

San Miguel Consolidated Fire Protection District
Special Meeting of the Board of Directors
April 2, 2018

Minutes

President Raddatz called the meeting to order at 9:01 am.

Board Members Present: Directors Ek, Kiel, McKenna, Nelson, Raddatz, Rickards and Vacio

Board Member Absent: None

Staff Present: Fire Chief Brainard and Administrative Officer/Finance Officer Harris

Approval of Agenda: By Board consensus, the Agenda was approved.

The Agenda for the Special Board Meeting of April 2, 2018, was posted at the District Headquarters on Thursday, March 29, 2018, at 6:00 pm.

Pledge of Allegiance: Director Kiel led the Pledge of Allegiance.

Public Communications: None.

ACTION AGENDA ITEMS

1. Resolution 18-4 – A Resolution of the Board of Directors of the San Miguel Consolidated Fire Protection District entering into a Lease-Purchase agreement. At the last Special Meeting of the Board, Chief Brainard shared that apparatus financing may be available through the San Diego Firefighters Federal Credit Union. After initializing the loan process with the Credit Union, it was discovered that they would not be able to offer an unsecured loan for an unbuilt apparatus as they do not get a Vehicle Identification Number assigned to them until late in the production process. In order to finance with the Credit Union, they would require the full value of the loan be deposited into their institution, and the District would not have access to these funds. The direction of the Board was to pay for one apparatus in cash and lease the second. Accepting the terms of the Credit Union would deplete the Reserve Fund Balance down to approximately \$163,000, the same as if we were purchasing both apparatus outright.

Director Kiel mentioned that our Moody rating will likely look at our cash on hand as well as our debt. Director McKenna suggested placing property or already-owned apparatus as collateral to the Credit Union, but due to the time constraint, the Credit Union Board would not be able to meet and approve that within the time we need to place

the order with Pierce. Additionally, the Credit Union was initially very excited to work on the financing of equipment with The District, but they had hit some road blocks as the request went up their chain of command. There is some hesitation that there could be additional road blocks, unforeseen at this time, that could delay the ordering further, causing San Miguel to lose discounts with Pierce.

Administrative Officer/Finance Officer discussed the leasing option as indicated below:

**Leasing of One Apparatus
PNC Financing
with discounts included**

**3 Year Loan Amortization Schedule
Nominal Annual Rate 3.950%**

| Years | Payment Due Date | Payment Amount | Interest | Principal | Termination Value |
|---------------|-------------------------|-----------------------|-----------------|------------------|--------------------------|
| 1 | 3/31/2019 | \$257,601.09 | \$28,264.04 | \$229,337.05 | \$500,794.61 |
| 2 | 3/31/2020 | \$257,601.09 | \$19,205.23 | \$238,395.86 | \$255,246.88 |
| 3 | 3/31/2021 | \$257,601.09 | \$9,788.59 | \$247,812.50 | \$1.00 |
| Totals | | \$772,803.27 | \$57,257.86 | \$715,545.41 | |

*Termination value if paid off before first payment is due: **\$758,395.70**
** Difference between full Termination Fee and Interest paid through Lease:
\$14,407.57

Upon a motion by Director Nelson, second by Director McKenna, and vote (Ek, McKenna, Nelson, Raddatz, Rickards and Vacio in favor, Kiel opposed), to accept Option 1, financing through PNC.

Next Meeting: The next meeting of the Board of Directors will be a Regular Meeting on Wednesday, April 11, 2018, at 5:30 pm, at District Headquarters.

President Raddatz adjourned the meeting at 9:38 am.

Prepared and Submitted by:

Shayna Rians

Administrative Assistant and
Board Recording Secretary