

MINUTES

Pentwater Township Board

Special Meeting of December 19, 2013

Members Present: Flynn, Ruggles, Siska, Holub

Members Absent: Smith

Others Present: Mark Nettleton – Township Attorney, Terry Cluchey – PFD, Jim Johnson & Al Kloha – Circle K Service, John Cavanagh - OHJ

Call to Order: In the absence of Supervisor Smith, Clerk Holub called the meeting to order at 2:15 p.m. and led the Pledge of Allegiance.

Discussion with Township Attorney Regarding Township Financing Options for Purchase of New Vehicle for the Fire Department

Mr. Holub stated that the primary purpose of the special meeting was to discuss potential financing options for the Township regarding the purchase of a new vehicle for the Fire Department. He then introduced Mr. Mark Nettleton, Township Attorney from Mika, Meyers, Beckett.

Mr. Nettleton stated that the Township had a couple of financing options for funding a new fire truck. He said that the Township could sell bonds or utilize an installment purchase pursuant to P.A. 99. In his opinion, Mr. Nettleton said that the installment purchase option was more advantageous. He said that selling bonds was more cumbersome, more expensive and required more time.

Mr. Nettleton stated that under P.A. 99, only the cost of the particular item could be financed, in contrast to bonds under which attorney's fees could be included. He said that under P.A. 99, the financing period could not be longer than fifteen (15) years, while there is a limit of the amount that can be financed. He said that the amount is equal to 1¼% of the Township's total taxable value, which in our case could not exceed \$2.4 million.

Mr. Nettleton said that if the Township pursued financing under P.A. 99, there would be a three-party agreement for the purchase between the township, W.S. Darley and a financial institution. He said that it was his understanding that the Township, through the fire millage funds, would put down \$100,000 and finance the balance of some \$163,900. He stated that the Township/Fire Department was offered a rate of 2.89% over five years through KS State Bank, a bank associated with W.S. Darley. Mr. Nettleton said that he had contacted Shelby

State Bank and received a rate of 1.5% over the same time period. He said that financing with Shelby State Bank would save some \$8,000 in interest over the five year period versus KS State Bank.

Mr. Nettleton said that the financing would be a level annual payment of \$33,970 including principal and interest and would commence on June 1, 2014 and conclude on June 1, 2018. He stated that the loan could be pre-paid at any time. In answer to a question, Mr. Nettleton said that the new vehicle would be a joint asset between the Township and Fire Department. He said that the Fire Department, on its own, cannot finance/borrow monies since it is not a legal entity. He stated that the vehicle title would be in the name of the Township. It was suggested that for insurance purposes, that the Township prepare a lease agreement with the Fire Department so that the vehicle could be insured by the Department.

Review & Action: Resolution to Authorize the Financing of a Fire Truck by Installment Purchase Agreement – Mr. Nettleton provided an overview of a proposed resolution to authorize the financing of the fire truck. There was general discussion and a motion was made by Flynn and seconded by Siska to approve a resolution to authorize the financing of a fire truck by installment purchase agreement. The motion was unanimously approved by roll call vote.

Review & Action: Purchase Contract between Pentwater Township and W.S. Darley & Co. – Mr. Nettleton outlined the details of a purchase contract between the Township and W.S. Darley & Co. for the actual vehicle. After discussion, a motion was made by Holub and seconded by Siska to approve the purchase contract with W.S. Darley & Co. for the purchase of one (1) 1500 GPM Darley WASP CAFS "Tour Truck 2013" on a 2013 Ford F550 SuperDuty Chassis (VIN 1FD0W5HT3DEA69988) and authorize the Township Supervisor and Township Clerk to execute and deliver the purchase contract on behalf of the Township to W.S. Darley & Co. The motion was unanimously approved by roll call vote.

Public Comment - None

Other Items from Board Members - None

Adjournment

The meeting was adjourned by unanimous consent at 2:55 p.m.

Respectfully submitted,

Dean Holub, Clerk
Pentwater Township

Date