

*Regular Meeting of Pinetop Fire Board
Monday September 21, 2015, 430pm
Pinetop fire District Station 12
5976 Buck Springs Rd, Pinetop AZ 85935*

I. Call the Meeting to Order: John Rowlinson Called the meeting to order at 4:30pm

Roll Call of Board Members: Board members present, John Rowlinson, Bob Scheuneman, Ed Cibbarelli, and Doug Wright present, at 5:00pm. Carla Bowen was absent.

II. *Call to the Public: None*

III. Consent Agenda

The items on the consent agenda are considered routine and will be adopted in one motion unless a board member, staff, or member of the public in the audience requests, before the vote on the motion, to have the item considered separately. If any item is removed from the Consent Agenda, the Board chairman will indicate when it will be discussed in the regular agenda

1. Approval of Minutes for the Board Meeting held on August 17, 2015
2. Approval of warrants paid in August 2017
3. Approval of Financial Reports:
4. Approval of Chief Report
5. Approval of Board Chairman Report

Dr. Wright commented that some of the later motions on the Minutes from August 17, 2015 were not correct. They should be 5-0 not 4-0, this pertains to roman numerals five and forward, as he joined the meeting at 5:00pm as noted.

Ed Cibbarelli made the motion to approve Consent Agenda, Minutes from August 2015 Chief's Report and Board Chairman's report as presented, with the corrections as noted. Motion was seconded by Bob Scheuneman; the motion passed unanimously 4-0.

IV. Board Business:

1. *Discussion/Consideration/Possible action: Refunding of Series 2008 Certificates of Participation with RBC Capital Markets, LLC*

Chief Morgan, One of the things I have been looking at with staff and board is the restructuring of debt. The largest debt the district has is Station #11 (1845 S Pine Lake Rd). We have worked with STIEFL and Wells Fargo with challenges to refinance. Ms. Bowen recently had an opportunity to meet Mr. Dodd with RBC Capital. Ms. Bowen passed on the contact and I have asked him to investigate how we could proceed in lowering our debt for Station 11.

Mr. Nick Dodd is here this evening to present information which is in our packet regarding their findings. Mr. Dodd explained to Board that he met with Chief about a month ago, and prepared a proposal for the Board. Mr. Dodd is a member of our district as he owns a home in the district member and is a tax payer, so it's nice to be able to help people reduce debt. The bank that he represents is RBC the "Royal Bank of Canada". He works in the securities arm called RBC Capital Markets. Mr. Dodd provided an overview of the company history noting that Canadian Bank came through the financial crisis much better than the United States financial institutions. Mr. Dodd worked with agencies in the Navajo County in the

past and traveled around the state helping smaller entities such as cities, counties and town entities. Their business is largely local governments in Arizona.

Mr. Dodd directed the Board to tab "C" which demonstrated the best opportunity to refinance our Certificates of participation. Part of PFD's Series 2008 COP (Certificates of Participation) was sold during financial Crisis downturn at about a 6.75% average interest rate. When RBC met with Chief Morgan, their review indicated that they could sell our COP's at a public bond sale at an average rate of about 3 ½ to 3 ¼ percent range. This would reduce the district interest costs virtually cutting them in half while keeping all other terms the same.

Mr. Dodd explained about the process of reaching out to banks and financial institutions; those five banks have prepared proposals to refinance the district's debt. He explained about the interest rate noting that it is estimated they could be at the 3 ¼ - 3 ½ percent range and if the district could lock today the rate could be 25 basis points lower. This example was provided to manage the districts expectation should the board choose to move forward. Mr. Dodd explained to the Board that if they choose to move forward it would take approximately a month. RBC would return at our October meeting with a formal resolution for the board to approve with legal documents. At that time, should the board give the green light to proceed we would lock in the rate. Once locked, there is a 10-14 day procedural period which then "transfers of risk to the investor group".

Mr. Dodd directed the board to look at slide 17 in the packet he provided, which shows where the district is today with the COP debt. He explained how our series 2008 COPS are callable which means that the district has the right to "Call" them (bonds) from investors in the summer of June 2016. This is important because if RBC created a new loan and sold the bonds today, they would put the money in the bank and into US Treasury Securities and those proceeds are used to pay off the old bonds which would eliminate our legal obligation to the old debt. The only obligation would be the new loan where the district would have a new loan payment stream. Mr. Dodd explained the differences between the prior existing debt service and proposed restructured debt service noting an estimated savings of just over 1 million dollars. Mr. Dodd explained that there is flexibility moving forward and options for greater savings which could accelerate repayment of debt in the future.

Dr. Wright asked if there were any penalties for early repay. Mr. Dodd explained the typical loan terms and that first 10 year period bonds would not be callable just as our 2008 COPS weren't, however we could possibly negotiate an earlier call date or redemption feature. This may add slightly to the loan cost but provide for such a provision. Chief Morgan added a lot of the flexibility has to do with current market/interest rates, currently they are at historic lows. Mr. Dodd stated the interest rates will likely rise probably in December of this year. Therefore the timeliness of restructuring the PFD debt has the potential to lock in the low rate.

Mr. Dodd explained about how local governments normally consider refinancing debt for a comparison. Generally they consider refinancing when they can achieve a 3 percent saving rate. The PFD is at 20 percent in the scenario presented which is dramatic and absolutely perfect timing for consideration.

Chairman Rowlinson had questions about the Call period, Mr. Dodd explained that our existing bonds have an 8 year non-callable provision and typically lending institutions have a 10 year non-callable provision. This is a point of negotiation with the five banks that provided proposals. Chief Morgan explained it isn't that we can't pay back early there just may be a premium involved. Mr. Dodd told the board that Chief is correct and provided a brief explanation on how an investor calculates earnings and considers pre-payment. Mr. Dodd demonstrated (referring to slide 21) to the board the timing and impacts of borrowing the money during the financial downturn which was in full swing when Pinetop Fire District borrowed the money. Mr. Dodd explained interest rates changes since 2008 noting that the timing to refinance is optimal as we could see interest rates start climbing in December.

Bob Scheuneman restated his understanding of the boards' process as- If the board provided direction to move forward then Mr. Dodd would go back to the five banks and negotiate the best terms. Mr. Dodd would come back to the October Board Meeting with a recommendation where the board would make a formal motion to accept what they perceive would be the best of the five proposals. We would then at some point close, probably close to the end of the year? Mr. Dodd affirmed Mr. Scheuneman' understanding of the process; clarifying that the close would be more like 7-10 days. Mr. Dodd explained that with Chief's direction the five banks have provided their preliminary term sheet numbers and they done their own internal review of the district. Mr. Dodd then explained the final process - he would come back to the October 19, 2015 board meeting and present the Authorizing Resolution; this is the authorization to move forward and approve the legal documents. This will create the new lease just like the existing one on the property now. There will be a Trust Agreement; which is a security for the investor. In addition, there will be legal documents that would be signed and approved called a "Form of Document" which delegate authority called a "Parameters Resolution" this delegation of authority gives the Board Chair or the Chief authority to execute the documents and lock in the interest rate. Mr. Dodd's goal is to get everything ready to move on at the October 19, 2015 board meeting.

Chairman Rowlinson asked about fees and charges since a formal proposal was not provided. Mr. Dodd told him that there wasn't any fee associated with any of the work that has been done by him, his firm or the attorneys. No one receives any fees unless the loan deal goes through and found to be acceptable by the board. If the district were to do a public offering of the bonds then the district would have to seek a bond rating. RBC doesn't anticipate having to have this provision with the banks that provided proposals.

Dr. Wright had some concern about waiting another month based on one of the interest rate charts and changes in the interest rate going forward. Mr. Dodd told him that everything that happened last week was favorable. He explained that if Chief signed the preliminary term sheet (nonbinding) we could lock in that interest rate. It could even go lower but the trend is in a fairly steady range. Chief Morgan added that typically if the Federal Government did raise interest rates the expectation is it would be ¼%.

Bob Scheuneman commented if there is a 19 ½% positive impact on that repayment it makes perfect sense to move forward, even if it raised just a quarter of a percent, it still is a good time to do this. Chief Morgan and the Board thanked Mr. Dodd for his presentation.

The board directed staff was to move forward with the refinance package anticipating board action and resolution to be on the October 19, 2015 board agenda.

This is a non-action item only direction to continue. No motion made.

2. Discussion/Consideration/ Possible action: Update of Statutory Changes to Fireworks Adoption

Chief Morgan – This is the latest update with regards to the Fireworks Ordinance. Chief Morgan presented the statutory changes at the Navajo County Board of Supervisors Meeting. The board did vote to adopt the recommended changes amending their ordinance. In addition, Chief Morgan spoke with Mayor Smith (Pinetop/Lakeside Town Council) and he assured him that this item will be on their October 6, 2015 council agenda. They should adopt changes with the caveat (and Supervisor Whiting agreed) that we need statutory changes with tougher restrictions here in the White Mountains and the whole Northern Region. At the very least our extreme fire restriction season should be taken into consideration, so that we have more consistency and tougher restrictions.

This is a non-action item. No motion made

3. Discussion/Consideration/Possible Action: Update and Discussion on Truck Works

Chief Morgan noted that this is informational only on progress with Truck Works. This morning he filed a formal complaint with the Better Business Bureau as well as the Arizona Attorney General's Office following our Attorney advice to file under the old name, "Truck works 2015 Inc." not Truck Works Holding. Chief Morgan explained that if we filed under the new name we could be held liable for Defamation of Character. Chief Morgan also called Mr. Thompson (Investor) and left a message with his Receptionist, however he has not returned the call. Bob Scheuneman asked if we ever found out about the title, Chief Morgan explained that the Attorney General should be able to find out who is the holder of title. Mr. Scheuneman commented that tax payers paid for that vehicle, TW2015 took the asset back and if in fact they sold it then they have been paid twice and that possibly could constitute fraud. Mr. Scheuneman then asked, "If the vehicle has not been sold what would we do in regards to the title?" Chief Morgan told him the title was transferred back to Truck Works 2015 as part of the original agreement. Mr. Scheuneman stated then the title is with them, we just don't know what has been done with the vehicle. Dr. Wright said that he thinks they weren't going to or maybe never intended to pay Pinetop Fire District. Chief Morgan told the board that is what the new Judgement Specialist is working on, through the combination of examining chronological timing of forming a new corporation and moving around of assets. The expectation is that fraud can be uncovered. If fraud can be verified then there is a possibility that PFD can go after TW2015 and possibly the individuals involved. One of the facts uncovered during the investigation is that the current President of the company, Mr. Dickerson has a truck valued at about \$10,000 in the old corporate name, we could attach that asset today, it isn't much, but it is something we could do. This is why Ms. Bowen had requesting us to contact the Attorney General.

This is a non-action item. No motion made

4. Discussion/Consideration and Possible Action: Update on Fitness Program

This is an update on our logistical information concerning Heart Fit for Duty. The PFD and Heart Fit for Duty are working on tentative annual physical dates of October 14-16. Tomorrow a general email will be sent to personnel outlining the schedule to identify employee scheduling conflicts. Then a makeup day will be set based on prior obligations employees may have during that period. Chief Morgan included in the packet an example from Casa Grande of an employee evaluation – while not Heart Fit for Duty and not what Pinetop Fire District would use, it did provide a good example of an employee with a good MET, Metabolic Equivalent of Task score that had a medical issue that would require follow up required with his physician. This also demonstrated that non-compliance could get the employee pulled from the truck because of the risk to himself and his or her crew members. This is an example of what the employer and Peer Fitness Trainers would get to aid the employee in their quest to better health. Heart Fit for Duty comes out of the valley and will evaluate our employees. Chairman Rowlinson commented that this is a very thorough Program and will be good for our employees.

This is a non-action item. No motion made.

5. Discussion/Consideration and Possible Action: Update and discussion on Meet and Confer Process

This is informational only; the Employee Group has been gathering information from other districts that have existing MOUs to see what information can be utilized as a foundation and how the PFD can move forward with the process. Mr. Teal who is the Federal Mediator is looking at targeting late October or early November to try to bring us together to begin early negotiations in preparing the MOU. Chairman Rowlinson commented that this process would coincide with the budget process to evaluate any financial impacts for consideration by the board and we may be well into by April. Mr. Scheuneman informed the board that he attended the meet and Confer Process as the Board representative and everyone was really engaged in Dennis's presentation. The biggest thing he noticed is the different levels of consensus and how it isn't always the same. Mr. Scheuneman finds the decision very acceptable. The foundation is cooperation and trust. It was a worthwhile building block for the district. He is very pleased with what he learned.

Mr. Rowlinson thanked Mr. Scheuneman for attending the meet and confers training.

This is a non-action item. No motion made.

6. Discussion/Consideration/Possible Action: Update and discussion on State Fire School

Chief Morgan told the Board about all who attended the State Fire School held from September 10th through the 13th, Curt McKinney took Fire Ground Tactics and Procedures, Stephen Fuller took Company Officer Leadership, Richard Wallace was to take Incident Safety Officer Program but he was deployed to a fire assignment, and Rob Watson was fire school Coordinator. He directed them to the Packet which included explanations on all of the classes attended. He explained it is important to share the information when they return with their crews and other crews. John Rowlinson said that the State approved fire license plates that promote State Fire School. The purchase of a license plate provides a contribution to the annual fire school program. The plates help fund training for rural fire departments with their extensive training needs. Chief Morgan added that it would also help with scholarship money that provides aide to volunteer departments so their members could also attend the school. The personnel in the audience thanked the Board for letting

them attend. The appreciation for attendance and bringing back valuable information to the organization was extended by the board.

This is a non-action item. No motion made.

7. Discussion/Consideration/Possible Action: Update and discussion on Fire Rescue International Conference

The International Association of Fire Chiefs provide several specialized leadership conferences every year that focus on EMS, Special Operations and Fire Service issues. We sent four personnel to the International Fire Chief's Officer Leadership program. The training meets all of the NFPA fire officer 1021 requirements and qualifies for Company Officer Accreditation through CPSE. Curt McKinney, Rob Watson and Chad Ashcraft went to the first track of the training. When they complete all three tracks they can take their credits to the Center for Public Safety Excellence program and become accredited to be company officers. Attached are some of the briefings from two of leadership tracks. Chairman Rowlinson commented that he is glad we are taking this direction with the Company Officer Training and getting our people involved in this direction, he added "when we made some of the personnel changes we were hoping to gain officer development". Chief asked if Stephen Fuller and Curt McKinney would like to make some comments concerning the classes and they agreed. Curt McKinney said that he learned several things and brought them back to his crew, he said he learned different strategies that were mind blowing to him. He said the Fire Ground tactics class was absolutely helpful and went hand in hand with his fire school training. He said there were four to five classes that stood out. Stephen said it was such a good opportunity for him to learn from different Fire Chiefs, that they had really good programs. He agreed with Curt McKinney that it was very valuable information. Chairman Rowlinson added he would like to see everyone involved in the training programs.

Chief Morgan added that Curt McKinney, Omar Apodaca and Charles Rose went to the EMS EXPO in Las Vegas and attended the training and Cadaver Lab. Curt McKinney, Omar Apodaca and Charles Rose told the Board how exciting it was to actually see things inside the human body and how it actually pertained to EMS, such as giving an IO (interosseous) in the humerus or shoulder. Curt said he had to do one in the field and didn't get the correct position, but after seeing it done on a cadaver he felt comfortable now in doing the procedure. All three of the personnel that attended agreed. Charles Rose said it was really good experience. Omar commented that he loved seeing new things and having hands on information. Bob Scheuneman was glad to see how excited attending personnel were and how much information they brought back with them. Reciprocal appreciation for the opportunity was made by all in attendance.

This is a non-action item. No motion made.

8. Discussion/Consideration/Possible Action: New Command Vehicle and Emergency Package.

Chief Morgan said this is an Action Item, in accordance with our Capital Replacement Plan we have allocated for the replacement of two command vehicles and an ambulance. The board authorized the purchase one of them for Fire Marshal Wood. The request this evening is for the emergency build package for code three driving and communication build packages for those vehicles. This includes the lights, sirens, and scene markings to

compliment the vehicle and make it an emergency vehicle. There are four proposals submitted from Timber Mesa, Arizona Emergency Products, MHQ and Creative Communications who elected to withdraw their proposal. Timber Mesa Fire and Medical will purchase all of the equipment from MHQ for direct cost and will provide the equipment with no markup. They would build the package as the other proposals. When considering the valley vendors we have to include the costs for travel, fuel, and staff time because we would have to take two vehicles to drop the one off. Those costs were calculated when comparing each of the vendors. The installation using Timber Mesa would save those travel costs and provide a savings of about \$700 to \$900. Bob Scheuneman has many concerns about TMTFD because lately they have not had good business practice with their billings which go back at least a year and warranty issues with a battery. After some discussion Mr. Scheuneman said that if Chief can keep an eye on them it would be ok. Chief explained that since they are right down the street it makes it easier to resolve problems as indicated, such as the recent billings issues. Mr. Scheuneman asked Curt McKinney, since he is Engineer in charge of vehicles, his opinion. Mr. McKinney stated that he agreed there are some problems with paperwork but as far as Nolan goes he is pretty flexible and Curt feels we can keep an eye on them. Bob Scheuneman asked Curt about how their work ethic is, Curt said they try to do a good job; they aren't the best at what they do but they make up for it with effort. Mr. Wright has some of the same concerns as Mr. Scheuneman. He was also worried but agreed if we can keep an eye on them it may be ok. Chairman Rowlinson asked about warranty work and if we ever had to take something back, Chief and Curt McKinney both said no. Chief informed them that they are hiring another mechanic and then the fleet jobs would be more efficient. Chief said that the other bidders could not give us a definite build date. Doug Wright said that there isn't anything that really keeps us from using them. There was discussion about two costs and what if we didn't actually purchase another vehicle. Chief Morgan explained that if they didn't authorize the purchase they wouldn't have to execute that second command vehicle build as part of the billing process.

Ed Cibbarelli made the motion, to move forward with the emergency buildout packages for the command vehicles from the TMTFMD not to exceed \$9,465.00 for each vehicle inclusive of taxes and shipping.

Bob Scheuneman seconded Motion. Motion carried unanimously 4-0.

9. Discussion/Consideration/Possible Action: Purchase of a New Command Vehicle

Chief Morgan told the board that in accordance with the adopted capital replacement plan, discussions occurred with several of the local fire districts to capitalize on joint purchasing for vehicle replacements. The purchase of a command support vehicle is in our 2015/2016 budget replacement plan. We have two older command/support vehicles scheduled for replacement based on the scoring matrix. We brought before the board in May, the first replacement vehicle for the Fire Marshal. The request this evening is for the Assistant Chief's response vehicle. C2 (command vehicle 2) would then be disposed of through a sale and any proceeds from the sale of the disposed assets would go back in to capital replacement plan. Show Low Ford is extending the same price as the other vehicle at a cost of \$33,751.31. Bob Scheuneman had a question about how many miles the current vehicle had. Chief Morgan said a good guess would be approximately 60,000 miles. Mr. Scheuneman asked what would be the common number of points before replacement. Chief Morgan said that 28 and above would constitute replacement. The next segment would be the 22-28 range in good condition

with the some concerns. Bob Scheuneman then asked if we had protocol in place for authorized disposal. Chief Morgan responded noting that he would bring a policy to the October board meeting. We also have other assets in our storage that we need dispose of as well.

Doug Wright made a motion to direct staff to move forward with the purchase of one (1) 2015 Ford F150 4x4 Super Crew XLT from Show Low Ford not to exceed \$33,751.31 inclusive of taxes and shipping

Bob Scheuneman seconded, Motion carried unanimously 4-0.

10. Discussion/Consideration/Possible Action: Paramedic Sponsorship Ratification

Chief Morgan explained to the board that Captain Myers has gone into the drop program which means he will be retiring within a 5 year period. This means we would have to fill the paramedic position upon Captain Myers separation of employment at retirement. Charles Mead applied and was selected as the EMT as the candidate for the Medic class through NPC. Chief Morgan explained that the books cost roughly \$700.00 and course tuition is approximately \$5000. This purchase amount requires approval from the board. He explained that the program takes nearly a full year of hard work to become a paramedic. Charles has signed the educational agreement that requires at least five year commitment of service for the district sponsorship. Chairman Rowlinson commented that it takes a lot of hard work and study time. Congratulations Charles Mead.

Bob Scheuneman made the motion to approve and fund for one paramedic student through the NPC paramedic program to include tuition and books. Ed Cibbarelli seconded the motion. Motion passed unanimously 4-0.

11. Discussion/Consideration/Possible Action: Mandatory Hold Over Policy

This is an amendment to the existing overtime and compensation policy change that took place several meetings ago where we eliminated exempt compensatory overtime. He found during his review of policy that Pinetop Fire District does not have a mandatory hold over policy which is unusual for public safety. We must insure that we are always responsive to community needs. Adoption of this policy would establish a requirement to maintain par staffing for services to the community. In the past, we had no guarantee of staffing or an expectation that the employee would get paid overtime hours for those extra hours worked as a result of mandatory staffing. The employee must know that they may be held over until someone can come in or until we can find a replacement to fill that vacancy. FLSA sets no limits on how many hours a day or week your employer can require employees to work. The law only requires that employers pay employees overtime when it occurs. Since this can be a true inconvenience for an employee, compensation in the form of overtime will be paid, even when prior leave has been taken, when this situation occurs.

Doug Wright made a motion to approve the mandatory hold over policy as presented. Bob Scheuneman seconded the motion. Motion passed unanimously 4-0.

V. Personnel

1. Discussion/Consideration/Possible Action: Ratification of Merit raise associated with Annual Fire Chief's Evaluation.

Chief Morgan explained that we needed to formalize a motion at the last meeting, but coming out of Executive Session there was an oversight and the motion and signature were not completed.

Doug Wright made the motion to approve the annual merit raise for the fire chief to be retroactive to his anniversary date. Ed Cibbarelli seconded the motion. Motion passed unanimously 4-0.

- VI. Summary of Current Events: Chief Morgan, in the Chief's report I noted the people on the wildland fires but we have our folks that stay here at home that support those out on the front lines. We have staff that worked over 90 hours setting aside family events to work those extra hours. They are the backbone of the organization and that is why we can fill those positions out in the field. Chairman Rowlinson recognized all those that have worked extra hours and those out on the wildland fires.
- Chief Morgan also brought up the "Get the Grant" class upcoming in October on the 19th for four days, we are hoping for a good turnout and I will get the information out there to you.
- Chairman Rowlinson asked about the Open house and Chief said he would get the information for him.
- Bob asked about the department Journal and Chief told him we would make sure it was in the next packet and would email all the members a copy of last month's.
- VII. Future Meeting Dates and Meeting Items for Future Agendas: Our next scheduled meeting is Monday October 19th at 4:30pm. Future agenda items for consideration are: RBC presentation, Truck Works, Surplus authorizations and a report on Fire prevention week. Bob Scheuneman asked for an explanation on how Wildland Fires work and how the overtime gets paid, he asked for some background on those items.
- VIII. Announcements: Ed Cibbarelli thanked all of those on the crew and the Fire Chief that assisted with a neighbor who needed transport. He commented that the neighbor was handled with great care and professionalism.

Doug wright made a motion to adjourn, seconded by Bob Scheuneman. Motion passed unanimously 4-0.

Meeting Adjourned at 6:05pm

Respectfully Submitted

Karen Robbins