

**OLNEY RURAL FIRE DISTRICT
MINUTES OF MEETING OF BOARD OF TRUSTEES
June 14, 2017 AT OLNEY FIRE HALL**

Call to Order – 7:02 pm

Roll Call

All Trustees present: Paul Jeremiassen, Norma McBroom, Laurel Therrien, Keith Kastner; Jason Rowles
Fire & Ambulance members: Bruce McMillan, Michalle McMillan, Wayne Rehmert

Community members: 8-10

Motion to approve meeting agenda made by Paul Jeremiassen; seconded by Norma McBroom; carried unanimously.

Unfinished Business

Mother's Day Breakfast – the breakfast was well attended and successful. A \$778 deposit was made to the District's account from both donations and raffle proceeds. The leftover food supplies were donated to the NW Montana Veteran's Food Pantry in Kalispell.

Update on Ken Morehead Prosecution – the District received a letter from the County Attorney's office concerning the case. Morehead has pleaded guilty to Theft, a felony. Sentencing is scheduled for August 10th. The Probation and Parole Department may contact us for our input on the sentencing. Separately, a recent Daily InterLake news article stated that Morehead pleaded guilty to stealing \$50,000, and that the prosecutor would recommend a 6-year prison sentence, all suspended. What the article did not mention, and that has been clarified by the County Attorney's office, is that Morehead will also be subject to a fine, court fees and victim restitution. We will be contacting the County Attorney's office to provide input to the sentencing as the primary victim in this case.

Motion to approve minutes of March 8th meeting made by Jason Rowles; seconded by Norma McBroom; carried unanimously.

Secretary's Report

Bills presented for payment

CenturyLink \$114.56 – May telephone and internet

Lincoln Electric \$129.12 – May electricity

Motion was made by Norma McBroom to approve the payment of bills as presented; seconded by Jason Rowles; carried unanimously. With the Fiscal Year nearly complete, actual revenues are 102% of budget, while expenses are 78% of budget, with actual net revenue (income) of \$18,294 vs. budget of \$5,053.

Proposal to Refinance Water Tender Debt

Paul Jeremiassen presented an analysis and proposal to refinance the existing debt on the Kenworth T-370 water tender with an InterCap Loan from the Montana State Board of Investments. The new financing will give us the flexibility to pay down the loan balance with no penalty, in whole or in part, if we generate proceeds from any future asset sales. Reducing the District's debt service can lead to a reduction of the annual tax levy.

Attached hereto is a resolution required by the State Board of Investments to be approved by the Board in order to issue the loan. Jason Rowles made a motion, seconded by Keith Kastner, to approve the resolution. As there was no further discussion, the motion was carried unanimously.

Fiscal 2018 Budget Proposal

Paul Jeremiassen presented a preliminary budget proposal as a preview for the Board's approval of a final budget at the July 12th meeting. More information is required to complete the proposal, such as pending decisions on our insurance coverage, a member training plan, and transfers to our capital improvement fund. Jeremiassen stated that the budget goal should be to maintain or reduce the current tax levy.

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New Business

Insurance Proposals

Chris Hindoien of Rocky Mountain Insurance Services gave a presentation in which he proposed that we replace our current property and liability insurance carrier, provided by McNeil & Co. through Glacier Insurance, with coverage from VFIS (which currently provides our accident and sickness policy). VFIS is the predominant insurer of rural fire departments in Montana. The coverage Chris proposed would be similar to what we already have, plus a provision for excess liability coverage not contained in our current policy, at an annual premium (\$5,567) substantially less than that proposed by our current insurer for our renewal on July 1st (\$8,748).

Chris also proposed that we add Workers' Compensation (WC) coverage for our members, which would coordinate with the existing accident and sickness policy. The premium for the WC coverage would be substantially offset by a reduction in accident and sickness policy premium, which would become a supplementary or complementary coverage to the primary WC coverage.

Because of the volume of information presented, after questions and further discussion the Board decided to defer a decision at the meeting, but to consider the proposals in a separate session. (An addendum is attached describing the Board action on these proposals taken in the separate session and incorporated in these minutes.)

Appointment of a Fire Chief

Bruce McMillan has offered to fill the vacant position as Fire Chief, having recently retired from his search and rescue work in Lake County and moved back to the local area. Paul Jeremiassen moved to appoint Bruce as Fire Chief, noting that he brings both leadership and people skills to the task of reorganizing and rebuilding the department. Jason Rowles seconded the motion. Bruce talked briefly about his qualifications and his desire to take on the challenge. The motion was carried unanimously.

Fire and Ambulance Report

Update on Fire Hall Roof Damage

The report from the engineer appointed by our insurer was presented at the meeting. The damage has been deemed a covered event, having been caused by the excessive snow load. A remediation plan was also described. A cost estimate for the proposed work, as well as the invoice for the repairs already completed, has been requested by the insurance adjuster. Keith Kastner will follow up on the request.

Activity Report - # of calls since last meeting: 2 ambulance (no fire); YTD calls (since last July 1st): 32 total/23 ambulance/9 fire

As there was no additional **Public Discussion**, motion was made to **Adjourn the Meeting** at 8:45 by Paul Jeremiassen, seconded by Jason Rowles, and carried unanimously.

Submitted by Paul Jeremiassen, Secretary

Attachments

Addendum re: follow-up action on insurance coverages

Resolution No. 6/17-1 (Approval of Board of Investments InterCap Loan)

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ADDENDUM TO MINUTES

A follow-up session to the June 14th meeting was held by e-mail on June 16th. After comparing the insurance proposals presented at the June 14th meeting and having further discussions by telephone with Chris Hindoein, Paul Jeremiassen sent an e-mail to the other Trustees proposing the adoption of the following resolution:

“To accept the Property and Casualty proposal from VFIS dated April 19, 2017, to take effect on July 1st, 2017, and authorize the Officers of the Board to execute the necessary documents and disburse the first quarterly installment of the \$5,567 premium (based on the \$500 deductible option for auto coverage) on or before July 1st, as required.”

The trustees approved the resolution as follows:

Laurel Therrien – June 16th by e-mail

Jason Rowels – June 18th by e-mail

Norma McBroom – June 18th by telephone

Keith Kastner – June 19th by telephone

A decision on the proposal for adding a Workers' Compensation policy for the members was deferred, based on a suggestion by Jeremiassen to consider adding WC coverage on October 1st and aligning the current accident and sickness renewal (currently November 18th) with that date.

RESOLUTION NO. _____

RESOLUTION AUTHORIZING PARTICIPATION IN THE BOARD OF INVESTMENTS OF THE STATE OF MONTANA ANNUAL ADJUSTABLE RATE TENDER OPTION MUNICIPAL FINANCE CONSOLIDATION ACT BONDS (INTERCAP REVOLVING PROGRAM), APPROVING THE FORM AND TERMS OF THE LOAN AGREEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO

BE IT RESOLVED BY THE _____ (the Governing Body) OF OLNEY RURAL FIRE DISTRICT (the Borrower) AS FOLLOWS:

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Definitions. The following terms will have the meanings indicated below for all purposes of this Resolution unless the context clearly requires otherwise. Capitalized terms used in this Resolution and not defined herein shall have the meanings set forth in the Loan Agreement.

Adjusted Interest Rate means the rate of interest on the Bonds determined in accordance with the provisions of Section 3.03 of the Indenture.

Authorized Representative shall mean the officers of the Borrower designated and duly empowered by the Governing Body and set forth in the application.

Board shall mean the Board of Investments of the State of Montana, a public body corporate organized and existing under the laws of the State and its successors and assigns.

Board Act shall mean Section 2-15-1808, Title 17, Chapter 5, Part 16, MCA, as amended.

Bonds shall mean the Bonds issued by the Board pursuant to the Indenture to finance the Program.

Borrower shall mean the Borrower above named.

Indenture shall mean that certain Indenture of Trust dated March 1, 1991 by and between the Board and the Trustee pursuant to which the Bonds are to be issued and all supplemental indentures thereto.

Loan means the loan of money by the Board to the Borrower under the terms of the Loan Agreement pursuant to the Act and the Borrower Act and evidenced by the Note.

Loan Agreement means the Loan Agreement between the Borrower and the Board, including any amendment thereof or supplement thereto entered into in accordance with the provisions thereof and hereof.

Loan Agreement Resolution means this Resolution or such other form of resolution that the Board may approve and all amendments and supplements thereto.

Loan Date means the date of closing a Loan.

Loan Rate means the rate of interest on the Loan which is initially 2.50% per annum through February 15, 2018 and thereafter a rate equal to the Adjusted Interest Rate on the Bonds and up to 1.50% per annum as necessary to pay Program Expenses.

Note means the promissory note to be executed by the Borrower pursuant to the Loan Agreement, in accordance with the provisions hereof and thereof, in substantially the form set forth in the Promissory Note, or in such form that may be approved by the Board.

Program shall mean the INTERCAP Program of the Board pursuant to which the Board will issue and sell Bonds and use the proceeds to make loans to participating Eligible Government Units.

Project shall mean those items of equipment, personal or real property improvements to be acquired, installed, financed or refinanced under the Program as set forth in the Description of the Project/Summary of Draws.

Security Instrument means a security agreement in substantially the form set forth, and, a Uniform Commercial Code financing statement, in a form acceptable to the Board and the Trustee granting a security interest in, or a lien on, the property constituting the Project or other real or personal properties added to or substituted therefor.

Trustee shall mean U. S. Bank National Association (formerly known as First Trust Company of Montana National Association) and its successors.

Section 1.02. Authority. The Borrower is authorized to undertake the Project and is further authorized by the Borrower Act to enter into the Loan Agreement for the purpose of obtaining a loan to finance or refinance the acquisition and installation costs of the Project.

Section 1.03. Execution of Agreement and Delivery of Note. Pursuant to the Indenture and the Board Act, the Board has issued and sold the Bonds and deposited a part of proceeds thereof in the Loan Fund held by the Trustee. The Board has, pursuant to the Term Sheet, agreed to make a Loan to the Borrower in the principal amount of \$124,171.00 and upon the further terms and conditions set forth herein, and as set forth in the Term Sheet and the Loan Agreement.

ARTICLE II

THE LOAN AGREEMENT

Section 2.01. Terms. (a) The Loan Agreement shall be dated as of the Loan Date, in the principal amount of \$124,171.00 and shall constitute a valid and legally binding obligation of the Borrower. The obligation to repay the Loan shall be evidenced by a Promissory Note. The Loan shall bear interest at the initial rate of 2.50% per annum through February 15, 2018 and thereafter at the Adjusted Interest Rate, plus up to 1.50% per annum as necessary to pay the cost of administering the Program (the Program Expenses). All payments may be made by check or wire transfer to the Trustee at its principal corporate trust office.

(b) The Loan Repayment Dates shall be February 15 and August 15 of each year.

(c) The principal amount of the Loan may be prepaid in whole or in part provided that the Borrower has given written notice of its intention to prepay the Loan in whole or in part to the Board no later than 30 days prior to the designated prepayment date.

(d) The Prepayment Amount shall be equal to the principal amount of the Loan outstanding, plus accrued interest thereon to the date of prepayment.

(e) Within fifteen days following an Adjustment Date, the Trustee shall calculate the respective amounts of principal and interest payable by each Borrower on and with respect to its Loan Agreement and Note for the subsequent August 15 and February 15 payments, and prepare and mail by first class mail a statement therefor to the Borrower.

Section 2.02. Use and Disbursement of the Proceeds. The proceeds of the Loan will be expended solely for the purposes set forth in the Description of the Project/Summary of Draws. The proceeds from the sale of the Note to the Board shall remain in the Borrower's Account pending disbursement at the request of the Borrower to pay the budgeted expenditures in anticipation of which the Note was issued. Requests for disbursement of the Loan shall be made to the Board. Prior to the closing of the Loan and the first disbursement, the Borrower shall have delivered to the Trustee a certified copy of this Resolution, the executed Loan Agreement and Note in a form satisfactory to the Borrower's Counsel and the Board's Bond Counsel and such other certificates, documents and opinions as set forth in the Loan Agreement or as the Board or Trustee may require. The Borrower will pay the loan proceeds to a third party within five business days after the date they are advanced (except for proceeds to reimburse the Borrower for previously paid expenditures, which are deemed allocated on the date advanced).

Section 2.03. Payment and Security for the Note. In consideration of the making of the Loan to the Borrower by the Board, the provisions of this Resolution shall be a part of the Agreement of the Borrower with the Board. The provisions, covenants and Agreements herein set forth to be performed by or on behalf of the Borrower shall be for the benefit of the Board. The Loan Agreement and Note shall constitute a valid and legally binding obligation of the Borrower and the principal of and interest on the Loan shall be payable from the general fund of the Borrower, and any other money and funds of the Borrower otherwise legally available therefor. [The repayment of the Loan shall be secured by a security interest in the Project being financed.] The Borrower shall enforce its rights to receive and collect all such taxes and revenues to insure the prompt payment of the Borrower obligations hereunder.

Section 2.04. Representation Regarding the Property Tax Limitation Act. The Borrower recognizes and acknowledges that the amount of taxes it may levy is limited by the state pursuant to Section 15-10-402, et. seq. (the Property Tax Limitation Act). The Borrower is familiar with the Property Tax Limitation Act and acknowledges that the obligation to repay the Loan under the Agreement and Note are not exceptions to the provisions of the Property Tax Limitation Act. The Borrower represents and covenants that the payment of principal of and interest on the Loan can and will be made from revenues available to the Borrower in the years as they become due, notwithstanding the provisions of the Property Tax Limitation Act.

Section 2.05. Levy and Appropriate Funds to Repay Loan. The Borrower agrees that in order to meet its obligation to repay the Loan and all other payments hereunder that it will budget, levy taxes for and appropriate in each fiscal year during the term of the Loan an amount sufficient to pay the principal of and interest hereon within the limitations of the Property Tax Limitation Act, as may be amended, and will reduce other expenditures if necessary to make the payments hereunder when due.

ARTICLE III

CERTIFICATIONS, EXECUTION AND DELIVERY

Section 3.01. Authentication of Transcript. The Authorized Representatives are authorized and directed to prepare and furnish to the Board and to attorneys approving the validity of the Bonds, certified copies of this Resolution and all other resolutions and actions of the Borrower and of said officers relating to the Loan Agreement, the Note, the Security Agreement and certificates as to all other proceedings and records of the Borrower which are reasonably required to evidence the validity and marketability of the Note. All such certified copies and certificates shall be deemed the representations and recitals of the Borrower as to the correctness of the statements contained therein.

Section 3.02. Legal Opinion. The attorney to the Borrower is hereby authorized and directed to deliver to the Board at the time of Closing of the Loan his or her opinion regarding the Loan, the Loan Agreement, the Note and this Resolution in substantially the form of the opinion set forth in the Attorney's Opinion.

Section 3.03. Execution. The Loan Agreement, Note, Security Agreement and any other document required to close the Loan shall be executed in the name of the Borrower and shall be executed on behalf of the Borrower by the signatures of the Authorized Representatives of the Borrower.

PASSED AND APPROVED by the _____ this _____ day
of _____, 2017.

By _____
Its _____ Trustee and Board Chair _____

Attest:

By _____
Its _____ Trustee and Board Secretary _____