

SOUTH PLACER FIRE DISTRICT
BOARD OF DIRECTORS
Workshop Meeting Minutes
April 20, 2015

The South Placer Fire District Workshop for Funding Options of Cal PERS Pension Obligations was called to order at 6:03 p.m. on Monday, April 20, 2015, by President Mike DeLaurentis.

Board Present:

Mike DeLaurentis, President
Dave Harris, Vice President
Teresa Ryland, Clerk
Gary Grenfell, Director

Absent:

Sean Mullin, Director

Staff Present:

Lawrence Bettencourt, Fire Chief
Kathy Medeiros, Board Secretary
Deputy Chief, Eric Walder

Cathy Dominico and Jeff Small of Capital Public Finance Group (CPFG) presented an informational workshop to discuss the items moving forward to refinance and underwrite the Cal PERS Side Fund and a share of the Unfunded Actuarial Liability (UAL) of Classic members for the Miscellaneous and Safety pension plans.

CPFG discussed the two components involved in the contributions the District makes to Cal PERS for Safety and Miscellaneous plans. The normal cost is a contribution to pension funds expressed as a percentage of payrolls (16.523% for Safety, 11.718% for Misc.). The unfunded liability contribution is a calculated and fixed annual dollar limit charged as a percentage that increases rapidly over time. The unfunded liability portion of the contribution is made up of 4 components: Side fund \$2,082,002, Pre-2013 UAL \$2,972,956, Asset Gain/Loss \$3,692,519, and Non-Asset Gain/Loss -\$241,173. The current pension plan is estimated to be 70% funded.

Projected future employer contribution rates for the Safety plan will escalate from 16.523% to 17.4% by 2020/21 and 11.718% to 12.6% for the miscellaneous plan. Safety plan payments would reach almost \$900,000 by 2029/30 when the side fund is retired, and then increase annually by 3% per year until the Pre-2013 Pool UAL is retired. Miscellaneous plan payments would reach almost \$100,000 by 2023/24 when the side fund is retired, and then decline and increase annually by 3% each year until the Pre-2013 Pool UAL is retired.

CPFG recommends that the district refinance all or a portion of the UAL contribution to lower and change annual payments. Current Cal PERS payments are based on a 7.5% interest rate versus borrowing rates that could be obtained between 4.5 -5.5 % including costs. Refinancing in this method would more closely follow the current revenue stream and create budget friendly payments that are smoothed out rather than the peak and valley payment structure.

Jeff Small continued that Certificates of Participation (COP's) are a form of debt for public agencies that do not require voter approval. Payment is based on installment sale theory. The District would take two fire stations properties, and sell them to a non-profit and they would be bought back. The District would make payments for the obligation to a trust from the general fund. Effectively the stations would be considered collateral without liens or mortgages. He continued that borrowing rates are low, and the District could realize a savings of \$100,000-150,000 per year until 2031/32 or

\$1.1 million savings over the life of the bonds. A key part of this plan is to use these savings to fund the District's Other Post Employment Benefit (OPEB) to make up the remaining half of the yearly annual required contribution (ARC) payment. The 2014/15 OPEB actuary reflected an ARC of \$336,609, which the District is paying half of currently. Each year the OPEB liability is growing by \$167,000.

The total loan will consist of \$5,078,171 for unfunded liability payoff, \$159,465 for costs of issuance, \$64,483 for the underwriting discount, \$43,297 for bond insurance, and \$4,585 for the rounding of bond increments that are sold in 5,000 increments. The par amount of the bonds will be \$5,350,000.

The District will not know the true savings from the financing until the bonds mature. There is risk that there will be no savings should Cal PERS earn less than the all-in borrowing costs over the life of the bonds. However, the District has no control over how the funds are invested once deposited at Cal PERS. Other consideration should be given to the investment earning impact of Cal PERS that could add a new layer of payments. Should Cal PERS earn less than 7.5%, the District would experience a new UAAL while a gain of more than 7.5% would result in investment gains. A new UAAL may materialize from experience changes such as retirement ages and rates, mortality, and disability varying from Cal PERS' assumptions.

For future payments, the District will continue to make normal cost contributions to Cal PERs while applying the savings to the unfunded OPEB liability in order for the financing to meet a key objective. The ongoing responsibilities for the refinancing include: annual continuing disclosure filings, annual certification to the trustee that debt service is within budget, annual review of contribution rates, and contributions to OPEB trust. Payment would be due semi-annually in January and July.

Jeff continued that he highly recommends the refinance consisting of the Side fund and Pre-2013 UAL to pay off the balances before the end of this fiscal year and allocating the savings between OPEB Trust and the Asset and Non-asset Gain/Loss Balance. Should the Board wish to implement the refinance there would need to be an adopted resolution to authorize the issuance of COP's with certain parameters that the refinance not exceed \$5.7 million, not exceed the interest rate of 5.75%, and the maximum underwriter's compensation be at 1.3%.

CPFG continued that moving forward there would be a short timeline. The board consideration of refinance would need to occur at the April 20 Regular Board Meeting. In late April the financing committee will need to sign off on financing documents. In May, the COP pricing will be established along with the interest rate. The bond closing and payoff of balances will occur in June.

There being no further items to be discussed at the workshop, the meeting was adjourned at 7:03 p.m.

Respectfully submitted,



Kathy Medeiros
Recording Secretary

SOUTH PLACER FIRE DISTRICT
BOARD OF DIRECTORS
Regular Board Meeting Minutes
April 20, 2015

REGULAR BUSINESS

The South Placer Fire District Board of Directors regular meeting was called to order on Monday, April 20, 2015 at 7:08 p.m. by President, Mike DeLaurentis.

Present:

Mike DeLaurentis, President
Dave Harris, Vice-President
Terri Ryland, Clerk
Gary Grenfell, Director

Absent:

Sean Mullin, Director

Staff in Attendance:

Fire Chief, Lawrence Bettencourt
Deputy Chief, Eric Walder
Board Secretary, Kathy Medeiros
Battalion Chief, Jason Brooks
Engineer, Darren Zimmerman

Special Presentation: None

Public Comment: None

Consent Agenda: Director Ryland made a motion to approve the consent agenda; seconded by Director Grenfell. Carried

Ayes: Grenfell, Harris, DeLaurentis, Ryland Noes: None Abstain: None Absent: Mullin

OLD BUSINESS

Funding of Cal PERS Pension Obligations: Staff recommends adoption of the resolution authorizing the issuance of Pension Obligation Bonds to finance the Cal PERS Side Fund and a share of the Unfunded Actuarial Liability (UAL) of miscellaneous and safety employees. President DeLaurentis asked the Board if there were any additional questions regarding the issue prior to taking a vote. There were no additional questions.

Director Ryland made a motion to approve the Resolution No 5-2014/15 authorizing the issuance of pension obligation bonds to finance the Cal PERS side funds and a share of the UAL. Seconded by Director Grenfell. Board of Directors approved Resolution No. 5-2014/2015. Carried

Roll Call:

Ayes: Grenfell, Ryland, Harris, DeLaurentis Noes: None Abstain: None Absent: Mullin

Cal PERS Contract Amendment: Staff recommends approval of the Final Resolution of Intention to amend Section 21574 (Fourth Level of 1959 Survivor Benefits) for local miscellaneous and safety members. The current benefit level has remained unchanged since 1975 when the District joined Cal PERS. This benefit coverage is available by contract amendment for those members who are not covered by Social Security with their employer. The 1959 Survivor Benefit Level 4 provides a monthly allowance of \$950, \$1,900, and \$2,280 for one, two, and three eligible survivors of members respectively, who die before retirement. Levels 1, 2, and 3 are now closed to members. Chief Bettencourt explained that the District will incur a cost of approximately \$3,000 annually for all employees. He noted that he highly recommends amending the benefit.

Director Grenfell made a motion to approve Resolution No. 6-2014/15 authorizing an amendment to the contract between the Board of Administration California Public Employees Retirement System and the Board of Directors of the South Placer Fire District. Seconded by Director Ryland. Board of Directors approved Resolution No. 6-2014/2015. Carried

Roll Call:

Ayes: Grenfell, Ryland, Harris, DeLaurentis Noes: None Abstain: None Absent: Mullin

NEW BUSINESS

Fiscal Year 2014/15 Budget Update: Staff recommends a third quarter report on the fiscal year 2014/15 budget. Chief Bettencourt reviewed the quarterly budget and current profit and loss statement. He noted that the ambulance revenues were down around \$60,000 under projections yet usage has remained the same. The District receives more ambulance revenue from uninsured patients than those with Medi-Cal or Medicare. He stated that the receipts are about 6 months behind the service and the revenues still could recover and come back up. The current collection rate is approximately 40%. Next year the revenue account will be adjusted down due to this downturn. New development fees have exceeded expectations and are above schedule at 86% received to date. The total year to date CFAA revenues from the Office of Emergency Services (OES) is \$273,550 for the 2014/15 fire season.

Total expenditures were on target at 71.3% for the budgeted year. He continued that the extended absences of three employees due to injuries have impacted the overtime budget. He estimated that overtime costs will exceed budgeted figures by \$40,000 at year end. While service and operations expenditures are right on target, he expects that total salaries will be over budget. He asked the Board if they would prefer to hold all remaining capital and fixed expenditures and purchases or make a budget adjustment for salaries. President DeLaurentis advised that the Chief has good control of the budget and should hold off the fixed asset purchases until next fiscal year.

Director Ryland made a motion to approve the Fiscal Year 2014/15 Third Quarter Budget Report and the Profit and Loss Statement ending March 31, 2015 as presented to the Board of Directors. Seconded by Director Harris. Carried

Ayes: Grenfell, Harris, DeLaurentis, Ryland Noes: None Abstain: None Absent: Mullin

Fire Agencies Self Insurance System (FASIS) Official Election Ballot: Staff recommends Board President Mike DeLaurentis submit the election ballot for South Placer Fire District. Chief Bettencourt apologized for the error in the agenda noting that the election ballot should be for FASIS, not FAIRA as it read on the agenda and Board packet memorandum. He continued that Director Grenfell's board position for FASIS is up for re-election. Director Grenfell recommended the District also place their 3 other votes for Morago, Mills, and Pearce due to their excellent record.

Director Grenfell made a motion to authorize President DeLaurentis to submit the FASIS election ballot of four positions for the FASIS Board of Directors on behalf of the South Pacer Fire District. Seconded by Director Harris. Carried

Ayes: Grenfell, Harris, DeLaurentis, Ryland Noes: None Abstain: None Absent: Mullin

INFORMATION AND DISCUSSION

Advanced Life Support and Treatment – Non Transport Fees: Staff recommends discussion and direction on a possible advanced life support engine company first responder fee and treat – no transport fee. Staff is seeking direction to add a \$250 charge for ALS first responder fee and \$250 treat –no transport fee. Currently the District does not bill for EMS responses unless a patient is transported to the hospital. The first responder fee would be assessed when ALS engines assist with patient care or transportation to the hospital. The treat-no transport fee would be assessed when ALS engine/ambulances initiate ALS treatment and the patient refuses transport to the hospital. Every call would generate one of these two fees unless there was not an ALS Engine response. These fees have been previously brought to the board in 2011 and 2013. Several other fire departments charge these fees for ALS response. Deputy Chief Walder noted that the current ambulance transport rate of \$1690 is similar to other agencies ALS transport fees. Many other agencies also charge an assessment at scene fee of up to \$600. Folsom Fire Department charges a 1st responder fee of \$225 and an assessment at scene fee of \$225. The charge would be covered under most medical plans, although Medicare and Medicaid do not pay the 1st responder fees. These charges would also raise our base GEMT base rate. Deputy Chief Walder continued that there are many ways to handle the fees. The charge could be a soft bill that is not sent to collection if the patient is not able to afford to pay. He estimated that these fees could increase revenue \$113,000 per year. Chief Bettencourt noted that staff needs Board direction on whether to move forward with the charges or to bring back the issue next month for additional discussion. President DeLaurentis requested that both the 1st responder and treat-no transport fee return to the May Board meeting for action.

Correspondence: Information and correspondence was distributed from the office of Assemblyman Jay Obernolte, requesting support for Assembly Bill 203- Fire Prevention Fee Due Dates.

Chief's Report:

- Three personnel attended Auto Extrication training in Corona this month.
- The MDA Boot Drive collected \$66,000 at the intersection of Sierra College and Douglas Boulevard.
- Station 17 B-Shift won third place in the Chili Cook-off with proceeds to benefit the library.
- The antique LaFrance engine was in attendance for the Little League Parade.
- The Paramedic written test was just completed with 40 candidates.
- After 10 years, Hidden Valley has new hydrants and a water system for the 80 houses in the subdivision capable of supplying 1500 GPM.
- Placer County will begin charging for payroll services \$100 per pay period, no option to change to monthly payroll.
- Placer County is hosting a medication take back at 10 locations on April 18th.
- Horseshoe Bar Road overpass will be closed until May 6th.
- The FDAC Conference was attended by Deputy Chief Walder and Chief Bettencourt along with Director Gibson of Loomis Fire.
- The Andrews Property on Cavitt Stallman Road has proposed a 100 house subdivision.
- On 5/11-5/20 all Placer County Agencies will attend vegetation fire training at Rattlesnake Bar with Battalion Chief McMillin as the training officer.

Functions: None

Board/Staff Comments: Director Ryland requested a tour of Station 19. Deputy Chief Walder responded that he would arrange that for her.

Future Agenda Items: Treat No-Transport and 1st Responder fees, FAIRA Election Ballot

There being no further business to come before the Board, the meeting adjourned at 7:58 p.m. The next regular meeting will be held on Wednesday, May 20, 2015.

Closed Session: The Board adjourned to closed session at 8:02 p.m. to discuss current contract negotiations between the South Placer Firefighters Local 3809 and negotiating team (Agency designated representatives: Gary Grenfell and Dave Harris). President DeLaurentis returned at 8:27 p.m. to report that there is still continuing discussions with Local 3809 and no decisions to report at this time.

Respectfully submitted,

A handwritten signature in black ink that reads "Kathy Medeiros". The signature is written in a cursive, flowing style.

Recording Secretary, Kathy Medeiros