DEPARTMENT: Administration

RECOMMENDED ACTION AND JUSTIFICATION:
Approve Finance Resolution, Master Lease Purchase Agreement and other related financing documents relative to the lease/purchase of fire apparatus and authorize the Chairman of the Board of Supervisors to sign the documents.

Please see the attached memorandum for additional information.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
On October 28, 2008, the Board of Supervisors awarded a contract to Golden State Fire Apparatus for the purchase of new fire equipment. On November 10, 2008, the Board approved contracting with Oshkosh Capital to finance the fire apparatus.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
Do not approve the Finance Resolution or the Lease Agreements. Direct staff to identify another financing company/bank.

Financial Impact? (X) Yes ( ) No Current FY Cost: $430,670.44 Annual Recurring Cost: $430,670.44
Budgeted In Current FY? (X) Yes ( ) No ( ) Partially Funded
Amount in Budget: $569,000
Additional Funding Needed: $0

Source:
Internal Transfer
Unanticipated Revenue
Transfer Between Funds
Contingency
General

List Attachments, number pages consecutively

Memorandum
Financing Resolution
Lease Agreement and Financing Documents
Lease Proposals

CLERK’S USE ONLY:
Res. No.: 08-548 Ord. No. 
Vote – Ayes: 
Noes: 
( ) Approved
( ) Minute Order Attached ( ) No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.
Date:
Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California
By: 
Deputy

COUNTY ADMINISTRATIVE OFFICER:
( ) Requested Action Recommended
( ) No Opinion
Comments:

CAO:
MARIPOSA COUNTY RESOLUTION NUMBER 08-548

A RESOLUTION TO FINANCE THE PRINCIPAL AMOUNT OF $4,137,018.42

WHEREAS, the County of Mariposa is a political subdivision of the State of California and is duly organized and existing pursuant to the Constitution and the laws of the State of California; and

WHEREAS, pursuant to applicable law, the Board of Supervisors of the County of Mariposa is authorized to acquire, dispose of, and encumber real and personal property, including, without limitation, rights and interests to property, leases, and easements necessary to the functions or operations of the County of Mariposa; and

WHEREAS, the Board of Supervisors hereby finds and determines that the execution of one or Master Lease-Purchase Agreements (“Leases”) in the principal amount not exceeding the amount stated above for the purpose of acquiring the property (“Equipment”) to be described in the Leases is appropriate and necessary to the functions and operations of the County of Mariposa; and

WHEREAS, Oshkosh Capital (“Lessor”) shall act as Lessor under said Leases.

NOW THEREFORE BE IT RESOLVED by the Board of Supervisors of the County of Mariposa, a political subdivision of the State of California, as follows:

1. The Chairman of the Board of Supervisors or the County Administrative Officer acting on behalf of the County of Mariposa, is hereby authorized to negotiate, enter into, execute, and deliver one or more Leases in substantially the form set forth in the document presented to the Board of Supervisors, which document is available for public inspection through the Clerk of the Board at the Government Center, 5100 Bullion Street, 2nd Floor, Mariposa, California. The Chairman of the Board of Supervisors or the County Administrative Officer acting on behalf of the County of Mariposa is hereby authorized to negotiate, enter into, execute, and deliver such other documents relating to the Leases as the Chairman of the Board of Supervisors or the County Administrative Officer deems necessary and appropriate. All other related contracts and agreements necessary and incidental to the Leases are hereby authorized.

2. The aggregate original principal amount of the Leases shall not exceed the amount stated above and shall bear interest as set forth in the Leases and the Leases shall contain such options to purchase by the County of Mariposa as set forth herein.

3. The County of Mariposa’s obligations under the Leases shall be subject to annual appropriation or renewal by the Board of Supervisors as set forth in each Lease and the County of Mariposa’s obligations under the Leases shall not constitute general obligations of the County of Mariposa or indebtedness under the Constitution or laws of the State of California.

4. As to each Lease, the County of Mariposa reasonably anticipates to issue no more than ten-million dollars ($10,000,000) of tax-exempt obligations (other than “private activity bonds” which are not “qualified 501(c)(3) bonds”) during the fiscal year in which each such Lease is issued and
hereby designates each Lease as a qualified tax-exempt obligation for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

PASSED AND ADOPTED by the Board of Supervisors of Mariposa County this 18TH day of November 2008, by the following vote:

AYES: Aborn, Turpin, Bibby, Fritz
NOES: None
ABSENT: Pickard
ABSTAINED: None

LYLE TURPIN, Chairman

ATTEST: MARGIE WILLIAMS, Clerk of the Board

APPROVED AS TO FORM: JEFFREY G. GREEN,
Interim County Counsel
TO: RICHARD J. BENSON, CAO
FROM: MARGIE WILLIAMS, Clerk of the Board
SUBJECT: Approve Finance Resolution, Master Lease Purchase Agreement and other Related Financing Documents Relative to the Lease/Purchase of Fire Apparatus and Authorize the Board of Supervisors Chair to Sign the Documents

RESOLUTION 08-549

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on November 18, 2008

ACTION AND VOTE:

9:44 a.m. Approve Finance Resolution, Master Lease Purchase Agreement and other Related Financing Documents Relative to the Lease/Purchase of Fire Apparatus and Authorize the Board of Supervisors Chair to Sign the Documents (County Administrative Officer/Personnel/Risk Manager)

BOARD ACTION: Rick Benson advised that the final Lease Purchase Agreement was received on Monday and has been distributed to the Board and made available to the public. He reviewed the recommended action, purchase process and transfer of funds for this purchase. Discussion was held relative to the payments, replacement for the loss of any equipment, and the disposition of the current fleet – an item will be brought to the Board with recommendations for disposition of equipment and some equipment will be retained for backup.

Input from the public was provided by the following:

Ruth Catalan asked about the status of insurance for the vehicles and for liability; and she asked whether there is a restriction on being able to take this equipment out of County. Rick Benson responded to the questions – the County is self-insured to a point and then the catastrophic insurance coverage takes effect; and the final Agreement has a clause that allows the equipment to participate in out of County fire incidents.

Paul Chapman referred to the Proposition 218 requirements and stated he feels the equipment can only be used for fire protection for Mariposa County; and he commented on the cost of the equipment and financing; and he referred to concerns he has with the terms of the Agreement.

Discussion was held. Dana Hertfelder responded to questions from the Board relative to inspecting the equipment and requirements for it to meet the specifications. Rick Benson commented on the bond for the acceptance of the equipment; and he advised of the outcome of a recent Court decision on the West Point Fire Protection District fire equipment purchase. (M)Aborn, (S)Fritz, Res. 08-548 was adopted approving the documents as recommended. Supervisor Bibby asked about scheduling the payment for automatic distribution to ensure that late fees are not incurred. Ayes: Aborn, Turpin, Bibby, Fritz; Excused: Pickard.

Cc: Chris Ebie, Auditor
   File
DEPARTMENT: Administration

RECOMMENDED ACTION AND JUSTIFICATION: Discussion and possible approval of fire engine lease financing proposal. Proposals were due by noon on Friday, November 7. Staff will review the proposals with your Board and, if appropriate, recommend that a lender be selected.

BACKGROUND AND HISTORY OF BOARD ACTIONS: On October 28 your Board directed staff to solicit lease financing proposals to allow for the acquisition of new fire engines through County Service Area #3.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION: If no alternative funding proposal is approved, funding will be secured through the vendor.

Financial Impact? ( ) Yes (x) No
Budgeted in Current FY? ( ) Yes ( ) No ( ) Partially Funded
Amount in Budget: $____________________
Additional Funding Need: $____________________

Source:
Internal Transfer
Unanticipated Revenue ( ) 4/5's vote
Transfer Between Funds ( ) 4/5's vote
Contingency ( ) 4/5's vote
( ) General ( ) Other

CLERK'S USE ONLY:
Res. No.: ________ Ord. No. ________
Vote – Ayes: ________ Noes: ________
Absents: ________
( ) Approved
( ) Minute Order Attached ( ) No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: ________

Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California
By: ________
Deputy

COUNTY ADMINISTRATIVE OFFICER:
☑ Requested Action Recommended
( ) No Opinion
Comments: ________

CAO: ________
TO: RICHARD J. BENSON, CAO
FROM: MARGIE WILLIAMS, Clerk of the Board
SUBJECT: Discussion and Possible Approval of Fire Engine Lease Financing Proposal

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on November 10, 2008

ACTION AND VOTE:

Discussion and Possible Approval of Fire Engine Lease Financing Proposal (County Administrative Officer/Personnel/Risk Manager)

BOARD ACTION: Discussion was held with Rick Benson relative to the proposals that were received for financing the fire equipment lease purchase – proposals were received from 1) Oshkosh Capital and 2) Municipal Asset Management/however, they included terms that he would not recommend to the Board. He advised that if the Board concurs, he will bring back all of the documentation for action on November 18th.

Input from the public was provided by the following:

Paul Chapman stated he feels the bid proposal information should have been made available to the public; he expressed concern with the interest rate for financing the equipment; and he stated he still disagrees with the specifications for meeting the County’s needs.

Rick Benson advised that the proposal was sent out to the banking businesses that deal with municipal leasing of equipment; and Supervisor Bibby asked that this information be included with the package for November 18th, along with the rationale for his recommendation. Supervisor Bibby initiated discussion relative to the status of budgeting for the replacement costs – Rick Benson advised that this will be a part of the final budget discussions with a recommendation of $225,000 a year for 20 years; and he plans to recommend that when the equipment is assigned out of County, that a portion of the revenue received goes to the replacement fund. Further discussion was continued until after the following recess.

2:57 p.m. Recess

3:00 p.m. Further discussion was held. (M)Pickard, (S)Fritz, direction was given to the County Administrative Officer to proceed with financing arrangements with Oshkosh Capital; and to bring back the financing package on November 18th for action/Ayes: Unanimous.

Cc: Chris Ebie, Auditor
    Jim Wilson, Fire Chief
    Dana Hertfelder, Public Works Director
    File
November 18, 2008

TO: Board of Supervisors

FROM: Rick Benson, County Administrative Officer

SUBJECT: Proposed Agreement with Oshkosh Capital

Along with their bid to provide equipment, the low bidder for the new fire apparatus also included a financing proposal from Oshkosh Capital. In order to assure that the County would be able to take advantage of the lowest cost financing, the County Administrative Officer disseminated Requests for Proposal (RFP) to the following financing companies/banks:

Capital One
JP Morgan Chase
Key Bank
Sun Trust
De Lage Landen Public Finance
First Responders (Municipal Asset Management)
Bank of America

I received inquiries from Municipal Asset Management, SunTrust, and De Lage Landen. Chase gave notice that they would not be making a proposal for this project.

Given the uncertainty of the financial markets, many firms are taking a wait-and-see attitude regarding financing of this type. As a result, the only formal proposal, other than Oshkosh, was from Municipal Asset Management. Attached are the pertinent portions of the two proposals.

As reported at the November 10, 2008, Board of Supervisors meeting, the two proposals are very close. However, due to certain terms of the proposed agreement from Municipal Asset Management and other considerations it was recommended and your Board approved moving forward with Oshkosh Capital.

Attached is a draft of the proposed agreement with Oshkosh along with the other related financing documents, which together complete the financing package. The term of the financing is 15-years, at a fixed interest rate of 6.49-percent, resulting in annual payments of $430,670.44. Oshkosh will retain a lien on the fire apparatus until the financing is completely paid off, at which time full ownership will be transferred to the County.
County Counsel has reviewed and approved the lease financing documents and the attached resolution as to form.

Therefore, it is recommended that the Board adopt the resolution approving the execution of the lease agreement with Oshkosh Capital in the principal amount of $4,137,018.42 and authorize the Chairman to sign the lease agreement and all related lease financing documents.

RB
Attachments