City of Boynton Beach
Agenda Item Request Form

Meeting Date: 08/25/2026

Proposed Resolution No. R26-146- Approving a resolution authorizing the Mayor to execute a Master Equipment Lease Purchase Agreement, Schedules of Equipment No. 1 through No. 4, an Escrow Agreement with U.S. Bank National Association, a Federal Tax Agreement, and all related closing documents with Lease Servicing Center, Inc. dba NCL Government Capital, utilizing Sourcewell Contract No. 092424-NCL, in a total amount of $8,978,759.60; and authorizing the the Mayor, City Manager, City Attorney, City Clerk, and Director of Finance to take all actions necessary to accomplish the purpose of the Agreement and this Resolution.

Requested Action: Staff recommends approval of Proposed Resolution No. R26-146.

Explanation of Request: The City's Fleet Management Division, Fire Rescue Department, Utilities Department, and Public Works Department identified the need to replace and acquire vehicles and equipment as part of the previous year's fleet replacement program. To meet operational needs and manufacturer production timelines, the City proceeded to procure this equipment directly. The units have been ordered and, in several cases, delivered and paid for in full from available cash.

Rather than continue to carry these assets as a direct capital outlay, staff recommends that the City enter into a tax-exempt municipal lease-purchase agreement with Lease Servicing Center, Inc. dba NCL Government Capital ("NCL") to finance the equipment already acquired. This structure — commonly referred to as a lease-purchase or "sale-leaseback" arrangement — allows the City to convert cash already expended on the vehicles back into working capital at a fixed, tax-exempt interest rate, while spreading the cost of the equipment over its useful life.

The primary benefit of this approach is the immediate restoration of liquidity. The City has already absorbed the full purchase price of this equipment in a single fiscal year. By financing the acquisition after the fact to the City and becomes available for redeployment toward other investments that yield offsetting earned interest rates.

In place of a single large cash outlay, the City assumes a predictable, fixed annual debt service obligation spread across seven and ten years, matched to the useful life of the assets financed. This also aligns the cost of the equipment with the years in which residents receive the benefit of it, rather than concentrating the entire burden on one year's budget. Upon satisfaction of the lease payments, the City owns the equipment outright with no residual or balloon obligation.

The financing is structured as four (4) separate schedules under a single lease-purchase agreement. The total amount financed is $8,978,759.60, with annual payments commencing July 31, 2027 at fixed rates of 4.74% (seven-year schedules) and 4.80% (ten-year schedule). The total amount the City will pay over the life of the lease-purchase agreement is $11,259,472.59.

This contract is being brought forward under the City's piggyback exemption. NCL Government Capital is an approved vendor under Sourcewell Cooperative Purchasing Contract No. 092424-NCL for Tax-Exempt Municipal Leasing with Related Services, a competitively solicited cooperative contract active through November 15, 2028 and available to Florida municipalities, which satisfies the City's competitive procurement requirements without the need for a separate solicitation. Procurement Services has confirmed that the scope has not been expanded beyond the underlying contract, that pricing is equal to or lower than Sourcewell pricing, and that there are no performance issues under the cooperative contract.

The City retains title to all equipment throughout the lease term; the lessor is granted only a perfected security interest. The agreement is subject to annual appropriation, contains no pledge of ad valorem tax revenues, and permits no deficiency judgment against the City in the event of non-appropriation.

Concurrently with closing, NCL has assigned its interest in the schedules and the right to receive rental payments to Webster Public Finance Corporation, a wholly owned subsidiary of Webster Bank, National Association. NCL remains the contracted vendor under the Sourcewell contract; rental payments will be remitted to the assignee.

The agreement provides a purchase option exercisable on August 27, 2030 and any annual payment date thereafter, at 102% of the outstanding principal balance. No prepayment is permitted during the first three years.

How will this affect city programs or services? This structure frees up the originally budgeted funds for reallocation to other capital projects, with the lease payments repaid over the term of the agreement.

Budgeted Item: Yes

Account Line Item and Description: Lease payments will be disbursed through Utilities, Public Works, and Fire Rescue accounts.

Fiscal Impact: The financing is structured as four (4) separate schedules under a single lease-purchase agreement. The total amount financed is $8,978,759.60, with annual payments commencing July 31, 2027 at fixed rates of 4.74% (seven-year schedules) and 4.80% (ten-year schedule). The total amount the City will pay over the life of the lease-purchase agreement is $11,259,472.59.

Attachments:
R26-146 Agenda_Item_4896-2026_Resolution_for_NCL_Master_Equipment_Lease_Purchase_agmt__REV._8.18.26_.docx

Fire Trucks and Resue - Ordered.pdf
Utility Department Equipment.pdf
Federal Tax Due Diligence Questionaire.pdf
Public Works Equipment - Ordered-2.pdf
Federal Tax Due Diligence Questionnaire
Municipal Lease Application - signed.pdf
Finance Director's Declaration of Official Intent to Reimburse Capital Expenditures
Master Equipment Lease Purchase Agreement_Boynton Beach, FL.pdf
Pages to be Signed.pdf
Escrow Agreement-Boynton Beach, FL.pdf