



## UPSHUR COUNTY ESD #1

**Policy for:** Assuming and/or paying bank notes by Upshur County ESD #1

**Policy number:** 1

**Title:** Policy for creating/assuming new loans for VFD's

**General description/purpose:** For years volunteer fire departments in Upshur County have gone to banks and taken out loans for various reasons. This action was done with only a copy of the individual departments meeting minutes stating they wanted the loan. With the formation of the ESD departments would turn in their monthly receipts, including loan payments, for reimbursement from their allotted budget from tax dollars collected by the county. Problems have developed over the years with departments borrowing more money than they can afford and borrowing money for items that were not in the best interest of furthering the department's progress. Problems have also come up with departments borrowing large amounts of money without the approval of the ESD board. Ultimately, when an individual VFD takes out a large bank loan without the consideration of the other needs in the county all the other VFD's suffer the consequences.

As per the Health and Safety Code Subchapter E Sec, 775.073(1)(d) "any property, including an interest in property, purchased or leased using district funds, wholly or partly, must remain the property of the district, regardless of whether the property is used by a third property under the contract for services or otherwise until the property is disposed of in accordance with Section 775.0735". Having cited this it must be understood that the Upshur County ESD #1 Board has a duty to make sure that taxpayer dollars are spent wisely and to oversee that each department uses due diligence to make sure they can pay for loans along with their other financial obligations with the money that is budgeted to that department.

**Going forward:** From October 1, 2021, going forward, it is the policy of the Upshur County ESD #1 that any volunteer fire department desiring to take out a loan follow the procedure as follows:

- 1) Present the basic reason for taking out a new loan
- 2) Provide written documentation requested by the board for the loan such as:
  - a) Bid sheet from builder breaking down construction costs
  - b) Price sheet from salesman with specifics on vehicle purchased (amenities, options, etc.)
  - c) If purchasing used equipment in need of repair, you must present specific plan of how those repairs will be done and financed
  - d) Loan documentation from the lender showing terms of the note
- 3) Written approval letter signed by at least 3 board members to provide the lending institution

ESD board member

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