

PRUDENTIAL COMMITTEE FIRE DISTRICT #1
144 Newton Street
South Hadley, MA 01075

Prudential Committee REGULAR Meeting Notes

Meeting Date: June 6, 2018

Location: Fire District Headquarters, 144 Newton Street

This session is being recorded

Call to Order: 4:04 p.m.

Prudential Committee Members Present: Kevin Taugher, Clerk
Bruce Perron, Member

Other attendees: Monica Walton (MW) David Eisenthal, Unibank

- Call to order
- Signing of warrants authorizing payroll and expense payments
- Discussion and vote on options for bonding of ladder truck
 - DE explained the status of the bond issue. S&P Global Ratings declined to rate the District bonds because there were no audits of the District financials for the years 2015 and 2016
 - DE submitted documents to Moody's Investors Service. Moody's preliminary review was comfortable to move forward with a rating for the District. To proceed, Moody's would charge a \$9,000 fee, payable after the closing of the bonds. What this would do is that we would get a rating indicator based upon the Moody's analysis, and if the District elected to formalize the rating, the District would incur an additional \$3,000 fee, for a total of \$12,000.
 - KT stated that a comparison between the projected interest rate for general obligation (GO) bonds (available with a favorable Moody's rating) was much lower than the State House note projected interest rate.
 - DE stated that if the District does go ahead with the Moody's rating and acquires GO bonds, the District will be required to perform annual audits for the life of the obligations.
 - There was a general discussion on levy limits and whether the combined tax rate of the District and the Town is subject to the levy ceiling of \$25 per thousand of valuation. KT said he would ask to guidance from the MA DOR on this issue.
 - BP asked for comparative rates between GO bonds and State House notes. DE said that his projections for GO bonds is high 3%, and State House notes is mid 4%, so assume the difference is about 0.5%.

- DE said we cannot get a firm quote for a State House note unless we put it out to bid, and we wouldn't seek bids for both GO bonds and State House notes.
 - DE stated that Build America Mutual has pre-qualified this issue for bond insurance. It possible that this could get sold without a rating with bond insurance. We will know better by the end of the week which way to go.
 - KT suggested that the PC vote to approve a path forward. If Moody's looks good, we would go ahead with GO bonds. In any event, the District Treasurer could make a prudent decision to select the best rate for a ten-year obligation. MW agreed, but said we still have to have another meeting to sign certain paperwork.
 - DE stated we are prepared to go out tomorrow for bids from bond underwriters. By next Thursday of this week, we should know at what levels we'd be looking at. So towards the end of next week, if it looks good, we go ahead with the GO bond and possibly bond insurance if the Moody's rate is A1. If the Moody's rate is Aa3, we will not need bond insurance and the interest rates will be even more favorable. If we end up with a rating of A1 and bond insurance, that should be good enough to go ahead with a GO bond.
 - DE says we will likely need a meeting on Wednesday June 27th or possibly Monday June 25th.
 - There was general discussion regarding when to schedule the meeting for the week of June 25th.
 - KT asked how we are covered in the case of a 'worst case' scenario. DE said we can always renew the BAN for another couple months.
 - DE investigated leasing, but the District vote last December did not provide for the leasing alternative.
 - Plan going forward is for DE and MW to work together. The PC will have to meet again for the bond paperwork by the week of June 25th.
 - DE will need to set up a Moody's call for June 10th.
- The next meeting will be June 21, 2018 at 6:30 pm at the fire station.
 - BP moved and KT seconded a motion to adjourn the meeting. Voted 2-0 in favor.
 - Meeting adjourned at 4:34 pm.

Voted and approved by the Prudential Committee on August 15, 2018.

A true copy, attest:



Kevin E. Taugher, Clerk