

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of October 13, 2021

To: Board of Directors

From: Kevin Yeager, Deputy Director Fire

Subject: Approve Resolution 21-12 Approving the Incurrence of Debt to Finance the Acquisition of a Fire Engine and Approving the Related Master Lease-Purchase Agreement.

RECOMMENDATION:

Staff is recommending that the Board adopts Resolution No. 21-12 to approve the incurrence of debt, to finance the acquisition of a new fire engine, and approve the execution of a lease purchase agreement and take related actions.

BACKGROUND:

On September 8, 2021, the Board authorized the purchase of a new Pierce Manufacturing Enforcer 1500 GMO All-Steer Type 1 Fire Engine, in an amount not to exceed \$1,056,000, plus a 10% contingency.

Staff received a proposal from PNC Equipment Finance, LLC (PNC) to finance the acquisition of the fire engine in the amount of \$856,466.12, through a lease purchase agreement. The proposal requires RVFD to pay \$50,000 at contract signing and requires five annual lease payments of \$169,117.22. At the end of the lease term, RVFD will have the option to buy the fire engine for the cost of \$1.00.

Resolution No. 21-12 approves a lease purchase agreement between RVFD and PNC, in the form attached as Exhibit A to the Resolution.

As required by the Local Bond Pooling Act (set forth in Government Code Section 6584 et seq.), a local agency (other than RVFD) where the financed property will be located (or used), must hold a noticed public hearing and approve the financing. The Town Council of the Town of San Anselmo will hold such hearing and consider approval of the financing on October 12, 2021.

FISCAL IMPACT:

The lease purchase agreement requires a payment of \$50,000 upon entering into the lease purchase agreement and establishes a payment schedule, with five annual payments of \$169,117.22.

Attachments: Resolution 21-12 Approving the Incurrence of Debt to Finance the Acquisition of a Fire Engine – Attachment #1
Exhibit A – Attachment #2

ROSS VALLEY FIRE DEPARTMENT

RESOLUTION 21-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROSS VALLEY FIRE DEPARTMENT APPROVING THE INCURRENCE OF DEBT TO FINANCE THE ACQUISITION OF A FIRE ENGINE AND APPROVING THE RELATED MASTER LEASE-PURCHASE AGREEMENT AND SCHEDULES AND TAKING OTHER RELATED ACTIONS

WHEREAS, the Ross Valley Fire Department (the “**RVFD**”) is a joint powers authority duly established and existing pursuant to the Joint Exercise of Powers Act (set forth in California Government Code Section 6500 *et seq.*), and an Amended and Restated Joint Powers Agreement, dated as of July 1, 2010, as amended, by and among the Town of Fairfax, the Town of San Anselmo, the Sleepy Hollow Fire Protection District and the Town of Ross; and

WHEREAS, the Board of Directors of RVFD (the “**Board**”), by an action taken on September 8, 2021, authorized RVFD’s purchase of one new Pierce Manufacturing Enforcer 1500 GMO All-Steer Type 1 Fire Engine (the “**Fire Engine**”), and authorized the Fire Chief to negotiate the best financial package, not to exceed \$1,056,000 plus a 10% contingency; and

WHEREAS, PNC Equipment Finance, LLC (“**PNC**”) is willing to provide such financing to RVFD by entering into a Master Lease-Purchase Agreement and related Schedules (the “**Financing Lease**”) with PNC, as lessor, and RVFD, as lessee; and

WHEREAS, the Financing Lease is being executed pursuant to the Local Bond Pooling Act, set forth in Government Code Section 6584 *et seq.*, to finance the acquisition of the Fire Engine, which is equipment necessary to support the fire protection function of the RVFD and deliver the public services therefrom.

NOW, THEREFORE, THE ROSS VALLEY FIRE DEPARTMENT BOARD OF DIRECTORS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The execution of the Financing Lease, in the form on file with the Secretary, is hereby approved and/or ratified. Each of the President of the Board, the Vice President of the Board and the Chief of the RVFD (each, an “**Authorized Officer**”) acting individually, is hereby authorized to execute and deliver, for and in the name of the RVFD, the Financing Lease in substantially such form, with changes therein as the Authorized Officer may approve (such approval to be conclusively evidenced by the execution and delivery thereof). Attached hereto as Exhibit A are good faith estimates provided by PNC, in compliance with Section 5852.1 of the California Government Code with respect to the Financing Lease.

Section 3. The members of the Board, the Authorized Officers and other officers of the RVFD, are hereby authorized, jointly and severally, to execute and deliver any and all necessary

documents and instruments and to do all things (including, but limited to, the payment of any fee due to CDIAC under Government Code Section 8856 in connection with the Financing) which may be necessary or proper to effectuate the purposes of this Resolution and the Financing Lease. Any such previous action taken by such officers are hereby ratified and confirmed.

I do hereby certify that the above Resolution 21-12 is a true and correct copy as passed by the Ross Valley Fire Board on October 13th, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RVFD Board President

ATTEST:

Mariana Gonzalez, Administrative Assistant

EXHIBIT A
GOOD FAITH ESTIMATES

The following information was obtained from PNC, and is provided in compliance with Section 5852.1 of the California Government Code with respect to the Financing Lease:

(A) *True Interest Cost.* A good faith estimate of the true interest cost of the Financing Lease, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Financing Lease is 1.600 %.

(B) *Finance Charge.* A good faith estimate of the finance charge of the Financing Lease, which means the sum of all fees and charges paid to third parties (or costs associated with the Financing Lease) is \$39,119.98.

(C) *Amount of Proceeds to be Received.* A good faith estimate of the amount of proceeds received by RVFD for the Financing Lease, less the finance charge of the Financing Lease described in subparagraph (B) above, and any reserves or capitalized interest paid or funded with proceeds of the Financing Lease, is \$856,466.12.

(D) *Total Payment Amount.* A good faith estimate of the total payment amount, which means the sum total of all payments RVFD will make to pay debt service throughout the term of the Financing Lease, plus the finance charge of the Financing Lease described in subparagraph (B) above not paid with the proceeds of the Financing Lease is \$895,586.10.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from those presently estimated due to variations from these estimates in the timing of execution of the Financing Lease.