliver such other agreements, instruments and other writings, and to take such further actions as he, in his sole discretion, deems necessary or desirable to carry out the intent of this Resolution and the Memorandum of Understanding.

**ELDER COTTAGES**

A discussion was had regarding the board's feelings on Elder Cottages. Meredith Smith said she needed to know exactly how each member of the

board felt regarding the deletion of the Elder Cottages from the Land Use Ordinance. A poll of the board members was taken which resulted as follows:

- Councilman Major - delete Elder Cottages
- Councilman Brown - delete Elder Cottages
- Councilman Byrnes - delete Elder Cottages
- Councilman Saunders - delete Elder Cottages
- Supervisor Lucia - delete Elder Cottages

After the vote it was stated that this leaves property subject to three things: an area variance, an in law apartment without a kitchen (overseen by the Building Department) and the elder cottages which exist now to be inspected annually.

Meredithe Smith said that LA Group would prepare a SEQR form and have it ready for the next board meeting on July 13, 2006.

Supervisor Lucia told the board that there needs to be notification sent out to the neighboring property owners with return receipts for all variances or subdivision done by the Planning Board.

The board also said that there needs to be written in the law that there will be annual inspections on the elder cottages that are already in existence.

### **COMMENTS FOR ATTORNEY HILL ON DRAFT HE PRESENTED TO THE BOARD**

Councilman Brown turned in comments to Supervisor Lucia regarding the draft that Attorney Hill presented to the board. Councilman Major told the board that he was having Lisa type up his comments and would have them to the Supervisor in the next few days.

### **DISCUSSION ON JUNK STATUS OF ROUTE 9N PROPERTY**

Code Enforcement Officer Mann spoke about the property on Route 9N owned by L. Mark Eggleston. Code Enforcement Officer Mann said that nothing could be done regarding the snowplow vehicle. He also stated that Mr. Eggleston was to remove a truck, school bus and van and enter into an agreement with APA. Code Enforcement Officer Mann said he did not think the agreement with APA was ever signed.



ADOPTED Ayes 5  
Nays 0

Lucia, Brown, Major, Byrnes and Saunders

RESOLVED that Richard Beasley be given credit toward the purchase of ten tandem tickets at \$25.00 each for ten tandem tickets at \$10.00 each previously purchased when sandpit was previously opened.

**RESOLUTION #170**

**AUDIT OF CLAIMS**

On a motion of Councilman Brown and seconded by Councilman Byrnes, the following resolution was

ADOPTED Ayes 5  
Nays 0

Lucia, Brown, Major, Byrnes and Saunders

Resolved that the bills be paid as audited, with any exceptions in the following:

A	-	#20060915, 0922, 0926-0928, 0931, 0933, 0935-0944, 0946-0947, 0966, 0968	\$42,517.94
B	-	#20060916, 0921, 0923, 0930, 0949-0954, 0967, 0969	\$ 8,485.05
DA	-	#20060955	\$ 11.28
DB	-	#20060917, 0920, 0929, 0956-0965, 0971-0972	\$33,585.42
TA	-	#20060918-0919, 0924-0925, 0932, 0934, 0970	\$19,783.09

**RESOLUTION #171**

**BILL PAYING**

On motion of Councilman Brown and seconded by Councilman Major, the following resolution was

ADOPTED Ayes 5

Lucia, Brown, Major, Byrnes, Saunders

Nays 0

With no further business, on a motion of Councilman Brown, seconded by Councilman Major, the meeting was adjourned to bill paying at 5:00 PM. Carried unanimously.

Respectfully submitted,

Rose E. Farr, RMC  
Town Clerk