

Special Meeting to discuss the purchase of fire equipment

PRESENT:

Richard B. Hatheway, Mayor
Sandra F. Brennan, Deputy Mayor
John Fox Jr., Trustee
Bradley R. Hill, Trustee
Thomas J. LaGrou, Trustee

Marsha B. Merrick, Clerk/Treasurer
Fire Chief Andrew Chanler
1st Assistant Chief David Dewar
2nd Asst. Chief and FD Commissioner
Charlie Parent
Pumper Company Captain Frank Manzo

PUBLIC PRESENT:

None

1. MEETING OPENED:

Mayor Hatheway opened the meeting at 9:05AM and stated that the news media was notified of the meeting, and notification was posted on the bulletin board. The purpose of the meeting was to discuss the Fire Department's request to proceed with the purchase of a rescue pumper truck.

2. ACQUISITION OF A RESCUE PUMPER:

The choices of financing the purchase, Mayor Hatheway stated, is either the lease/purchase method or the traditional bond financing. Dick expressed his concern about the speed with which things are progressing to purchase a \$600,000 piece of equipment. Trustee Fox deferred to Chief Chanler. There was discussion about how the bid process was handled. It was advertised on October 30, 2008 and bids were due at 2 pm on November 13, 2008. One firm was represented as the bids were opened in the Board Room of the Geneseo Building, while a second firm brought in a communication a few minutes later. Fortunately, it was only a letter, because if it had been a true bid, it could not have been accepted due to its delivery after the published time for bid opening. Andrew stated recently that \$4,500 would be the additional cost for a 2009 vehicle as opposed to a 2008 vehicle. That would not change the bid specifications according to Andrew and would not require them to re-bid the vehicle. Dick pointed out that he is not opposed to buying a truck but wants to make sure that the process is followed correctly and that the Board is on a very firm foundation to proceed. If the Board decides to proceed with bonding the purchase with traditional financing, the order for the vehicle could not be placed until the end of January.

There was discussion about vehicle changes that would occur after January 1 (with new federal requirements). These new requirements would result in a decrease of space in the cab compartment, which would cause repercussions as to where emergency medical supplies and equipment could be stored.

Further discussion of financing options took place. Trustee Fox referred the Board to financing proposals provided by Oshkosh Capital with options of either \$242,354 placed down on the vehicle or \$295,385 and subsequent financing of \$316,448 or \$263,417 respectively. Terms of the two options were 36 months (3 years) 48 months (4 years) or 59 months (just under 5 years). These proposals are for financing the vehicle if it is ordered before December 31. Other options were provided that account for the additional cost of \$4,500 to order a 2009 model.

Trustee Fox continued that if the vehicle were ordered prior to 12/31, three annual payments totaling approximately \$333,000 (\$111,000 each) would be due (using the 3 year option with \$242,354 down payment). Using traditional financing at 4% and including approximately \$2460 in fees for borrowing would cost \$561,000 less the same down payment. John gave a similar illustration using the larger down payment scenario. John then asked if the Board was prepared to make the yearly payment (between \$92,000 and \$111,000) on the vehicle in any event. John was in favor of saving money with the lease purchase agreement carrying a three-year payment timeframe.

Sandy wanted to go back to the fact that the Fire Department needs a new fire truck and asked the members what the single most important reason was that they needed the truck right now. Charlie said price is a big reason; when the committee first started working on the purchase in April or May there was a ballpark price discussed and since then there has been price increases due to material costs. (Trustee LaGrou entered the meeting at 9:35AM). They feel it would be 12% more (or \$67,000) if the vehicle were to be re-bid.

Design requirements were discussed.

Mayor Hatheway pointed out that over the last five years fire department purchases have amounted to four ambulances and a ladder truck out of funds on hand and that is the reason why there isn't more money available in the Fire Equipment Reserve Fund. Chanler acknowledged that a good deal of money has been used on ambulance purchases.

Sandy wanted a recap as to where the money was going to come from for the new truck. Trustee Fox stated that \$120,000 would come from reserve (balance on hand currently ~\$126,000) and some from the sale of the current vehicle, pumper 314 (hopefully on the order of \$50,000), \$316,448 would be financed and approximately \$70,500 would be left to "find" in the current or next fiscal year budget. It was noted that \$20,000 has been budgeted this year to be transferred to the fire equipment reserve at year-end (5/31/09).

Mayor Hatheway was still concerned that only one bid was received for the new truck and based on past experience that there is no assurance the Village is receiving a truly competitive bid. In response to this point, Charlie Parent will provide a detailed narrative on the extensive process the Fire Department went through, and include letters from potential bidders that did not submit a bid.

Trustee Hill asked what the real impact on the budget would be if this purchase is made. Mayor Hatheway responded that generally 6 cents on the tax rate (currently at \$6.49 per thousand dollars of assessment) raises \$10,000 in revenue. 60 cents (raising \$60,000) would represent a 10% increase in taxes for this purpose. In order to raise \$30,000 (the amount left to find after the \$20,000 from the current budget and \$20,000 from the 09-10 budget is used) would amount to 18 cents or 3%.

Discussion continued about the financing options. Trustee Fox moved to adopt a resolution for the lease/purchase agreement as prepared by bond counsel to borrow up to \$400,000 and to move forward; ordering the equipment by December 31st and to pursue financing option two from Pierce and Oshkosh Capital for the amount of \$316,448 paid back over four years.

RESOLUTION RELATING TO INSTALLMENT LEASE/PURCHASE FINANCING

A RESOLUTION APPROVING AND AUTHORIZING INSTALLMENT/LEASE PURCHASE FINANCING AND RELATED DOCUMENTS, AND APPROVING AND AUTHORIZING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the Village of Geneseo (hereinafter referred to as the "Village") proposes through an installment purchase contract or lease/purchase agreement to finance the acquisition and equipping of a fire truck, at an estimated maximum cost of \$560,000 (the "equipment"), and it is in the public interest and for the public benefit that the Village authorize and award the installment purchase contract or lease/purchase financing agreement on the terms to be set forth in the request for proposal process to solicit alternative financing quotations, and authorize and direct execution of an installment purchase contract or lease/purchase agreement and certain other documents in connection therewith; and

WHEREAS, the present proposed plan for financing of the equipment is to provide (i) \$400,000 of such maximum cost through an installment purchase contract or lease/purchase agreement as herein authorized, (ii) \$120,000 to be expended from the existing capital reserve fund for such costs, and (iii) the balance to be provided from current funds to be made available by the Board; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF GENESEO as follows:

Section 1. The Village Treasurer, the chief fiscal officer (the "Treasurer"), is authorized to execute, acknowledge and deliver an installment purchase contract or lease/purchase agreement (the "Agreement") to the seller/lessor (the "Seller/Lessor") duly selected by the Village and the Treasurer pursuant to the requirement of Section 104-b of the General Municipal Law of the State of New York or a third party leasing entity, bank or

other lending institution when the Agreement shall have been prepared for execution and the Treasurer or Village Clerk is authorized (but not required) to attest the seal of the Village on the Agreement. The Agreement shall be for a term of not to exceed five (5) years, beginning with the earlier of (x) the time of receipt of possession of the equipment, and (y) the execution and delivery of the Agreement, the aggregate principal amount of the installment purchase/lease payments pursuant to the Agreement shall not exceed \$400,000, plus the interest portion accruing thereon, and the total amount of installment purchase/lease payments in any fiscal year shall not exceed an amount necessary to comply with Section 109-b of the General Municipal Law of the State of New York and the Agreement shall otherwise comply with the requirements of said Section 109-b, to the extent applicable thereto. The Agreement shall be substantially in the form approved by the Treasurer with all necessary and appropriate variations, omissions and insertions as approved, permitted or required by such Treasurer and the execution and delivery thereof by such Treasurer shall be conclusive evidence of such approval. Subject to the express limitations as set forth above, the installment purchase/lease payments under the Agreement shall not exceed a sum necessary to pay the sum required to acquire the equipment in accordance with the Agreement at the interest rate or rates applicable therein, such debt service reserve fund and/or purchase/lease payment fund as shall be necessary or desirable to be capitalized with respect to any financing in connection with the Agreement, and a sum sufficient to pay the costs and expenses allocable to any financing respecting the Agreement including the costs of credit enhancement, insurance, or municipal credit rating, if any.

Section 2. The Board of Trustees hereby determines and finds (or the Treasurer, after reviewing submitted lease proposals, will determine and find) that execution and delivery of the Agreement is in the best financial interests of the Village based on due consideration of the other available acquisition and financing alternatives, other administrative and management considerations with respect to the acquisition of the equipment and the successful timely utilization of such installment purchase/lease financing by other villages with respect to other equipment financings. An evaluation of financing alternatives pursuant to, and in accordance with, the regulations of the State Comptroller, is attached hereto. As set forth therein, the financing alternatives are: (1) borrowing pursuant to the Local Finance Law; (2) lease/installment purchase financing pursuant to Section 109-b of the General Municipal Law; (3) the creation and funding over time of a capital reserve fund or funds, and (4) current budgetary appropriations. Alternatives number 3 and 4 would not meet the time constraints for the purpose. The equipment acquisition costs could be financed with indebtedness issued under the Local Finance Law, but only if the Village complied with the requirements therein. Based on a review of the evaluation of financing alternatives, the Board of Trustees hereby determines (or the Treasurer, after reviewing submitted lease proposals, will determine) that it may be in the best interests of the Village to finance the acquisition of equipment pursuant to an installment purchase contract or lease purchase agreement.

Section 3. The Treasurer is hereby authorized and directed to execute and deliver and may cause to be sealed and attested the seal of the Village for and on behalf of the Village on any and all instruments, affidavits, certificates, those portions of any offering materials referring particularly to the Village, financing statements, including specifically UCC- 1 financing statements and exhibits thereto to the extent, if any, deemed necessary or appropriate, Internal Revenue Service filing forms, an arbitrage certificate and agreement, documents or other papers in connection therewith and to do and to perform or cause to be done any and all acts as such Treasurer may deem necessary or appropriate or as Village counsel or special tax counsel shall require or deem necessary in order to implement and carry out this Resolution, the Agreement and the matters herein authorized including, without limitation, the power to cause certificates of participation to be sold pursuant to Section 39.6 or Section 39.7 of the State Comptroller Regulations and otherwise comply with such regulations and with the applicable provisions of General Municipal Law §109-b applicable thereto.

Section 4. This resolution shall take place immediately upon its adoption. Trustee LaGrou seconded the adoption of the resolution and the vote was as follows: Deputy Mayor Brennan-Aye, Trustee Fox-Aye, Trustee Hill-Aye, Trustee LaGrou-Aye, and Mayor Hatheway-Aye.

The clerk was asked to obtain a formal proposal from Oshkosh Capital, rather than the estimates that have been submitted thus far.

Deputy Mayor Brennan expressed hope that set procedures would be adhered to for all purchases of this type in the future. Mayor Hatheway said that it is incumbent on the fire department to try to sell pumper 314 at a fair price as quickly as possible, in order to decrease our costs. The new truck should last twenty years according to Charlie Parent. Andrew said that future purchases are outlined in the inventory with the major purchase (replacement of pumper 315) scheduled for 2012-2015.

3. SALE OF 14 CENTER STREET PROPERTY:

Mayor Hatheway reported that the offer to sell the 14 Center Street property has been accepted by Neil and Judith DeVries. The deed will go on record today. The agreement was to provide a credit of \$3,000 for the recent water damage. Andrew Chanler will suspend any further investigation on the water damage claim and remove the property from the Village insurance policy.

4. MEETING CLOSED:

With no other business to come before the Board, Trustee Hill moved and Trustee LaGrou seconded the motion to adjourn the meeting at 10:15AM.

Marsha B. Merrick, Village Clerk