

BAYSHORE FIRE PROTECTION & RESCUE SERVICE DISTRICT
MINUTES OF THE BOARD OF COMMISSIONERS MEETING
September 7, 2010

Meeting called to order at 7:26 p.m. by Vice Chairman Griffin

Pledge of Allegiance

Invocation –Commissioner Hansen

Chief Nisbet requests a moment of silence for Lee County EMS who will bury one of their own tomorrow.

Roll Call: Commissioner Ducrou – Excused
Commissioner Hansen – Present
Commissioner Cook – Present
Commissioner Griffin – Present
Commissioner Klos – Present
Chief Larry Nisbet - Present
Office Manager - Theresa Sharp - Present
Attorney Ian Mann - Absent

Others Present: Some public, Union DVP

Minutes - Review and Acceptance of the August 10, 2010 Board of Commissioners Meeting Motion made by Commissioner Cook to accept minutes. Motion seconded by Commissioner Klos. Call for questions or comments. With no questions or discussion and none opposed. Motion carries.

Financial Report: Commissioner Hansen motioned acceptance of the August 2010 Financials. Commissioner Cook seconded the Motion. Call for questions or comments. With no other questions or discussion and none opposed. Motion carries.

Admin/Ops/Fire Marshal's-Report (attached) – Chief Nisbet reads Fire Marshal and Administration Reports into the record.

Petitions before the Board – None

Union Petitions/Discussions – None

Old Business –

- Re-Set date for Final Budget Hearing to within 20 days of Preliminary Budget Hearing; setting date between 09/18 and 09/27 to comply with TRIM advertisement requirement to within 15 days and Hearing withing 2-5 days from advertisement. Commissioner Cook motions to set the date for the Final Budget Hearing for Tuesday September 21, 2010 at 7:00 p.m. Commissioner Klos seconds the motion. Vote called, Motion passed unanimously.
- Line of Credit - Chief Nisbet asks the Board to consider the previously discussed topic of a Line of Credit to provide funds in case of a catastrophic event or emergency funds to carry us between budgets and influx of Ad Valorem proceeds receipt which can take into December before substantial funds for operation are received. He states we have asked for quotes from various lenders and while TIB originally came in with unacceptable high initial costs they have tentatively proposed an acceptable alternative for \$250,000 line of credit that wouldn't lein the building and apparatus at closing costs estimated at \$2,575

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stating the Loan Fee of ½% would be \$1250, and \$875 for Doc Stamps, \$200 recording fee, and \$250 Documentation fee. He goes on to credit Rob from TIB who really worked hard to get us something workable, the first proposal came in at over \$6,000. Office Manager states they have gotten rid of a lot of fees like the appraisal fee and survey fees. It has a 1 year maturity and if we use it, we have to pay it off by the end of a year to a zero balance and it won't collect any interest at that point. Chief adds that we have prepared a Resolution and asks the Board to go ahead and permit us to establish the line of credit. Commissioner Cook asks what the Board thinks. Chief adds that it is a security blanket. Commissioner Cook understands but adds that we have never... Commissioner Griffin asks if it's being secured by the building or what. Chief Nisbet states that the security is the tax revenue. Commissioner Hansen points out that the proposal states that the collateral is the annual tax revenue. Chief advises that it is similar to a tax anticipation loan but it's not one. It's actually a low interest line of credit that is available to us anytime we have a need. He states his intention is not to use it, but it's ready if we have a need. Chief goes on to say that it's there in the case of emergency need and that a lot of districts in the county have these and he feels it is a good idea. He furthers that there is already set in place limitation that he can not spend more than \$10,000 without Board approval. Commissioner Cook explains that he doesn't question honesty issues, but rather an expenditure of \$2,500 at this time. Commissioner Klos asks for confirmation of his understanding that the line of credit is for emergency use only. Chief Nisbet confirms that it is; and the closing costs are to initiate it and then each year we renew it's ½%. Commissioner Griffin asks what the interest rate is. Commissioner Cook points out that it's in the proposal. Office Manager reads the verbiage from the proposal as Wall Street Journal Published Rates Prime plus 1%, adjustable, and that the annual renewal is ¼% not ½%. Commissioner Klos inquires what happened the first time we asked about the loan... Chief states that the fees began at almost \$6,400.00. Office Manager states he was treating it like a conventional mortgage and lien on the property. Commissioner Klos asks if it's possible that we could get them lower. Chief says no, we're there. Commissioner Cook states it's pretty low, he doesn't know how they could. Office Manager explains they changed from a conventional mortgage which has associated costs of surveys and appraisals and recording of Mortgages; and the other proposals were not using the property as collateral. A different loan product, and then the lowest they felt they could accept for the various associated fees. Commissioner Cook doesn't feel we really need it, it's up to everyone else. Commissioner Klos says we could "what if" all we want, like what if all of Fort Myers gets wiped out? He asks what other Departments are doing this? Chief responds, Alva, Shores, Ional-McGregor, South Trail, Fort Myers Beach, Estero, San Carlos. Commissioner Klos asks if they all have \$250,000 lines of credit. Chief responds that Estero's is 1.5 Million, \$750,000 at San Carlos, and 1 Million at Alva. Commissioner Cook states yes, with their budgets they would need it. Office Manager offers that her perspective is that this security becomes more vital as our Reserves approach the minimum. Last year it wasn't until December that we received a fair amount of the Ad Valorem revenues. That's 2 ½ months into the new budget and the reserves are currently sitting at 2-3 months. Commissioner Klos inquires when this must be decided by. Chief Nisbet responds that he would like to get it cleared up tonight so he could get it moving and set up since we are moving into the next budget year. Commissioner Cook says we can actually do this whenever. Chief Nisbet reminds that to draft any significant amounts it will come before the Board before drafted. Office Manager adds that any drafts will be deposited directly into the Money Market Account, which Commissioners control the transfers from, and the expenditures and checks they also approve so they will see any

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money going out. Commissioner Hansen asks the Board if this should be the same as any other account, or should any use of it be Board approved. Commissioner Hansen says he knows that Chief would always pick up the phone if there is something unexpected, but since this isn't a usual budget item, he wonders if it shouldn't require formal Board approval. Chief says it's a line of credit, we can set it up however pleases the board. Commissioner Hansen states when he first was elected to the board we had to get a line of credit every year, we just didn't have it. He adds that it just dug us into a hole. That if we use it, and we don't get it, and people don't pay their taxes; Chief finishes that we would then be on the hook for it. Commissioner Hansen reminds that back then we were robbing from Peter to pay Paul, until we revamped and decided to get rid of it, because it actually hurt us to have it. He's just not certain we want to get into that. He understands that it is different in that it is a line of credit instead of a tax anticipation loan... Commissioner Cook agrees and adds if we draw on it, we are liable for it regardless of what you call it, it's still a loan, you have to pay it back. Chief Nisbet explains that say we take out this line of credit and it's November and taxes are slow coming in and our monthly expense is \$80,000, we only need to take out what we need to meet District obligations; with a tax anticipation loan, (he asks Commissioner Hansen to correct him if he's wrong) we have in the past, taken 3 months operating expenditures or more... Commissioner Hansen states 120 days... Chief Nisbet finishes that it's a lot less money, only what we need, not more. (Again he asks Commissioner Hansen if that's not correct. Commissioner Hansen confirms that is correct.) Chief continues, so it's only what we need, so the expense is less; and it would only be if we needed it, it would be just what we need to fill any gap, to get us from the end of the budget cycle, and the generation of the funds from the next budget cycle. Office Manager explains that in September every year we pay an advance 25% down payment on all the insurances, and then we begin paying the balance of the insurance over the next 9 months to have 2 months at the end of the year we don't have the premiums, and other pre-pays that cause the beginning of the budget to have more weight in expenses. Commissioner Cook asks how low we have gotten. Chief Nisbet states that we are just about 90 days with the new contract and other expenses, we are right at 90 days. Commissioner Cook states in that case we would be fine since we are only talking 60 days. We've never gotten that low. He asks Chief Nisbet if that is correct. Chief Nisbet agrees. Office Manager adds that she had suggested to Chief that it would be best if we were interested in having that security, that it would be easier to obtain it when we are not desperate for it. Lenders would quicker lend it now; if they'll even approve it. Lenders are much less likely to lend money now than they were even a year ago, and we have reduced the reserves every year. Chief reiterates that we are more appealing to a bank right now than we will be next year. Commissioner Hansen asks if it costs the \$2600 whether we use it or not. Chief Nisbet and Commissioner Cook respond to the affirmative. He finishes...and it's a 1 year maturity? Commissioner Cook adds that then we pay again next year. Chief Nisbet confirms both remarks, and adds that it's then only ¼% if we renew it to keep it open. That's \$600. Commissioner Cook says what bothers him is that we have to pay \$2600 even if we don't use it, and then it's \$600 next year, and the year after that... and then if we do use it, we pay interest too. He votes no. Commissioner Griffin asks what the others offered. Chief Nisbet states that Regions was almost the same amount, and we would have to move all of our accounts back over there, and the percentage we would be earning on on accounts would be less. Office Manager adds that they quoted ½% renewal and that she didn't get a firm quote but verbal was 1-1 ¼ over prime; although she does not see the ¼% renewal note in the TIB proposal. Commissioner Cook still doesn't want to do it. Commissioner Griffin asks what

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the deadline Chief has, though he knows Chief would like to do it now, he asks if they can take time to consider this. Chief says, of course, we can it until next meeting and that should give him time to get the formal proposal. Commissioner Griffin says that's what he'd like to see. Chief Nisbet says that's no problem, he just feels that it makes smart business sense to have that blanket there if our Ad Valorem take time to come through and funds are low, giving us that security in these uncertain times, that if we needed a month here or there we could still function. He adds that he didn't set the amount at \$250,000 with intent to borrow that amount. After discussing it with other Districts, and with FASD, that is an amount that puts you in the bracket to borrow the most money with the lowest fees. Your fees are the most economical. Commissioner Klos states he's not concerned about the \$2600. He's concerned if we need to borrow the money, and then we need to borrow it next year...How do we get out of the hole? Commissioner Hansen answers that we pay it back before the end of the year. Chief Nisbet states that anything we draw from it, we would have to pay back out of the current year's revenue. It also would not be adding line items to the budget in that it would be used to pay for line items already approved in the budget. Commissioner Klos also wishes to table it for next month. Chief Nisbet inquires what further information the Board might like him to bring to the next meeting. Commissioner Cook says "Free". He'd be all for it then. Commissioner Hansen suggests the alternate possibility that we pay the \$2600 this year and it be free of fees next year, since we would be paying interest, or not using it at all. Why pay for something we are not using? Office Manager states that they're carrying the paperwork is all, and that's why it's only ¼% next year. Commissioner Griffin feels they can do better than the current offer. Commissioner Cook wants to see free. Though he asks why they would even do it then, he doesn't see how or why they would, there's no incentive. Commissioner Hansen responds "because they have all of our money", we can just take it somewhere else. Commissioner Cook states that we'd have to pay wherever we go. You can't even get an equity line on your house for free. He would hope they charge something for it. That's how they keep their doors open. Commissioner Klos asks if Chief talked to Alva and the other department Chiefs. Chief responds to the affirmative and adds that the fees are all where they should be. Some are ¼% others are ½%. He recalls that he believes even North Fort Myers has a line of credit. Chief states he will bring the information back next meeting. Office Manager brings the Board's attention to the copies they have of the proposed resolution and asks for any changes anyone would like to see in the verbiage, such as in the bottom paragraph, the one she believes Commissioner Hansen was referring to; that she can have an acceptable resolution prepared for the next meeting should the Board choose to proceed. Chief suggests instead of the \$10,000 we could change it to "authorized to make any draws authorized with Board approval" or something to that effect. Commissioner Griffin says he thinks that's the way it should be. Chief agrees since he wouldn't intent to use it for anything less than \$10,000 anyway. Commissioner Griffin states no disrespect intended toward Chief. Chief says none taken. Commissioner Hansen agrees, that way the Board knows what's going on with it. Chief agrees. Commissioner Griffin states that that way it's a Departmenthead issue and doesn't fall in one person's lap. Chief agrees. 54:00

New Business – Ratify Bargaining Unit Contract 2010-2011– Chief Nisbet calls the Board's attention to the synopsis of the Articles that changed, noting that a majority of the contract stayed the same, some of the big changes made were in wages and medical and dental

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benefits. He offers to cover them if the Board desires, and states that it was very difficult for both he and DVP Lemieux and all personnel. Commissioners asks in jest if Billy was tough to deal with. Chief Nisbet responds that there were times it was tough to deal with both sides. We got through some stressful days; we got through some bumps and bruises, but we got through it. Commissioner Cook asks the DVP if he's happy with it. His response is it was as good as it gets. Commissioner Cook says there's only so much money. Chief meanwhile is answering an unheard board member's question. The wages and salaries is a 3.76% reduction is for all positions, administrative and labor and the Health insurance changes are for all positions, administrative and labor. Commissioner Griffin asks if the wages in the contract reflect the 3.76% reduction. Chief Nisbet responds that they are. Commissioner Griffin asks if the contract figures are less than what it is now. DVP and Commissioner Hansen confirm they are. Commissioner Hansen says that's why he said earlier that we realize the cuts they're making and that when things start turning around, we need to make it up to them. Commissioner Griffin responds "definitely". Commissioner Hansen states they're going backward instead of forward. Commissioner Cook motions to accept the Bargaining Unit Contract. Commissioner Klos seconds the motion. Vote called, Motion passed unanimously.

Public Input - None

Motion to Adjourn – Commissioner Cook motions adjournment. Seconded by Commissioner Klos. Vote called & passed unanimously. Meeting adjourned at 7:56 p.m.