

Regular Meeting of Pinetop Fire Board
Monday January 24, 2022
Pinetop Fire District Station 12
Video & Conference Available
1845 S. Pine Lake Rd, Pinetop AZ 85935

Call the meeting to Order: Chairman John Rowlinson called the meeting to order at 5:00pm

Roll Call of Board Members; Carla Bowen Excused, John Rowlinson, Ernie Lawes and Ben Borrego were present and Brad Baker attended by video conference

Also Present for presentation; James Vincent - Gabe Buldra. STIFEL - Michael Lavallee and Claude Lockhart

Present by phone, Bill Whittington,

I. Call to the Public: None

II. Consent Agenda Board Business

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 executive session held on November 29, 2021 and Board Meeting held on December 20, 2021**
- 2) Approval of Warrants paid in December 2021**

Ernie Lawes made the motion to approve the consent agenda and warrants for December 2021, seconded by Ben Borrego, Motion passed unanimously 4-0

Ben Borrego made the motion to approve the November 29, 2021 Executive Session minutes, seconded by Ernie Lawes, motion passed 3-0 with Brad Baker abstaining from the vote due to his absence during the meeting.

IV. Board Business

- 1. Discussion/Consideration/Possible Action re; Presentation of December 2021 Financial Reports**

Gabe Buldra presented the December 2021 Financials.

All reports, graphs and information were included in the packet

Some highlights were how well we are continuing to do this year.

A lot of the line items for yearly totals were in line or slightly above or below budget. We are still seeing the benefits of the very successful wildland fire and grant season. We are gearing up and getting ready for the 2022 season.

Brad Baker made the motion to approve the December 2021 Financial Reports as presented, seconded by Ben Borrego. Motion passed unanimously 4-0.

- 2. Discussion/Consideration/Possible Action re; Ratify acceptance of November 2021 Financial Reports.**

Chief Morgan, the motion for the minutes was entertained but not seconded or voted on, you are just revisiting the motion, Ernie Lawes signed the November 2021 Financial Report. This is just a formality. Minutes were included in the packet for review.

Ben Borrego made the motion to ratify the November 2021 Financial Reports as presented, seconded by Ernie Lawes, motion passed unanimously 4-0

3. Discussion/Consideration/Possible Approval re; Presentation PSPRS COP Funding Options from Stifel

All Documents for the presentation were included in the packet, explaining some options for Pinetop Fire District's unfunded liability. Many factors inhibit the pricing for our PSPRS liability- such as age, longevity, spousal beneficiary pay, poor plan investments and economic downturns just to name a few. This is one of our largest liabilities; and we, like other fire districts are looking for options to relieve some of the long-term debt. There have been legislative remedies that are helping but some of the mounting debt liability remains, leaving districts themselves searching for solutions. PSPRS has historically had poor investments and inaccurate actuaries for assumed earnings and life expectancies that helped get members agencies to where we find ourselves today.

Mr. Mike Lavallee and Mr. Claude Lockhart from STIFEL gave a very informative presentation offering solutions for the district. Other districts are utilizing the program so there are similar numbers in place for comparison. The interest rate would be locked in if we act soon to secure a low rate, then the debt ceiling would be paid down similar to paying down a typical mortgage. Keep in mind, nothing is a guarantee but this addressing the unfunded liability utilizing the investment option of a COPS debt restructuring program provides stability in debt management and budgeting. Many different investors are excited about the prospect of investing in the program to support fire districts. It is a lot of information to process but would be a long- term solution beneficial for years to come, a legacy move, another step in our quest to stay solvent.

There was discussion concerning how PSPRS got to this point, the many risks and some other options to help paydown current and future.

Pinetop Fire District options

1. Do nothing and keep increasing the budget for pension increases as PSPRS revises actuaries (will cause a tax increase),
2. amend the policy and budget more money to reduce unfunded liability payment up front.
3. restructure the debt with a COPS program which would give us a more level debt.

Mr. Lawes was concerned that this seems immediate and aggressive with little or no alternatives. He is worried that even if they feel uncomfortable about it – there really isn't much time because if we don't act now - we could be looking at more debt with a higher interest rate. Mr. Borrego agreed expressed similar reservations. Mr. Lavallee assured them that even though it is an aggressive timeline the economy and interest rates are unpredictable; they feel we need to get a decision and follow through as soon as possible. Mr. Lawes also commented that using our own extra funds to pay up front debt seemed like the best legacy move, but it isn't sustainable if there were to be a sudden downturn.

Mr. Baker asked if we could eliminate contingency. Mr. Buldra told him we can address the risk as it comes, be more pro-active. Mr. Lavallee told the board that they should have a PSPRS representative come and speak to the board, talk about investments and what this type of money would do towards our unfunded liability. Mr. Rowlinson agreed, having PSPRS here would give a sense of what is going on, since they have had some cultural changes recently maybe the board would feel more comfortable about a decision if they can ask questions and have a presentation.

Ben Borrego thought the STIFEL presentation left an unavoidable urgency, but even with his reluctance this seemed to be the only real option. Mr. Lawes still likes the idea of our own money but agrees this probably is the best alternative.

Chief Morgan wanted them to also remember the money from prop 124, we received around \$33,000 that is already earmarked to go to unfunded liability. We have also set some Capital Reserve aside that could be used to create the reserve fund, even so, it is a small consolation when you look at the numbers.

There was more discussion about the risks and urgency. Everyone thought that a PSPRS representative at the next meeting would be beneficial to any decision they are considering.

John Rowlinson made a motion to direct STIFEL to prepare an authorizing resolution for presentation to the Board at the February 21, 2022 meeting as well as have PSPRS make a presentation as to how it will affect Pinetop Fire District's unfunded liability, seconded by Ernie Lawes, Motion passed unanimously 4-0

4. Discussion/Consideration/Possible Approval re: presentation 2022/2023 Board Budget Objectives and selection budget committee members.

Chief Morgan asked the board to start thinking about the budget process, to select two members to sit in the budget committee meetings and what they would like to see going forward. There was some discussion about the process, dates, times and how long a typical meeting lasts.

John Rowlinson said he would personally like to see;

1. tax rate remains at current level or lowered.
2. non-tax revenue needs to be a priority and looking at the medical side of revenue.
3. employee satisfaction is a huge factor because the employees are the district.
4. we need to continue to monitor the capital replacement.
5. maintenance of the St. 11 and St 12 buildings no deferred maintenance, do repairs as they present.

Mr. Lawes and Mr. Borrego will be the 2022-23 budget committee Members.

There was discussion from Mr. Borrego about his time in the military and making sure the employees were taken care of and are content with how things are going.

He asked about the turnover in the district. Chief Morgan assured him that our turnover is not a problem, most of our employees have been here ten or more years. We have recently had two leave for disability on the job, one PTSD and one accidental injury. One employee several years ago, left for a career move and currently our turnover is seasonal only.

This is informational only – no board action

Summary of Current Events

1. Chief Report

Mr. Baker and Mr. Borrego attended the AFDA conference

Firefighters were soliciting signatures for the sales tax legislation – see asst. Chief Wallace if anyone wants to sign.

2. Board Chair Report

Mr. Rowlinson wanted to comment about Lionel VanGurp retirement, Lionel had Been with Pinetop Fire District since 2003, he is leaving on an accidental disability Retirement. We will miss lionel. He also mentioned the PSPRS board new mandatory Trainings.

VI. Future Meeting Dates: February 28, 2022

1. Tentative consideration of adoption of 2018 ICC Fire and WUI Code
2. Presentation of Audit ending on June 30,2021
3. Approval of revised Land purchase agreement or access agreement.
4. STIFEL Authorizing Resolution for consideration with Presentation from PSPRS for unfunded liability

VII. Announcements

New Brush truck has arrived, it is out in the bay if anyone would like to see it.

VIII. Adjournment

Meeting adjourned at 6:46 pm.

Respectfully Submitted

Karen Robbins

Approved