**RESOLUTION NO. _____ OF 2024**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NANTICOKE APPROVING A FIFTEEN (15) YEAR LEASE AGREEMENT AT THE RATE OF 4.472% FOR THE FUNDING OF ONE (1) NEW PIERCE ENFORCER MID-MOUNT TOWER TRUCK AND ONE (1) NEW PIERCE SABER PUMPER FOR THE CITY OF NANTICOKE FIRE DEPARTMENT**

**WHEREAS,** the City of Nanticoke is acquiring one (1) new Pierce Enforcer Mid-Mount Tower Truck and one (1) new Pierce Saber Pumper and will be financing said purchases through a Lease Arrangement with M&T Bank; and

**WHEREAS,** the City Council wishes to approve the Lease Agreement which is attached hereto and made a part hereof and marked as Exhibit "A".

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Nanticoke and it is hereby resolved by the authority of the same as follows:

1. The City Council of the City of Nanticoke hereby approves the attached Lease Agreement with M&T Bank for a term of fifteen (15) years at an interest rate of 4.472% as set forth in Option A of the Lease Agreement, for the acquisition of one (1) new Pierce Enforcer Mid-Mount Tower Truck and one (1) new Pierce Saber Pumper.

**RESOLVED**, this 4th day of December, 2024, by the City Council of the City of Nanticoke, Luzerne County, Pennsylvania.

| ATTEST: | CITY OF NANTICOKE |
|---|---|
| ______________________________ | ______________________________ |
| Jennifer W. Polito, City Clerk | Council President |

# EXHIBIT A

## Lease Agreement

**M&T Bank**
Understanding what's important®

November 25, 2024

Ms. Jennifer W. Polito
Accounting & Finance Director
City Clerk
City of Nanticoke
15 E. Ridge Street
Nanticoke, PA 18634

Dear Jennifer,

Manufacturers and Traders Trust Company ("M&T Bank") is pleased to outline the following financing proposal for the City of Nanticoke.

| | | |
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| LESSOR: | M&T Bank (its nominees, assigns or affiliates) | |
| LESSEE: | City of Nanticoke | |
| EQUIPMENT & FUNDING AMOUNT (APPROXIMATE): | (1) New Pierce Enforcer Mid-Mount Tower Truck | $1,277,412.00 |
| | (1) New Pierce Saber Pumper | $ 640,000.00 |
| | Total: | $1,917,412.00 |

FACILITY: One or more Tax-Exempt Municipal Lease Purchase Agreements

This will be a non-cancelable, net lease transaction whereby maintenance, insurance, applicable taxes, and all items of a similar nature will be the responsibility of the Lessee. Provisions of the lease will require that Lessor be named Lender/Loss Payee on the insurance coverage.

TERMS & PAYMENT:

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| Lease Term: | 15 Years |
| Closing Date: | January 15, 2025 (estimated – if Lessee elects to do two separate leases, the closing date of the second lease may be scheduled for a later date in anticipation of or upon delivery of the vehicle) |
| First Payment Date: | January 15, 2026 (one year after closing – if Lessee elects to do two separate leases, payments for the second lease may be structured to be coterminous with the first lease if desired) |
| Payment Frequency: | Annual in Arrears (other options available) |

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| Interest Rates: | Option A:<br>4.472% if funding $1,917,412 for both vehicles – rate will be fixed for the full term and is held for a closing on or before 1/15/2025.<br><br>Option B:<br>4.592% if funding $640,000 for the pumper – rate will be fixed for the full term and is held for a closing on or before 1/15/2025.<br>4.392% if funding $1,277,412 for the tower – rate will be fixed for the full term and is indexed until closing as noted below. |
| Payment Schedule: | See attached sample Amortization Schedules. Other structures are available. |

LEASE LINE: M&T Bank will establish a discretionary Lease Line for this transaction and that will also be available for the City of Nanticoke's future equipment financing needs. The amount of the line will be aligned with the City's anticipated equipment acquisitions. Any additional equipment that may be identified would need to be acceptable to Lessor for this type of financing in accordance with normal underwriting parameters. Interest rates would vary depending upon amount to be financed, term, market conditions at closing and other factors.

ESCROW: As required, a lease may be funded into an escrow disbursement account held by M&T Bank at the closing date. This will lock the interest rate at closing and protect against any future rate increases. During the build/delivery period, with Lessee's approval, payments to the vendor(s) will be made from this escrow account as needed. Any interest earned on this account will accrue to the benefit of Lessee. Any interest earnings and/or unexpended funds remaining in the escrow account once the equipment has been paid for will be applied to the next lease payment or returned to Lessee.

BASIS OF INTEREST RATE/INDEXING: The interest rates in this proposal are based on M&T Bank's fifteen (15) year Cost of Funds (COF) as of November 22, 2024, for a Bank Qualified transaction. Interest rates held as noted above assume a closing on or before January 15, 2025. After January 15, 2025 and for rates not held, the interest rate will be fixed three days prior to the closing and indexed to Lessor's COF at the discretion of Lessor. Final pricing may change based on fluctuations in Lessor's COF, closing date, tax rates, any changes in tax or other legislation that impact Lessor's pricing and other operating parameters.

Cost of Funds shall mean a measure of the Bank's cost of borrowing, inclusive of a standard risk premium, all as may be determined by the Bank from time to time and consistently applied. Such measure is the sum (i) the yield on United States Treasury Obligations adjusted to a constant like-term maturity in effect three (3) New York Business Days as published by the Board of Governors of the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the Bank, plus (ii) the "ask" side of the like-term Secured Overnight Financing Rate ("SOFR") swap spread in effect three (3) business days prior to closing date as set forth in Bloomberg, L.P., or by such other quoting service, index or commonly available source utilized by the Bank.

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| TAX INDEMNIFICATION: | Pennsylvania<br>Lessee will provide to Lessor the appropriate Commonwealth of Pennsylvania Exempt Organization certificate. This proposal assumes that this transaction qualifies as tax exempt, Bank Qualified pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Lessee shall provide bond counsel tax opinion, at Lessee's expense, stating these qualifications and other appropriate representations for this type of transaction. |
| DOCUMENTATION & APPLICABLE FEES: | All documentation will be provided by Lessor and must be satisfactory to all parties. Lessee will pay to Lessor a documentation fee equal to \$500. If required, the fee for an escrow account will be \$750. No acquisition fees, disposition fees or security deposit will be charged to this account.<br><br>M&T Bank reserves the option to utilize a wholly owned subsidiary as the originating Lessor. This requires that lease documentation be executed between Lessee and the designated subsidiary as Lessor. To help facilitate this, any official Resolution or other form of authorization will need to be made in the name of the wholly owned subsidiary as designated by M&T, or alternatively in the name of "M&T Bank and/or any wholly owned subsidiary of M&T Bank". |
| END OF LEASE OPTIONS: | Provided the Lessee has met all the terms and conditions of the lease agreement, the Lessee at lease expiration will have clear title of equipment upon payment of all amounts due under the lease. |
| EARLY TERMINATION: | Pursuant to General Municipal Law the lease will allow for early termination for reasons of non-appropriation. |
| CONDITIONS: | This proposal is For Discussion Purposes Only. The proposed terms and conditions herein do not constitute an offer, agreement, or commitment to lend and are confidential. Final approval, if any, may only be granted upon receipt of all information deemed appropriate by Lessor and in accordance with Lessor's loan, legal and other applicable policies. Lessor will make reasonable efforts to close the lease in the timeframe indicated. Lessor will need sufficient time after notice of award to complete a standard credit approval and will require receipt of certain information, including a resolution from Lessee authorizing the financing, etc., all which may impact the time needed to ultimately document and fund the transaction. Lessor will require receipt of audited financial statements for Lessee's fiscal year ending December 31, 2023 in advance of final credit approval and closing. This proposal is subject to Lessor's final credit and investment approval. Lessor takes a general exception to the application of any contract terms and conditions included in any solicitation for quotations. The terms and conditions applicable to the provision of our products and services will be those reflected in those final signed agreements and documents.<br><br>Lessee shall have delivered to M&T Bank, sufficiently in advance of closing, all documentation and other information required by the Bank and bank regulatory authorities generally, under all applicable "know your customer" and "anti-money laundering" rules and regulations in effect from time to time, including, without limitation, the USA PATRIOT Act and the Bank Secrecy Act. Any failure by Lessee or any necessary third party to deliver to the Bank, in a timely manner, any material information required under the Bank's applicable regulatory compliance policies, as may be amended from time to time, or any misrepresentation or inaccuracy with respect to any such information received, or if the Bank's due |

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| | diligence reveals that opening the accounts contemplated herein would potentially violate the Bank's regulatory compliance policies or applicable law, shall entitle the Bank, in its sole discretion, to withdraw and/or cancel this proposal letter and retain all fees. |
| ACCEPTANCE AND EXPIRATION: | The Lessee may acknowledge its approval of this lease proposal by signing and returning this letter. This proposal shall expire in sixty (60) days unless extended by Lessor. |

Thank you for allowing us the opportunity to present this proposal. Please contact me at (610) 449-3944 if you have any questions about this proposal.

Sincerely,

Paul V.W. Black
Senior Vice President
M&T Bank - Commercial Equipment Finance/Government Banking
Phone: 610-449-3944
Email: pvblack@mtb.com

PROPOSAL ACCEPTED THIS ______ DAY OF ___________, 202____

By: ____________________________________________
City of Nanticoke

CC: John Jablowski, M&T Bank
Ron Ward, M&T Bank

**M&T Bank**

**– Sample Amortization Schedule –**

**City of Nanticoke - Both Vehicles/Tower and Pumper**

Compound Period: Monthly

Nominal Annual Rate: 4.472 %

CASH FLOW DATA

| | Event | Date | Amount | Number | Period | End Date |
|---|---|---|---|---|---|---|
| 1 | Lease | 01/15/2025 | 1,917,412.00 | 1 | | |
| 2 | Lease Payment | 01/15/2026 | 179,333.92 | 15 | Annual | 01/15/2040 |

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

| | Date | Lease Payment | Interest | Principal | Balance |
|---|---|---|---|---|---|
| Lease | 01/15/2025 | | | | 1,917,412.00 |
| 1 | 01/15/2026 | 179,333.92 | 87,526.20 | 91,807.72 | 1,825,604.28 |
| 2 | 01/15/2027 | 179,333.92 | 83,335.35 | 95,998.57 | 1,729,605.71 |
| 3 | 01/15/2028 | 179,333.92 | 78,953.20 | 100,380.72 | 1,629,224.99 |
| 4 | 01/15/2029 | 179,333.92 | 74,371.01 | 104,962.91 | 1,524,262.08 |
| 5 | 01/15/2030 | 179,333.92 | 69,579.66 | 109,754.26 | 1,414,507.82 |
| 6 | 01/15/2031 | 179,333.92 | 64,569.58 | 114,764.34 | 1,299,743.48 |
| 7 | 01/15/2032 | 179,333.92 | 59,330.81 | 120,003.11 | 1,179,740.37 |
| 8 | 01/15/2033 | 179,333.92 | 53,852.90 | 125,481.02 | 1,054,259.35 |
| 9 | 01/15/2034 | 179,333.92 | 48,124.93 | 131,208.99 | 923,050.36 |
| 10 | 01/15/2035 | 179,333.92 | 42,135.49 | 137,198.43 | 785,851.93 |
| 11 | 01/15/2036 | 179,333.92 | 35,872.64 | 143,461.28 | 642,390.65 |
| 12 | 01/15/2037 | 179,333.92 | 29,323.91 | 150,010.01 | 492,380.64 |
| 13 | 01/15/2038 | 179,333.92 | 22,476.24 | 156,857.68 | 335,522.96 |
| 14 | 01/15/2039 | 179,333.92 | 15,315.98 | 164,017.94 | 171,505.02 |
| 15 | 01/15/2040 | 179,333.92 | 7,828.90 | 171,505.02 | 0.00 |
| Grand Totals | | 2,690,008.80 | 772,596.80 | 1,917,412.00 | |

**M&T Bank**

**– Sample Amortization Schedule –**

**City of Nanticoke - Pumper**

Compound Period: Monthly

Nominal Annual Rate: 4.592 %

CASH FLOW DATA

| | Event | Date | Amount | Number | Period | End Date |
|---|---|---|---|---|---|---|
| 1 | Lease | 01/15/2025 | 640,000.00 | 1 | | |
| 2 | Lease Payment | 01/15/2026 | 60,373.38 | 15 | Annual | 01/15/2040 |

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

| | Date | Lease Payment | Interest | Principal | Balance |
|---|---|---|---|---|---|
| Lease | 01/15/2025 | | | | 640,000.00 |
| 1 | 01/15/2026 | 60,373.38 | 30,015.29 | 30,358.09 | 609,641.91 |
| 2 | 01/15/2027 | 60,373.38 | 28,591.53 | 31,781.85 | 577,860.06 |
| 3 | 01/15/2028 | 60,373.38 | 27,101.00 | 33,272.38 | 544,587.68 |
| 4 | 01/15/2029 | 60,373.38 | 25,540.56 | 34,832.82 | 509,754.86 |
| 5 | 01/15/2030 | 60,373.38 | 23,906.94 | 36,466.44 | 473,288.42 |
| 6 | 01/15/2031 | 60,373.38 | 22,196.71 | 38,176.67 | 435,111.75 |
| 7 | 01/15/2032 | 60,373.38 | 20,406.26 | 39,967.12 | 395,144.63 |
| 8 | 01/15/2033 | 60,373.38 | 18,531.85 | 41,841.53 | 353,303.10 |
| 9 | 01/15/2034 | 60,373.38 | 16,569.53 | 43,803.85 | 309,499.25 |
| 10 | 01/15/2035 | 60,373.38 | 14,515.17 | 45,858.21 | 263,641.04 |
| 11 | 01/15/2036 | 60,373.38 | 12,364.47 | 48,008.91 | 215,632.13 |
| 12 | 01/15/2037 | 60,373.38 | 10,112.91 | 50,260.47 | 165,371.66 |
| 13 | 01/15/2038 | 60,373.38 | 7,755.75 | 52,617.63 | 112,754.03 |
| 14 | 01/15/2039 | 60,373.38 | 5,288.04 | 55,085.34 | 57,668.69 |
| 15 | 01/15/2040 | 60,373.38 | 2,704.69 | 57,668.69 | 0.00 |
| Grand Totals | | 905,600.70 | 265,600.70 | 640,000.00 | |

# M&T Bank
## – Sample Amortization Schedule –

**City of Nanticoke - Tower**

Compound Period: Monthly

Nominal Annual Rate: 4.392 %

CASH FLOW DATA

| | Event | Date | Amount | Number | Period | End Date |
|---|---|---|---|---|---|---|
| 1 | Lease | 01/15/2025 | 1,277,412.00 | 1 | | |
| 2 | Lease Payment | 01/15/2026 | 118,793.45 | 15 | Annual | 01/15/2040 |

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

| | Date | Lease Payment | Interest | Principal | Balance |
|---|---|---|---|---|---|
| Lease | 01/15/2025 | | | | 1,277,412.00 |
| 1 | 01/15/2026 | 118,793.45 | 57,247.20 | 61,546.25 | 1,215,865.75 |
| 2 | 01/15/2027 | 118,793.45 | 54,489.01 | 64,304.44 | 1,151,561.31 |
| 3 | 01/15/2028 | 118,793.45 | 51,607.20 | 67,186.25 | 1,084,375.06 |
| 4 | 01/15/2029 | 118,793.45 | 48,596.25 | 70,197.20 | 1,014,177.86 |
| 5 | 01/15/2030 | 118,793.45 | 45,450.37 | 73,343.08 | 940,834.78 |
| 6 | 01/15/2031 | 118,793.45 | 42,163.50 | 76,629.95 | 864,204.83 |
| 7 | 01/15/2032 | 118,793.45 | 38,729.33 | 80,064.12 | 784,140.71 |
| 8 | 01/15/2033 | 118,793.45 | 35,141.25 | 83,652.20 | 700,488.51 |
| 9 | 01/15/2034 | 118,793.45 | 31,392.38 | 87,401.07 | 613,087.44 |
| 10 | 01/15/2035 | 118,793.45 | 27,475.50 | 91,317.95 | 521,769.49 |
| 11 | 01/15/2036 | 118,793.45 | 23,383.09 | 95,410.36 | 426,359.13 |
| 12 | 01/15/2037 | 118,793.45 | 19,107.28 | 99,686.17 | 326,672.96 |
| 13 | 01/15/2038 | 118,793.45 | 14,639.84 | 104,153.61 | 222,519.35 |
| 14 | 01/15/2039 | 118,793.45 | 9,972.20 | 108,821.25 | 113,698.10 |
| 15 | 01/15/2040 | 118,793.45 | 5,095.35 | 113,698.10 | 0.00 |
| Grand Totals | | 1,781,901.75 | 504,489.75 | 1,277,412.00 | |