

Pleasant Hill Goshen Fire & Rescue
Pleasant Hill Rural Fire Protection District
Goshen Rural Fire Protection District
Joint Board Work Session/Zoom Meeting
April 11, 2023

Call to Order

The hybrid Joint Board Work Session was called to order at 5:35 p.m. by Fire Authority Board President Willie Bronson.

Attendance:

Pleasant Hill Board Members: President Todd Anderson, Vice President Kevin Flory, Secretary/Treasurer Darrell Shoemaker, and Board Member Paul Filson.

Goshen Board Members: President Willie Bronson, Vice President Tom McClellan, Secretary/Treasurer Rose Reinertson, and Board Member Terry McDiarmid. Absent Board Member Cameron Saxon.

Pleasant Hill Goshen Fire & Rescue Board Members: President Willie Bronson, Vice President Todd Anderson, Secretary/Treasurer Rose Reinertson, and Board Member Kevin Flory.

Staff: Fire Chief Andrew Smith, Lieutenant Roll, and Executive Assistant Haley Meshnik.

Guests: - Matt Brown & David Ulbricht

Dave Ulbricht, from SDAO, provided a summary of his research towards our funding goals.

David Ulbricht explained that he looked into both a 25-year term and a 30-year term, at both *USDA Rural Development* and spoke with Ed Tabor, who is one of the directors at *Business Oregon, who works with their Special Public Works Fund*. David explained that they both set their rates quarterly. On April 1st, 2023 USDA rate was 3.75%. He went on to explain that the State of Oregon had direct loans and bond fund loans. Their direct loans rates ranged from 3.26%-3.96% for up to 30-years. Ed Tabor shared with David that because of the size of the project, they would probably access the State of Oregon Bond Bank to help fund the project. David Ulbricht said, in summary, that means that they will fund your loan, but then later sell a bond issue, that essentially reimburses them the funds. David Ulbricht explained that the rate could change, because it is based on what the bond market is at that time. Both programs, USDA in particular, you would be required to get interim financing first, to fund the project.

(Example, find a bank that will finance a two-year interim finance loan, like a line of credit, where you can draw on it and make your construction disbursements on it along the way.) Then at the time of completion, USDA would come and provide the long-term financing.

Special Public works require interim financing as well. He added that they typically fund the construction draws along the way internally. Their current rate for the interim side is 3.75%. Steps: 1. Application. 2. Go through Process. 3. Get qualified 4. Interim Financing 5. Long term Financing approach

David Ulbricht added that banks right now are hesitant to provide long term financing, because of the climate and also that they don't have the money to lend. David shared that on the USDA side, payments are roughly \$460,000 a year for 25-years and in a 30-year term it is just under \$415,000 a year.

The State 25-year term, annual rate is about \$465,000 and their 30-year term annually, will be more like \$426,000.

David Ulbricht added that USDA allows you to either pay interest along the way or pay all the interest at the end.

David Ulbricht shared that Deanna at the Roseburg office, told him that there is not any funds available for grants for construction projects, at this time. She said the grant funding is limited at this time, in the State of Oregon.

Paul Filson summarized that this is the same as if an individual goes out to buy a construction loan for their house. They have a construction loan and it moves over to a permanent loan when they have the final on the property.

David Ulbricht explained that you can look at the public market, where you would structure the financing much like a Bond and work with a Broker/Dealer who specializes in municipal financing. Then the bond would get sold to investors who want tax free income. David explained that borrowing short term is more costly than borrowing long term right now.

David Ulbricht explained that in the case of USDA, once you get approved for the project, USDA will instruct you to get interim financing to construct the project. When you find that financing, USDA will issue a commitment letter to the financial institution, that says, "Funds have been set aside to fund this loan at completion." This will eliminate some of the risk for the finance provider.

David Ulbricht explained that the State on the other hand, will usually handle the interim financing internally with their special works fund, at 3.75%. Then when the project is completed, they will find the long-term funding, whether they fund it internally or use the Bond market to issue a larger Bond, to fund the long term.

Paul Filson asked David Ulbricht what his recommendation is for us to do now and the next six months. David advised that we should get on the docket for the State and USDA. Submit their

applications to move it along, explain what the project is, the amount of money requested, and in the meantime, David can look in the Bond market to see what is available there.

David Ulbricht added that when you go to the public market, typically what happens is that there is no construction financing and you get all your money upfront, so you control it. You have the option to stick it in the local government investment pool and earn 3.75%-4% on it and draw on that, as you need it to pay for your project. This way you have all your money and your long-term financing in place for the term.

Todd Anderson asked for clarification if we can get on the docket before our project is approved? Since our measure goes to the voters in November and is not approved yet by the citizens. Todd asked if we can still go forth with applications before we have citizen approval? David Ulbricht said that you will need estimated costs, plans, drawings, and documentation to support the need for financing, but he thinks you can start having the preliminary discussions with USDA and the State, so that they are aware that this is coming. They will take the information and look at it. Paul Filson added that we want to do everything in our power to be ahead of the game and not be back peddling.

Chief Smith asked David Ulbricht what his role will be in helping us through this? David shared that his role would be to guide us through the whole process and then sit on our side of the table during the financial elements of everything. He stated he is with us the whole way and working through the entire process, making sure we get the most effective and cost-effective financing for the district and the taxpayers.

David Ulbricht said that he can start talking to both government financing and outside sources financing and say we are in the information and gathering phase. Chief Smith said they had the documents to start reaching out to financial sources and made it clear to David that he is available to drive north to meet with anyone at anytime.

Chief Smith shared with the board that he will be clarifying with legal counsel, 1. Does it have to wait until July 1st for financing to become effective. 2. What can be done, in good faith, before July 1st? It is not realistic to wait until July 1st to make all these decisions.

David Ulbricht shared that he has been doing municipal financing work for about 30-years and elaborated on his experience. Paul Filson added that we will be looking to him to help us avoid the issues that can come about and help smooth the path forward to avoid the pot holes. David expressed that he has a fiduciary duty to us, as a district, to act on our behalf, before anyone else's.

In summary, we are not taking out a bond, the government institution would be taking out a bond. We would only be getting construction financing, paying the interest on it, and the government would provide a letter to the institution who is providing our construction loan, saying they will guarantee it. How they get their funds to guarantee it, we don't have to worry about. Our job is to pay a certain amount of payments, plus interest, and pay it off.

Chief Smith arranged to meet with David in person at the Oregon Fire Chief Conference on April 25th. He wants to work on the next steps and leave no stone unturned since this is a tight path moving forward.

A discussion ensued continuing the discussion after David Ulbricht's zoom call ended. Some notable comments are that Chief Smith said it's realistic that we will face the 30-year term, with the goal of paying it off early. Chief added that there is a lot to be done before we get the money and we still have to understand what the cost of the schematic phase will be, which will be provided by FFA Architecture & Interior soon. Chief added that it will be important to be pre-approved leading up to the November election, when we are educating the public.

Terry McDiarmid asked Chief Smith if the annual \$415,000 payment will still make everything comfortable and allow for the additional staffing? Chief Smith explained that in the economic feasibility statement he estimated an annual payment of \$385,000 and he feels comfortable that he can pull the additional needed \$30K from his padding in Contingency. Chief Smith added that the order of priority is a new station, staffing, a training officer, and lastly make sure there is a good ability to save for capital assets like fire engines.

Paul Filson added that a general contractor or general manager can assist with how bids turn out.

Chief Smith said that he thinks the schematic phase will help narrow down on the current rounded figures of \$550 per square foot. Terry McDiarmid added that he thinks that taking the next step to the schematic phase, is twofold how important it is. He added that it gives us more information and detailed drawings, before we go to the public before the election.

Willie Bronson asked Chief Smith if he can get something in writing from the Lane County Election Office that states what exactly is required from us, because we will need to account for full term and half term new board members. Ask the Elections office if it has to be done in November or if it has to be done in May. Chief said he will verify these questions.

Pending To do:

- Chief to clarify with counsel:
 - 1. Does it have to wait until July 1st for financing to become effective.
 - 2. What can be done, in good faith, before July 1st? It is not realistic to wait until July 1st to make all these decisions.
- Chief to ask the Elections Office to clarify on board member elections, in writing, per Willie's request.

Willie Bronson adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Haley Meshnik

Recording Secretary

Approved