

MINUTES
SAN JUAN COUNTY FIRE DISTRICT #4
BOARD OF COMMISSIONERS
Special Meeting
June 29, 2023

Commissioner Bordvick called the Regular Meeting of the Board of Fire Commissioners for SJCFD #4 to order at 4:00 P.M. The meeting was held with all participants in-person at the Station 41 Fire Hall training room.

Those present were Commissioners Duane Bordvick, Rebecca Smith and Cathy Doherty, Chief Adam Bigby, and Secretary Kim Herrenkohl.

Guests: None.

There was no change to the agenda.

UNFINISHED BUSINESS

FIRE ENGINE PURCHASE CONTRACT - SPARTAN

The Chief had emailed a number of documents including the new contract version with True North before the meeting. Also, additional documents were provided to the Commissioners at the meeting with information about the District's 2022-2023 cash flow, Monthly Financial Statement and District Budget and Expenditure reports, Local Government Investment Pool (LGIP) interest rates and District's 2023 interest earnings, and Local Program Loan dates and interest rates.

The Chief stated that he worked with our attorney, Brian Snure since last week's Board of Commissioner meeting and was informed that Mr. Snure had developed a contract with True North a few years ago for a different Fire Department. Mr. Snure shared that contract with the Chief and he sent it to True North who added our specific engine and purchase information. This updated contract was sent to the Commissioners in the packet for this meeting. The Chief believes that the changes that were made should address the questions that had been raised at the last meeting and it was acknowledged that they had.

The Chief went through his letter to the Commissioners and the handouts which summarized the payment and pre-pay options. Option 1 is a 10-year term with full financing (no pre-payment) with an anticipated loan from the WA State Treasurer's Local Program. Option 2 is the same loan program and no pre-payment but a more aggressive payback by having a shorter 7-year term which would result in a \$40,000 overall interest saving over Option 1. Options 3 & 4 would have a \$150,000 pre-payment and same anticipated loan program with Option 3 having a 10-year term and Option 4 having a 7-year term with different interest savings over the life of the loan.

The Chief and Commissioners discussed the District's cash flow and interest earning options. The Chief asked Commissioner Smith about the District's current \$174,000 Investment account balance with the San Juan County Treasurer's Office and she stated that at one point in the past, the District did not have any reserve funds so the District started to put aside money and stopped when their Investment account balance reached \$174,000. The funds were not put aside for any specific planned purchase or purpose.

The Chief pointed out several documents that were provided which showed that the current monthly interest rate earned in the SJC Treasurer's Office LGIP Investment account has gone up to around 5%. The Chief pointed out that the District could put \$150,000 of its current cash balance that is not currently needed to pay invoices or payroll into the District's LGIP account to earn investment income until we take delivery of the engine and could use the \$150,000 plus interest earnings as a down payment. As an interest earnings example, it was noted that our current \$174,000 Investment account balance has earned \$3,263 in interest so far this year through May.

In addition to discussing the District's cash flow, we also discussed how we monitor our cash balance each month to ensure sufficient funds are available to pay our invoices and payroll. There was a brief discussion about the roles and responsibilities regarding determining when changes are needed to our cash and Investment accounts and who has the authority to request transfers. The Chief stated that we would contact the SJC Treasurer to obtain clarification.

The Chief noted that if the District did the 50% prepayment option in True North's proposal, it would make our cash flow tight and True North's prepayment discount would not outweigh the risk of needing these funds in case of an emergency.

The Chief discussed his letter with his recommendation to invest \$150,000 in our Investment account and make a \$150,000 plus interest earning payment as a down payment and then finance the remaining balance with a 6-year payback term.

The Chief asked the Commissioners if they wanted to consider any other prepayment options and they did not.

Commissioner Smith stated that she is comfortable with the Chief's recommendation.

The Chief mentioned that there are two True North forms, the Contract and a tax exempt form, which must be signed today in order to lock in the prices.

The Chief asked if there were more questions and the Commissioners said they did not have any further questions.

Commissioner Smith making a **Motion** to approve the contract with True North for the build of the fire engine and authorize the Chief to sign the tax certificate, and with Commissioner Bordvick making the second. The **Motion Passed** unanimously.

There were no Board member items.

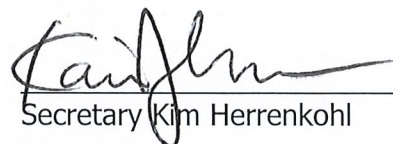
Chair Bordvick adjourned the Regular Meeting at 4:28 P.M.

NEXT MEETINGS:

- Regular Meeting – July 18, 2023 at 4:00 P.M.



Chair Duane Bordvick



Secretary Kim Herrenkohl