

**Bridgeport Fire District Special Meeting of the Board of Fire Commissioners
October 24, 2016 "UNAPPROVED"**

Tom Liebner (16) – present
Dan O’Neil (17) – present
Joy Gladis (18) – absent
Bill Rhinehart (20) – present
Mike Piscitelli (21) - present
Steve Gulvin
Lewis Archer
Dave Garwood
Bill Wayne
Mike Rhinehart

Meeting was called to order at 5:10 pm.

Command Fire Apparatus - 2016 pump test is still required. Testing may happen Oct 29th or next week. Only items to be included in sale are as follows: Deck gun with tips, warning lights and sirens, 3 ground ladders, caps on intakes and discharges, SCBA brackets, 2 hard suction hoses, generator and quartz lights. Also asked to not leave gaping holes after removal of other equipment. Anything hard wired, we will remove. The purchase offer letter confirms the items that will remain on the truck.

10% deposit paid to use with acceptance of their offer. The balance to be paid on day of delivery.

Nothing is signed at this time. No requirement to put out for bid? Is this the best price? Rough estimate based on depreciation in the \$115,000 range. Selling on our own will involve fees and much more time and work. Brindley MT. offer was for \$85,000. Alabama contact in same \$ range. So of the three offers for this truck \$105,000 is the highest.

Booster tank does not leak, pump works. Sounds like an appropriate bid.

Motion by DO to move ahead with the agreement as written, Second WR all for.

1431 – Aerial - Depreciation chart for E-1. Distributed. E-1 is not a model that is as popular as others. .

Page 2 - Replacement cost – reviewed. Reflects an approximate price increase of 3% per year.

Next pages reflect lease purchase vs. Bond payment vs holding on to engine for a few more years.

The District can put a down payment toward purchase and then figure out best payment options.

12 year – would mean a payment of \$65,733 per year. Based on a purchase price of, less \$400,000 down.

Down payment of \$400,000 will earn 4.5% interest while the truck is being built.

Discounts –

\$38,385 for interest earned

\$11,990 for chassis payment

\$ 6,585 aerial payment

These will reduce the total cost of the truck.

Net cost after discounts \$1,051,678

Discount would only be \$12,750 if based on \$400,000 down payment.

PNC Equipment Finance – formerly known as Oshkosh –

Lease purchase can make early payments toward reducing principle after 3 years. Interest rates are currently low 3.6 – 3.7% range and subject to increases in the near future. No guarantees that they will hold at this low rate. Waiting may result in paying higher interest rates.

PNC is a financing tool that we are under no obligation to use. They offer some incentives that can save the District money over the life of the loan. 4.5% interest earned on down payments before delivery. Our bank, Five Star is only offering .12%.

If we finance a smaller amount, does this affect the interest rate?

What if we were to put an additional \$100,000 down?

In order to not be subject to a price increase the District must enter into an installment agreement no later than January 31, 2017. Pierce the truck manufacturer will have a price increase on January 31, 2017, typically 3%.

Need to explore other financing options:

Five Star Bank- Rates? is it cheaper to bond?

Bank of Green County – Dave Garwood said handles a lot of municipal bonds.

Whatever is the best financial for the taxpayers is the option we should choose.

Using HGAC will not require a bond attorney. If we decide to finance through a bond, Dave Garwood can handle the legal work, as long as the amount we finance is under 1 million dollars, which in our case is. HGAC is a very good purchasing option. Their pricing is \$19,858 less that buying off New York State contract. HGAC is a very large purchasing consortium that offers very competitive pricing. The New York State Comptroller's office approves this purchasing method, because it save the taxpayers money.

The District will need 30 days after newspaper posting for a permissive referendum to use reserve funds and approve an installment purchase plan for the purchase. In this instance, this only applies if the district decides to sell a Bond and the district must publish the 20 day estoppel notice after the referendum, if successful. At this time the voters will need to approve the use of financing by installment purchase agreement or Bonding, and we are going to have the voters also approve the use of reserve funds. Important to get accurate \$ amount for the principal to ensure we request the proper amount to be financed. We should not include prepayment discounts in that figure.

If we add \$105,000 toward the payment of the truck, what would this do to our interest payments over time?

In order to sell 1431, our aerial, we must first declare it surplus, which has not been done at this time. If the Board decides to declare the current aerial surplus, then the Board must hold a “mandatory referendum” because the anticipated value is greater than \$50,000. This cannot happen without the approval of the majority of the voters who show up to vote.

10 year financing would mean a payment in the \$76,000 range per year. What if we wait 3 years to sell? Value of the truck will decrease. Warranty on aerial device will have expired. Ladder truck prices have increased 3% per year. As mentioned before the Fed will most likely increase interest rates and we cannot count on the low 3.6 – 3.7% rates currently offered.

HGAC will also be rebidding next year and subject to price increases.

We want to ensure we do not lock ourselves into a 20 year bond payment like the village did. We are unable to pay this off early. We would like an agreement that we are able to pay down principal early without a penalty.

Next steps:

Ensure all numbers are accurate, before mandatory referendum
Anticipated cost should not include discounts discussed earlier.
\$1,108,638
\$38,385 discount based on upfront payment at time of order
\$11,990 chassis prepayment
\$6,585 aerial prepayment

District has no intention of purchasing hose for this truck. We have that already. No anticipated additional equipment purchases. No SCBA.

\$2,500 approximate cost for mounting. Plan to take this out of different budget expense.

We need to ensure we identify what the maximum cost will be.

The purpose of the referendum is for approval of the financing options, including the maximum amount of a Bond and the Maximum amount of reserve funds to be used. The referendum does not approve, and the voters have no authority over the maximum amount of the anticipated cost of the truck. Must have voter approval before financing. Kim must post in paper Nov 9-16. Dave Garwood to send resolution prior to our Nov 8th meeting for board review and approval.

Dec 13th will be our Election for Board members and referendum. 20 day estoppel notice will need to be published only if we bond. We will finalize bonding in January. We could extend our Dec 13th meeting after 9 pm for voting and approvals.

Board must sign contract with Pierce by the end of January 2017 to ensure we are not subject to a price increase.

Kim – to submit HGAC membership application. No obligation with this and no fee.

Local fire company is interested in purchasing our aerial truck #1431. Motion by DO to resolve to let the Deputy Chief discuss the potential future sales of #1431 with a local fire company. Seconded by MP, All for. 1999 E-1 95' aluminum platform aerial.

Legal question; Is the Fire District at greater liability by not having a fire truck at East Station?

We are indemnified by district insurance and the Fire Chief cannot be sued because there is no engine in the building. In the event he is ever named in a lawsuit, his name will be legally removed. The Bridgeport Fire District has the legal authority to decide where to allocate equipment. Unfortunately due to inadequate staffing in the East Station vicinity, the decision was made to move the engine to the West Station where there is better staffing.

Cities are constantly closing fire stations due to low staffing issues and are not liable.

Question- Spending of Capital Reserve funds to make equipment purchases is allowed, but subject to permissive referendum. Thus a 30 day waiting period before the board can move forward.

Policy meeting tentatively scheduled for Thursday January 19th and 26th.

Motion was made by TL to adjourn at 7:25 pm, seconded by WR. All for.

