



HIGHLANDS FIRE DISTRICT
FIRE BOARD OF DIRECTORS
REGULAR MEETING MINUTES · 03/16/2021

A regular meeting of the Fire Board of Directors was held on **Tuesday, March 16, 2021 at 5:00 PM** at Fire Station 23, Administration Board Room, 3350 Old Munds Hwy, Flagstaff, AZ. The meeting was accessible to Board members and the public through Zoom video conferencing.

1. Call to Order

The meeting was called to order at 5:00 PM.

2. Roll Call

Chairperson Kloeber*, Clerk Favazzo, Director Hirsch*, and Director Hanecak* were present through Zoom, and Director Favazzo attended in-person. Director Bippus* logged onto the meeting at 5:15 PM.

Administrative personnel present were Chief Foreman, Chief Miller, Superintendent Erickson, Ms. Jones, and Mrs. Wilson.

Visitors present were Mr. Reader* and Mr. Lundberg* from Stifel Public Finance, and Mr. Wong* from VFIS Insurance logged onto the meeting at 5:30 PM.

*Attended through Zoom Video conferencing.

3. Pledge of Allegiance, Invocation, Mission and Vision Statements, and Board Responsibilities

The Pledge of Allegiance was recited, a silent invocation was offered, and the District's mission, vision, and selected Board responsibilities were recited.

4. Call to the Public. Chairperson Kloeber dispensed with the call to the public.

5. Welcome Visitors.

6. Approval of Minutes.

FEBRUARY 16, 2021 REGULAR MEETING. The Board reviewed the minutes from the February 16, 2021 regular meeting. **A MOTION was made by Director Favazzo and was seconded by Director Hirsch to minutes as presented;** the motion was unanimously **APPROVED**.

Chairperson Kloeber informed the Board that he had asked legal counsel how to handle the approval of executive sessions meeting minutes since meetings have been conducted through video conferencing. Chairperson Kloeber suggested the Board review the executive session minutes at the Administration Center, which will be approved at the next scheduled regular meeting.

7. Stifel Public Finance Presentation by Bryan Lundburg & Mark Reader. Mr. Lundburg introduced himself and Mr. Reader. Considering the current low interest rate environment, Stifel prepared a presentation to discuss financing the unfunded pension liability with PSPRS. Stifel has successfully completed financing for the City of Flagstaff, Yuma, and Tucson as well as Yuma, Pinal, Gila, and Apache Counties. Mr. Reader presented a Pension Liability Management proposal. He informed the Board that the State legislators are considering providing authority to issue Certificates of Participation to finance pension liability. Mr. Reader discussed the potential for significant savings due to low interest rates available at this time. He explained the potential risk factors associated with

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accrual assumptions, and he recommended bringing in Mr. Townsend with PSPRS to answer questions about PSPRS investment returns.

Chairperson Kloeber confirmed members have a general understanding of issuing a certificate of participation (COP) and the difference in general obligation bonds. A COP is backed with real estate as collateral and paid out of the District's budget; bonds are collateralized by an increase in property tax based revenues through an election process. Chairperson Kloeber asked about interest rates; Mr. Reader explained that rates have been at a low time high, but are gradually increasing as the economy begins to recover. Mr. Reader informed the Board that the financing could close in 60 - 90 days. Director Favazzo asked about administrative fees; Mr. Reader explained their fee structure. The Board reviewed an examples of the funding scenarios completed for the City of Flagstaff, which included a contingency reserve fund. The Board discussed the District's encumbered assets and refinancing property leases as part of the process. If the Board wants to move forward with the process, the next step would be to sign an engagement letter. Then they will prepare a specific analysis relating to HFD, and meet again with PSPRS involvement. Signing the letter of engagement would not obligate the District to pay any fees unless the transaction closes. The Board thanked Stifel for the information, and decided to call a work session to discuss the situation in more depth.

- 8. VFIS Renewal Presentation by Wyatt Wong.** Chairperson Kloeber greeted Mr. Wong and provided a proposal for renewal of the VFIS Insurance policy. Mr. Wong explained the 7% (\$2790) rate increase due to the following: 1) an increase in number of auto claims countrywide, 2) an increase in building value to keep up with inflation, 3) an increase in exposure (call volume), and 4) claims associated with towing and accidents involving striking a deer, hitting a bay door, and a vehicle collision. Considering the recent claim history, VFIS was able to maintain maximum credits. Chairperson Kloeber thanked Mr. Wong for his presentation.

9. Finance

- A. **WARRANTS** – The Board reviewed the warrants and credit card purchases paid in February. **A MOTION was made by Clerk Favazzo and was seconded by Director Hirsch to accept the warrants as presented.** After questions the motion was unanimously **APPROVED**.
- B. **FINANCIAL REPORT** – The Board reviewed the District's General Fund, Capital Fund, and Bear Jaw Fund Financial Reports including the Profit/Loss Budget Overviews, Bank Reconciliation, County's Fund Balance Summary, Cash Flow Projection, and Quarterly Interest Earnings. Chief Foreman and Superintendent Erickson noted that the financial status of the General Fund and Bear Jaw Fund look very good.

10. Summary Reports & Correspondence

- A. **IAFF LOCAL CHAPTER 1505 SUMMARY REPORT** – Engineer Anticevich confirmed that Local 1505 had nothing to report.
- B. **BATTALION FIRE CHIEF'S SUMMARY REPORT** – Chief Miller presented the Battalion Chief's report including Individual Activity, Incidents, and Training. There were 46 calls for service in February.

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- C. FIRE CHIEF'S SUMMARY REPORT – Chief Foreman presented the Fire Chief Report. He noted that The Stifel and VFIS presentations are on the agenda, and State legislature has 89 bills under consideration.
- D. FIRE BOARD CHAIRPERSON'S SUMMARY REPORT – Chairperson Kloeber had nothing further to report.
- E. CORRESPONDENCE – The Board reviewed a thank you letters from a District resident and the Bradley family. Chairperson Kloeber noted that State and local fire service honored the memory of Chief Bradley (Ret) at his funeral on January 6, 2021.

11. Topics of Discussion and Possible Legal Action

- A. CONSIDERATION TO APPROVE RENEWAL OF VFIS INSURANCE COVERAGE. A MOTION was made by Clerk Favazzo and was seconded by Director Bippus to approve the VFIS Insurance coverage; the motion was unanimously **APPROVED**.
- B. CONSIDERATION TO APPROVE RENEWAL OF HEALTH INSURANCE THROUGH KAIROS. A MOTION was made by Clerk Favazzo and was seconded by Director Hirsch to approve the Health Insurance through Kairos. Chief Foreman informed the Board that Kairos has been the District's health insurance provider for the past several years. Kairos proposed a 4% increases in premiums and change to the in the provider network from BCBS to United Health; plan coverages will remain the same. Other health insurance quotes were not competitive with Kairos. The motion was unanimously **APPROVED**.
- C. PRESENTATION OF FLAGSTAFF RANCH FIRE DISTRICT OPERATIONAL REPORT. Chief Foreman presented the 2020 Flagstaff Ranch Fire District Operational Report. He noted that there were six calls for service with an average response time of 13 minutes. The current IGA has two, one year extensions, which will expire in June of 2022. Chief Foreman reminded the Board that the contract fee should been adjusted per the IGA. Chairperson Kloeber asked about the plan amendment previously discussed; Chief Foreman informed the Board that the amendment needs to be reviewed by counsel.
- D. BUDGET COMMITTEE UPDATE. Chief Miller informed the Board that the Budget Committee has met and identified organizational goals. He provided brief description of budget items they are considering.
- E. DISCUSSION AND POSSIBLE LEGAL ACTION REGARDING FINANCING THE DISTRICT'S PSPRS UNFUNDED LIABILITY THROUGH STIFEL PUBLIC FINANCE. The Board discussed the importance of solving the unfunded pension liability issue, which will further erode District finances if it is not contained. Chairperson Kloeber suggested the Board call a special meeting to discuss the next level of detail; the Board agreed. Director Hanecak noted that Stifel's business with several cities and counties is evidence that they are most likely a reputable organization. The Board decided to consider this issue further in a special meeting in about two weeks.
- F. DISCUSSION REGARDING THE FIRE CHIEF HIRING PROCESS. Chief Foreman updated the Board on the progress the selection team has made on the hiring process for the fire chief position. Director Favazzo believes the process is appropriately fair and focused. Chairperson Kloeber

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informed the Board that he has received to letter of interest for the position. Director Hanecak agreed with Director Favazzo about the fairness of the process, and he believes the process will result in making a good decision.

CHAIRPERSON KLOEBER RETURNED TO THE DISCUSSION OF PSPRS UNFUNDED LIABILITY. He asked staff if the agenda item listed would allow the Board to consider a motion to authorize him to sign a letter of engagement with Stifel; Chief Foreman and Ms. Jones replied that they believe it would be appropriate. After discussion, **A MOTION was made by Director Favazzo to grant authority to the chair to sign to enter into a letter of engagement with Stifel Public Finance with no financial obligation at this time; the motion was unanimously APPROVED.**

G. REVIEW FIRE BOARD TASK CALENDAR. Chairperson Kloeber approved of the new format of the Task Calendar. The Board reviewed the Board Task Calendar. The Board discussed the educational requirement for newly elected/appointed Board members.

12. Board Member comments. There were no additional comments.

13. Adjournment. **A MOTION was made by Director Hirsch and was seconded Director Bippus to adjourn;** the motion was unanimously **APPROVED.** The meeting adjourned at 6:10 PM.

Respectfully Submitted,

Jayne Jones
Administrative Specialist