



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: February 25, 2020

DATE: February 4, 2020

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

FROM: Cindy Vance, CFO
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THROUGH: Charles A. Moore, Fire Chief
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SUBJECT: Recommendation to adopt a Resolution designated by the short title "2020 Medium-Term Bond Resolution"; providing for the issuance by Truckee Meadows Fire Protection District of its General Obligation (Limited tax) Medium-Term Bond, Series 2020, in the maximum principal amount of \$4,415,000, as approved by the State of Nevada, Department of Taxation for the purpose of financing the cost of purchasing fire-fighting equipment, including fire engines and other vehicles; providing covenants, agreements and other details concerning the bond, the project and general tax proceeds; ratifying action previously taken and pertaining to the foregoing by the district and its officers and employees; and providing other matters relating thereto; and if approved, approve and execute a resolution augmenting the Truckee Meadows Fire Protection District Capital Fund from anticipated resources of debt proceeds which exceed estimated resources for use in the Capital Projects Fund Capital Outlay Account for the purpose of the purchase of five Type I Engines and three Type 5 Brush Trucks and necessary equipment in the amount of \$4,415,000. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

Recommendation to adopt a Resolution designated by the short title "2020 Medium-Term Bond Resolution"; providing for the issuance by Truckee Meadows Fire Protection District of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020, in the maximum principal amount of \$4,415,000, as approved by the State of Nevada, Department of Taxation for the purpose of financing the cost of purchasing fire-fighting equipment, including fire engines and other vehicles; providing covenants, agreements and other details concerning the bond, the project and general tax proceeds; ratifying action previously taken and pertaining to the foregoing by the district and its officers and employees; and providing other matters relating thereto; and if approved, approve and execute a resolution augmenting the Truckee Meadows Fire Protection District Capital Fund from anticipated resources of debt proceeds which exceed estimated resources for use in the Capital Projects Fund Capital Outlay Account for the purpose of the purchase of five Type I Engines and three Type 5 Brush Trucks and necessary equipment in the amount of \$4,415,000.

PREVIOUS ACTION

May 21, 2019 the Board of Fire Commissioners approved the FY19-20 Final Budget which included the intent to issue debt to finance equipment purchases.

December 17, 2019, the Board conducted a public hearing and adopted an Authorization Resolution finding that the public interest requires the issuance of the proposed Medium-Term Bond in the maximum principal amount of \$4,415,000 in order to finance all or a portion of the cost of purchasing fire-fighting equipment, including fire engines and other vehicles (the "Project").

BACKGROUND

The District has identified the need to issue debt to maintain the fire apparatus replacement schedule. The District has developed a five-year vehicle replacement plan that includes the purchase of five Type I Engines and three Type 5 Brush Trucks. The current estimated cost to purchase and equip a Type I Engine is \$725,000 with an estimated useful life of 10 years and the current estimated cost to purchase and equip a Type 5 Brush Truck is \$690,000 with an estimated useful life of 15 years.

This replacement plan provides more consistency between apparatus since each group will be built to the same specifications, keeps front line apparatus within a practical useful life, and provides ease of rotation of apparatus from busy to slow stations which helps elongate life of the equipment. This plan also allows for more efficiency in purchasing by limiting the process to once every five years instead of purchasing apparatus every year.

The issuance of medium-term debt obligations would pay 100% of the cost to purchase and equip the planned five Type I Engines and three Type 5 Brush Trucks.

The Bonds shall not be paid in whole or in part from a levy of a special tax which is exempt from the limitations on the levy of ad valorem taxes but shall be paid from other legally available funds of the District, including, but not limited to, monies anticipated to be available in the District's General Fund.

On January 27, 2020, the State of Nevada, Department of Taxation, approved the District's request to issue medium-term General Obligation Bonds in the amount not to exceed \$4,415,000 with an interest rate not to exceed by more than 3% the "Index of Twenty Bonds" most recently published in "the Bond Buyer before the bids are received for such medium-term obligations or a negotiated offer is accepted, and not to exceed ten (10) years. A copy of the approval letter is attached.

The District distributed, with the assistance of bond counsel, a request for financing proposals on January 22, 2020 with responses due on February 5, 2020. Based on review of these proposals performed by District staff, bond counsel, and the District's financial advisor, the District noted that the interest rate on many responses was indicative and may change based upon the date of the signed resolution. The District has requested a final interest rate to be provided on the morning of February 25, 2020 and therefore the District will present the final recommendation at the BOFC meeting.

FISCAL IMPACT

If approved, the annual debt service starting fiscal year 2021 is expected to be less than \$500,000 for ten years.

RECOMMENDATION

Staff recommends that the Board adopt a Resolution designated by the short title “2020 Medium-Term Bond Resolution”; providing for the issuance by Truckee Meadows Fire Protection District of its General Obligation (Limited tax) Medium-Term Bond, Series 2020, in the maximum principal amount of \$4,415,000, as approved by the State of Nevada, Department of Taxation for the purpose of financing the cost of purchasing fire-fighting equipment, including fire engines and other vehicles; providing covenants, agreements and other details concerning the bond, the project and general tax proceeds; ratifying action previously taken and pertaining to the foregoing by the district and its officers and employees; and providing other matters relating thereto; and if approved, approve and execute a resolution augmenting the Truckee Meadows Fire Protection District Capital Fund from anticipated resources of debt proceeds which exceed estimated resources for use in the Capital Projects Fund Capital Outlay Account for the purpose of the purchase of five Type I Engines and three Type 5 Brush Trucks and necessary equipment in the amount of \$4,415,000.

POSSIBLE MOTION

Should the Board agree with staff’s recommendation, a possible motion could be:

“I move to adopt a Resolution authorizing the issuance of Medium-term Obligations as approved by the State of Nevada, Department of Taxation in the maximum principal amount of \$4,415,000 and adopt a resolution to augment .”