Date of Meeting: December 1, 2009

#11c

BOARD OF SUPERVISORS
ACTION ITEM

SUBJECT: FINANCE/GOVERNMENT SERVICES AND OPERATIONS COMMITTEE REPORT: LOAN APPROVAL REQUEST: PURCHASE OF APPARATUS BY THE STERLING VOLUNTEER FIRE COMPANY

ELECTION DISTRICTS: Potomac, Sugarland Run and Sterling Districts

CRITICAL ACTION DATE: December 1, 2009

STAFF CONTACT (S):
Chief Joseph E. Pozzo, Department of Fire, Rescue and Emergency Management
Douglas G. Rambo, Chairman, Fire and Rescue Commission
David W. Short, President, Sterling Volunteer Fire Company, Inc.

RECOMMENDATION:

Staff: Staff concurs with the recommendation of the Fire and Rescue Commission.

Fire and Rescue Commission: At the October 27, 2009 Fire and Rescue Commission meeting, the Commission voted 5-0-2 (Commissioner Durham absent, Commissioner Buchanan abstaining) to endorse the Sterling Volunteer Fire Company's (SVFC) loan approval request, and recommends that the Board of Supervisors assist the SVFC and its operations by approving its lease-purchase financing plan to finance approximately 60% of the replacement cost (up to $300,000) of a 1996 Engine apparatus with a new KME Engine apparatus (Attachment 2).

Committee: At its November 18, 2009 meeting, the Finance/Government Services and Operations Committee voted 3-0-2 (Supervisors Buckley and Miller absent) to recommend that the full Board of Supervisors assist the Sterling Volunteer Fire Company by approving its lease-purchase financing plan to finance approximately 60% of the replacement cost (up to $300,000) of a 1996 Engine apparatus with a new KME Engine apparatus as outlined in the attached resolution.

BACKGROUND:

SVFC President David Short and Fire Chief C. Michael Buchanan on behalf of the membership of the Company has requested that the Board of Supervisors endorse the Company's lease-purchase financing plan to finance approximately 60% of the replacement cost of the 1996

Engine apparatus with a new KME Engine apparatus (Attachment 3). The new apparatus will be housed at the Cascades Safety Center at 46700 Middlefield Drive in Sterling (Potomac District).

According to the SVFC, Board of Supervisors approval of the new Engine apparatus (Attachment 7) financing is necessary for the Company to secure up to $300,000 in tax exempt financing from their prospective financier, Branch Banking and Trust Company (BB&T). Internal Revenue Service regulations and BB&T policies require that the SVFC seek and receive this approval. The SVFC will be responsible for the payment of the loan during the lifetime of the loan. The SVFC reports the terms of the loan are five years at 3.71%.

The purchase of the apparatus was approved by the SVFC at a general membership meeting in December 2008. Per the direction of the financial institutions, the SVFC also held a public hearing at the Cascades Safety Center at 46700 Middlefield Drive on October 21, 2009 on the purpose to finance the KME Engine apparatus (Attachment 4).

ISSUES:

Adherence to Service Plan- The need and timeframe for placing in service front-line apparatus was identified in the Board's adopted Combined Fire and Rescue Service Plan. The replacement of the 1996 Engine apparatus meets the replacement schedule of the Service Plan for Engine apparatus (10 years front-line, 5 years reserve).

Timing of Loan Approval and Order- In terms of timing of the Board of Supervisors approval of the financing plan, according to SVFC the replacement Engine was received by the Company on October 27, 2009 and is scheduled to be placed in service on November 16, 2009. Delivery of this apparatus presupposes the Board's approval of the Company's replacement and financing plan.

ALTERNATIVES:

If the Board of Supervisors chooses not to approve the loan, the Company may need to use their own funds, or seek other financing arrangements (e.g. county's revolving loan fund) for the replacement.

FISCAL IMPACT:

The Sterling Volunteer Fire Company will be responsible for any and all payments for the final financing schedule mandated by BB&T for the apparatus purchase. Financing terms for this apparatus project were approved by SVFC Board of Directors on October 21, 2009 (Attachment 5). The county has no obligations for payment of this loan.

During the FY09 capital budget process, the Board of Supervisors approved $220,000 (approximately 40%) to be utilized by the SVFC for this Engine apparatus. The county will be responsible for the debt service payments on the $220,000 appropriated amount already within

the county's capital projects fund. This funding has yet to be transferred to the Company but will be once the unit is formally accepted by the Company and the appropriate paperwork is forwarded to the Department of Fire, Rescue and Emergency Management for internal processing (Attachment 6).

DRAFT MOTIONS:

1. I move the recommendation of the Finance/Government Services and Operations Committee that the Board of Supervisors approve the attached resolution (Attachment 1) approving the plan to finance the replacement of Sterling Volunteer Fire Company's 1996 Engine apparatus with $300,000 in tax-exempt financing from BB&T.

-or-

2. I move an alternative motion.

ATTACHMENTS

Attachment 1. — Draft Board Resolution
Attachment 2. — November 1, 2009 Fire and Rescue Commission Chairman Rambo Letter
Attachment 3. — October 26, 2009 SVFC President Short, Fire Chief Buchanan Letter
Attachment 4. — October 21, 2009 SVFC Public Hearing Notice
Attachment 5. — October 21, 2009 SVFC Financing Terms Resolution
Attachment 6. — FY2009 Fire/Rescue Capital Apparatus Budget Page
Attachment 7. — KME Engine Apparatus

Attachment #1

Loudoun County Board Resolution

Resolution Approving the Financing by the Sterling Volunteer Fire Company, Inc.
Of up to $300,000.00 for the purchase of a new KME Pumper Truck

WHEREAS:

Sterling Fire Department has determined to finance an amount of up to $300,000.00 for lease purchase of a new KME Pumper Truck. The United States Internal Revenue Code requires that for such financing to be carried out on a tax-exempt basis, this Board must first approve the financing. The VFC has held a public hearing on the financing after published notice, as required by the Code. The VFC has reported the proceedings of the hearing to this Board.

BE IT THEREFORE RESOLVED by the Board of Supervisors of Loudoun County, Virginia, as follows:

1. The County approves the VFC's entering into the financing, as required under the Code for the financing to be carried out on a tax-exempt basis. The VFC's conduct of the required public hearing is approved.

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I hereby certify that the foregoing resolution was duly adopted at a meeting of the Loudoun County Board of Supervisors duly called and held on _____, 2009, and that a quorum was present and acting throughout such meeting. Such resolution remains in full effect as of today.

Dated this _____ day of _____ , 2009.

[SEAL]

_____
Clerk, Board of Supervisors
Loudoun County, Virginia

Attachment #2

Loudoun County, Virginia

Fire and Rescue Commission
16600 Courage Court, Leesburg, Virginia 20175
703/777-0333 • Metro 703/478-8413 • Fax 703/777-5359

1 November 2009

Supervisor James Burton, Chairman
Finance, Government Services, and Operations Committee
Loudoun County Board of Supervisors
Post Office Box 7000
Leesburg, Virginia 20177

Dear Supervisor Burton:

The Sterling Volunteer Fire Department plans to finance up to $300,000 of the purchase price of a 2009 KME Fire Engine through BB&T Bank. In order for the loan to be considered exempt from Federal taxes under the Internal Revenue Service (IRS) Code, the Board of Supervisors must endorse the transaction. Endorsement does not obligate the Board to repay the loan in the event the Sterling Volunteer Fire Department in unable to meet the conditions of the loan.

The Fire and Rescue Commission reviewed the request of the Sterling Volunteer Fire Company at our 27 October 2009 regular meeting. The Commission recommended that the Board of Supervisors endorse Sterling Fire's request by a 5-0-2 vote, with Commissioner Andrew Durham absent and Commissioner Mickey Buchanan abstaining.

The Commission requests that the Finance Committee and the Board of Supervisors endorse Sterling Fire's request at your earliest convenience. Please contact me at (703) 777-0333 or via pager at (800) 918-0326 if I can provide further any further information. Your assistance is appreciated.

Sincerely,

Douglas G. Rambo, Chairman
Loudoun County Fire and Rescue Commission

Cc: Mr David Short, President, Sterling Volunteer Fire Company
Chief Joseph Pozzo, Department of Fire, Rescue, and Emergency Management
Mr. John Sandy, Assistant County Administrator

Attachment #3

STERLING VOLUNTEER FIRE COMPANY, INC
Office of the Fire Chief
46700 Middlefield Drive
Sterling, Virginia 20165

C. Michael Buchanan, Fire Chief
703-898-0250
mbuchanan@sterlingfire.org

October 26, 2009

Chairman Douglas Rambo
Loudoun County Fire and Rescue Commission
Leesburg, Virginia 20175

Dear Chairman Rambo:

The Sterling Volunteer Fire Company (SVFC) Board of Directors (BOD) has determined to finance through BB&T Company an amount of up to $300,000 for lease purchase of a new KME Pumper Truck. The United States Internal Revenue Code requires that for such financing to be carried out on a tax-exempt basis, the Loudoun County Board of Supervisors must first approve the financing. The SVFC held a public hearing on the financing after public notice on October 21, 2009 at 7:30 pm, as required by the code. A copy of the proceedings of the hearing is attached.

This pumper is the replacement for Wagon 618 that was approved last year for participation in the Loudoun County Apparatus Purchase Assistance Program at a 60 /40 split.

Please forward this request to the Loudoun County Board of Supervisors for consideration at their earliest convenience. We have also attached a sample resolution provided by BB&T.

Thank you for your time and consideration of this matter.

C. Michael Buchanan
Fire Chief

David W. Short
President

Attachments (2):
Public Hearing Minutes
Sample BOS Resolution

Attachment #4

Sterling VFC Public Hearing Minutes

Public Hearing Minutes
Pursuant to the published notice in the Loudoun Times Mirror on October 7, 2009, The Sterling Volunteer Fire Company, Inc. held a public hearing on October 21, 2009 at 19:30hrs at North Sterling Safety Center, Fire Department Conference Room, 46700 Middlefield Dr., Sterling, VA 20165

Mr. David Short, President - SVFC called the hearing to order at 19:30 hrs.
The following is a list of persons who spoke at the hearing, and a summary of their comments:

NONE

There being no further persons wishing to speak, Mr. David Short called an end to the hearing at 20:30 hrs.

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The foregoing constitutes a complete and accurate summary of the proceedings at a public hearing held by Sterling Volunteer Fire Company, Inc. at the time and place indicated above.

Dated this 21st day of October 2009.

[Seal]

Secretary, Sterling Volunteer Fire Company, Inc.

LOUDOUN TIMES-MIRROR

Public Notices

STATE WATER CONTROL BOARD
Public Notice

An enforcement action has been proposed for Gurcharan Lall for alleged violations at the One Stop Trailer Park Sewage Treatment Plant in Loudoun County, Virginia. A description of the proposed action is available at the DEQ office named below or online at www.deq.virginia.gov. Stephanie Bellotti will accept comments by e-mail (Stephanie.Bellotti@deq.virginia.gov), fax (703-583-3821) or postal mail (Virginia Department of Environmental Quality, Northern Regional Office, 13901 Crown Court, Woodbridge, VA 22193) from October 8, 2009 to November 12, 2009.

Public Notices

Notice of Public Hearing
Concerning Proposed Financing of up to $300,000.00

By Sterling Volunteer Fire Company, Inc. for the lease purchase of a new KME Pumper Truck

PLEASE TAKE NOTICE that Sterling Volunteer Fire Company, Inc. (the VFC) will hold a public hearing at 7:30 p.m. on Wednesday, October 21st, 2009. The hearing will be held at Sterling Volunteer Fire Company, 46700 Middlefield Drive, Sterling, VA 20165 in the Fire Conference Room.

The purpose of the public hearing is to take public comment on a proposal for the VFC to finance up to $300,000.00 for a KME Fire Pumper Truck. The VFC expects that the financed property will be located at Sterling Volunteer Fire Company, Station 18, 46700 Middlefield Drive, Sterling, VA 20165.

Anyone wishing to comment on the proposed financing, the location or nature of the project or any other aspect of the proposed undertaking may appear at the public hearing. Interested persons may also submit written comments on the subject of the hearing, or may obtain additional information on the subject or the hearing, from President David Short, 46700 Middlefield Drive, Sterling, VA 20165, 703-430-4013.

10/07/09

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Wanted licensed or unlicensed
ton captains or ferry operators.
ples preferred. Seasonal work
vided for spouse. Housing inclu
Please contact Annie at
301-802-5206 or 240-994-625

Covenants Coordinator fo
South Riding Proprietary

Full time benefited position responsibl
the annual home inspection prog
disclosure packets, generating
tracking violations, working with h
owners. Good computer skills are ne
sary. This position requires a self-dire
person with excellent organizatio
communications and customer ser
skills. Prior HOA experience is highly d
able. Use of personal vehicle is necess
Hiring range is $40 - 45,000. **Fax resu**
to Elaine Stoner at 703-327-6116

LOUDOUN WATER

Loudoun County Sanitation Authority (d
business as Loudoun Water), is a public uti
headquartered in Ashburn, VA. We recog
the importance of each individual and o
employees exceptional benefits includ
healthcare, VRS Retirement Plan, 457
ferred Compensation Plan, Employee As
tance Program, tuition assistance for conti
ing education, and numerous traini
opportunities.

Utility Systems Maintenance Work

Attachment #5

Sterling VFC Board Resolution

Resolution Approving Financing Terms

WHEREAS: The Sterling Volunteer Fire Company, Inc. ("VFC") has previously determined to undertake a project for the purchase of a new KME Pumper Truck, and the Finance Officer has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The VFC hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated September 16, 2009. The amount financed shall not exceed $300,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.71%, and the financing term shall not exceed 5 years from closing.

2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the VFC are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action, as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as BB&T may request.

3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by VFC officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The VFC shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The VFC hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The VFC intends that the adoption of this resolution will be a declaration of the VFC's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The VFC intends that funds that have been advanced, or that may be advanced, from the VFC's general fund, or any other VFC fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of VFC officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this 21st day of October, 2009

By: _____ By: _____

Title: President Title: Vice President.

SEAL

Fire/Rescue Capital Apparatus

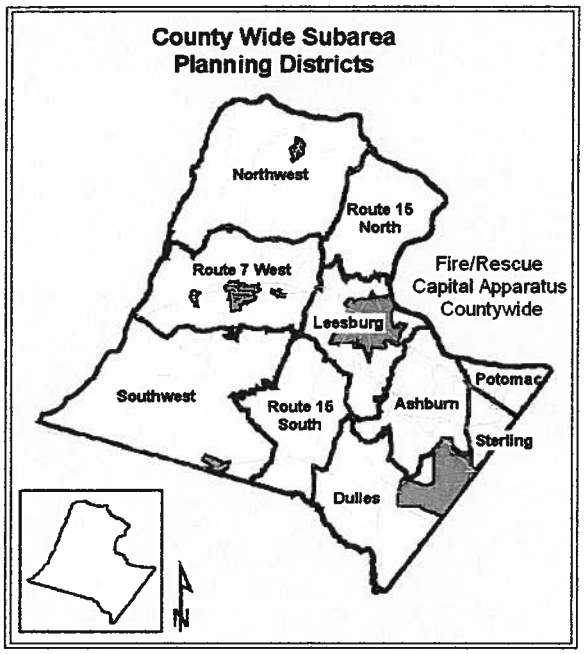
Project Description

This project provides for the purchase of fire and rescue ambulance and heavy apparatus for the combined fire and rescue system through a master lease/purchase financing program. The Department of Fire, Rescue & Emergency Management, guided by the Department's Service Plan adopted by the Board of Supervisors on December 6, 2005, and in consultation with the volunteer companies, identifies fire and rescue vehicles for purchase or replacement and submits an annual capital vehicle enhancement request for funding consideration.

FY 09-14 Capital Vehicles purchase amounts are projected planning figures, reflecting the average amount of capital vehicle enhancements anticipated for the fire and rescue system.

Fire/Rescue Capital Apparatus FY 09 Procurement Schedule

Class A Pumper	Brambleton	$ 638,850
Tanker Apparatus	Brambleton	410,600
Tanker Apparatus	Loudoun County F&R	410,600
Type I Module Ambulance	Brambleton	190,000
Type I Module Ambulance	Lucketts	190,000
Type I Module Ambulance	Loudoun County F&R	190,000
Type I Ambulance	Sterling South	205,000
Type I Ambulance	Sterling North	205,000
Heavy Rescue Squad	Sterling	442,500
Class A Pumper	Sterling	220,000
Tanker Apparatus	Leesburg	275,000
	Total	$ 3,377,550



Funding

This project is to be funded through lease/purchase financing.

Operating Impact

Operations & Maintenance

Operating impacts include projections for capital vehicle depreciation/sinking fund and maintenance costs associated with the procurement of new fire apparatus in the first fiscal year of the six-year planning period. The incremental cost for operations and maintenance expenses for the procurement of the FY 09 capital apparatus is forecast to begin in FY 10 and is estimated at $4.0 million over the six-year planning period.

Debt Service

Debt service for the FY 09 capital apparatus procurement is forecast to begin in FY 10, and is estimated at $10.3 million over the six-year planning period.

Capital ($ in 1000s)	Prior Alloc.	FY 2008 Adopted	FY 2009 Adopted	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	6 Year Total	Future FY's	Project Total
Capital Vehicles (not buses)	5,690	3,270	3,378	3,547	3,724	3,910	4,106	4,310	22,975	0	31,935
Total Cost	**5,690**	**3,270**	**3,378**	**3,547**	**3,724**	**3,910**	**4,106**	**4,310**	**22,975**	**0**	**31,935**
Lease/Purchase	5,690	3,270	3,378	3,547	3,724	3,910	4,106	4,310	22,975	0	31,935
Total Financing	**5,690**	**3,270**	**3,378**	**3,547**	**3,724**	**3,910**	**4,106**	**4,310**	**22,975**	**0**	**31,935**

Operating Impact ($ in 1000s)	FY 2009 Adopted	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	6 Year Total
Operations & Maintenance	0	872	743	761	779	799	3,954
Debt Service	0	743	1,393	2,046	2,726	3,398	10,306
Total Impact	**0**	**1,615**	**2,136**	**2,807**	**3,505**	**4,197**	**14,260**

Attachment #7