

# Moraga-Orinda Fire Protection District



## BOARD OF DIRECTORS REGULAR BOARD MEETING MINUTES

April 20, 2016  
(Approved May 4, 2016)

### 1. Opening Ceremonies

The Board of Directors convened in Open Session at 7:07 P.M. on April 20, 2016 in the Moraga Library Community Room, 1500 Saint Mary's Road, Moraga, California. Director Evans was absent. President Anderson called the meeting to order.

Present were the following Directors and Staff:

|                    |                                       |                               |
|--------------------|---------------------------------------|-------------------------------|
| Director Anderson  | Director Weil                         | Grace Santos, District Clerk  |
| Director Barber    | Stephen Healy, Fire Chief             | Sean Perkins, Battalion Chief |
| Director Famulener | Gloriann Sasser, Admin Srvcs Director |                               |

### 2. Public Comment

There were no comments.

### 3. Consent Agenda

Motion by Director Famulener and seconded by Director Barber to receive and file Items 5.1 – Meeting Minutes, 5.2 – Monthly Incident Report, 5.3 – Monthly Financial Reports, 5.4 – Approval of Payment for Dispatching and Communications Services. Said motion carried a unanimous 4-0 roll-call vote (Ayes: Anderson, Barber, Famulener and Weil; Absent: Evans).

### 4. Regular Calendar

#### 6.1 Comprehensive Annual Financial Report Award for the Fiscal Year Ended June 30, 2015

The District prepared a Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The CAFR is designed to meet the requirements of the Government Finance Officers Association (GFOA). In 1945, the GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles and to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. The GFOA then recognizes individual governments that succeed in achieving this goal. The District's CAFR was submitted to the GFOA for consideration of a Certificate of Achievement for Excellence in Financial Reporting.

The CAFR includes three sections: Introductory, Financial and Statistical. The Introductory Section includes a letter of transmittal to the Board. The Financial Section includes Management's Discussion and Analysis, which provides an overview and analysis of the financial activities of the District. The CAFR concludes with a Statistical Section that provides operational, economic and historical data to provide context for assessing the District's economic condition.

After reviewing the District's CAFR in comparison to an extensive 109 page check list, GFOA has recognized the District with a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015. This is the second year the District has earned this recognition.

There are 495 California public agencies that received this award (4,181 nationwide). There are 41 special districts (9 fire districts) in California that received the award. The District is the seventh California fire district to receive this award.

The Board congratulated Administrative Services Director Gloriann Sasser for all her hard work on the CAFR.

**6.2 Approve the JP Morgan Chase 15-year/4-year Call Proposal and Adopt Resolution No. 16-07 Approving the Forms of and Authorizing the Execution and Delivery of a Site Lease and a Lease/Purchase Agreement and Authorizing Related Matters**

On October 21, 2015, the Board authorized Phases 1 and 2 of the Station-43 rebuild construction project. During October and November, staff met with Brandis Tallman LLC (“BTLLC”), a full service investment banking firm, to discuss financing options. Brandis Tallman identified two methods of sale for issuance of the District’s financing: direct placement or public offering.

At its November 18, 2015 meeting, the Board considered financing options and authorized the District to contract with BTLLC to issue a direct placement lease agreement in the amount of \$4,000,000 for a 20-year term.

At its March 16, 2016 meeting, the Board adopted Resolution No. 16-06 “Approving the formation of the Moraga-Orinda Fire Protection District Public Facilities Financing Corporation as a California nonprofit public benefit corporation and related matters”. The purpose of the newly formed financing corporation is to facilitate the 2016 financing and any future financing needs of the District.

On March 23rd, BTLLC sent a request for proposal (“RFP”) to 11 lenders interested in this financing type, size, and term, to obtain the most favorable financing provisions and interest rates. The RFP requested interest rates for a 10-year, 15-year, and 20-year term to provide the District with a range of options given current market conditions. On April 11th, BTLLC received bids from seven lenders and summarized results for discussion with District staff. As discussed between staff and BTLLC, the results based on the lowest interest rates are summarized below:

**10-Year Term**

**JP Morgan Chase - lowest rate out of 7 responses received**

Rate: 1.79%

(4-year prepayment option)

Average FY Debt Service: \$452,400

Total Debt Service: \$4,455,900

Rate: 1.68%

(non-callable option)

Average FY Debt Service: \$449,900

Total Debt Service: \$4,431,400

**15-Year Term**

**JP Morgan Chase - lowest rate out of 7 responses received**

Rate: 2.02%

(4-year prepayment option)

Average FY Debt Service: \$318,500

Total Debt Service: \$4,729,500

Rate: 1.92%

(10-year prepayment option)

Average FY Debt Service: \$316,200

Total Debt Service: \$4,695,600

The above rates proposed by Chase are good for about 24 hours. Chase's rates will be updated April 20<sup>th</sup> for discussion during the Board meeting, and will expire in the afternoon of the 21<sup>st</sup>. However, once the term sheet is signed, breakage fees do apply to the Chase proposal if interest rates go down and the transaction does not close. Based on Chase's proposal of April 11<sup>th</sup>, if rates were to decrease by 25 basis points and the transaction did not close, the breakage fees would be about \$53,000 for the 10-year term and \$78,000 for the 15-year term.

### **20-Year Term**

#### **Municipal Finance Corp./City National Bank - lowest rate out of 4 responses received**

Rate: 3.15%

(4-year prepayment option)

Average FY Debt Service: \$276,700

Total Debt Service: \$5,491,100

Rate is locked for 60 days, no breakage fees apply

If the Board approves the Resolution before it tonight and selects a lender and proposal, the financing team will work with the staff and the selected lender to finalize and execute the documents.

Staff recommended the Board approve JP Morgan Chase 15-year term with a 4-year call option at a rate of 2.02% (rate to be updated at the Board meeting). Compared to the 20-year term, the 15-year option will result in \$761,000 less in interest costs to the District. The annual debt service payment of \$319,000 for the 15-year option can be maintained throughout the Long Range Financial Plan. The 4-year call option provides added flexibility to the District.

Nikki Tallman, from Brandis Tallman, gave a PowerPoint presentation and answered some questions on the seven proposals that were received.

Motion by Director Weil and seconded by Director Barber to approve the JP Morgan Chase 15-year/4-year call proposal, adopt Resolution No. 16-07 a Resolution of the Board of Directors of the Moraga-Orinda Fire Protection District Approving the Forms of and Authorizing the Execution and Delivery of a Site Lease and a Lease/Purchase Agreement and Authorizing Related Matters. Said motion carried a unanimous 4-0 roll-call vote (Ayes: Anderson, Barber, Famulener and Weil; Absent: Evans).

### **6.3 Regular Board Meeting Locations**

At the March 16, 2016 Board meeting, staff was directed to find a balance between meeting in Moraga and Orinda, to find a permanent meeting location (preferably without a stage), look at other locations, and bring back recommendations at the next meeting.

Staff looked into various public facilities in Moraga and Orinda that meet the ADA requirements of the Brown Act. Based on the research conducted, staff recommended the Sarge Littlehale Conference Room for Orinda meetings, and either the Moraga Library Community Room or the Hacienda Mosaic Room for Moraga meetings.

At the April 6, 2016 Board meeting, the Board directed staff to reserve the Orinda Library Auditorium and Garden Room in Orinda and the Hacienda Mosaic and Garden Rooms in Moraga for the second meeting of each month.

Because of scheduling conflicts, staff was only able to secure the Library Auditorium and Garden Room on July 6 and August 3, 2016. The Board will continue to meet in the Sarge Littlehale Room on May 4, June 1, September 7, October 5, November 2, and December 7, 2016.

Staff reserved the Hacienda Mosaic and Garden Rooms for the May 18, June 15, July 20, August 17, September 21, October 19, November 16, and December 21, 2016 meetings.

After a brief discussion, the Board directed staff to inquire on the availability of the Orinda Library Auditorium and the Garden Room on May 18, June 15, July 20, August 17, September 21, October 19, November 16 and December 21, 2016. They also asked staff to inquire on the availability of the Moraga Mosaic Room on May 4, June 1, July 6, August 3, September 7, October 5, November 9 and December 7. They asked for a report at the next meeting.

#### **6.4 Lorinda Lane Grant of Trail Easement to the City of Lafayette, CA for the Benefit of the General Public**

In January of 2016, staff was approached by the City of Lafayette, who asked the District to consider granting a walking easement that overlaid two existing easements on the lower portion of Lorinda Lane.

On April 14, 2016, the City of Lafayette approved negotiating instructions for the Lafayette City Manager, who subsequently offered \$10,000 for the easement. Staff reached a tentative agreement with the City of Lafayette on price and language for the easement. Board approval is required because an easement is a non-possessory transfer of property.

Staff recommended approval of the Easement for the purposes of a walking trail on land owned by the District for the price of \$10,000.

Richard Olsen, Moraga resident, asked the board if they have visited the site of the easement, and if they read the City of Lafayette's staff report on the subject. Mr. Olsen stated that there were three major issues to prospective buyers of the property: privacy, security, and the narrow road.

Mark Debusshere, homeowner of 1046 Lorinda Lane, asked the Board not to go through with selling the easement to the City of Lafayette, or at least consider changing the wording on the contract.

The Board directed staff to wait until the May 4 meeting to allow time to review more information before making a decision.

District Counsel John Bakker stated that rather than holding it over, the Board give direction to include the sale of the easement and make it part of escrow so that the transfer to the City of Lafayette and the payment of the \$10,000 only occurred if the sale was consummated with a buyer. The easement would be transfer to the City of Lafayette after the sale of the property closed.

Chief Healy stated that interested parties will be informed of the deadline to submit offers during the open house on April 23 and 24, and a Special Board Meeting would be scheduled on either April 26 or 27 to discuss the offers.

President Anderson asked District Counsel John Bakker if the City of Lafayette had any legal grounds to stop the sale. District Counsel Bakker stated that the City of Lafayette has the potential ability to do so, but was not sure if they would or not. He felt that the City of Lafayette would not have any particular concerns about waiting until after the District receives all offers and agrees upon a price.

The Board stated that they needed more time to study the information and would like to wait until the next regular meeting to make a decision. The Board directed District Counsel Bakker to inform the City of Lafayette that the Board approved of the price and form of the easement,

but would like to wait until after receiving bids on the property before making a decision on the easement.

**5. Committee Reports**

**7.1 Finance Committee (*Directors Barber & Weil*)**

There was nothing to report.

**6. Announcements**

**8.1 Brief information only reports related to meetings attended by a Director at District expense**

(Government Code Section 53232.3(d))

There was nothing to report.

**8.2 Questions and informational comments from Board members and Staff**

Chief Healy asked if the Board preferred to schedule a special meeting on April 26 or 27 to discuss offers on the properties. The Board unanimously agreed to schedule the meeting on Wednesday, April 27, 2016 at 7:00 P.M.

Director Weil thanked Nick Marnell, writer for the Lamorinda Weekly, for the article he wrote on Matt Stamley.

**7. Adjournment**

At 9:00 P.M., President Anderson called for adjournment of the regular meeting.



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Grace Santos  
Secretary to the Board