

**CORTEZ FIRE PROTECTION DISTRICT  
REGULAR BOARD MEETING  
December 14, 2016**

**CALL TO ORDER and PLEDGE OF ALLEGIANCE**

President Orly Lucero called the meeting to order at 6 p.m. in the meeting room at Station #1. Roll call followed after the Pledge of Allegiance and the board members present were Rodney Branson, Kent Lindsay, Buck Woodman, Sherri Wright and Orly Lucero. Administrative Assistant Wendy Mimiaga and Chief Jeff Vandevoorde were also present.

**APPROVAL OF THE AGENDA**

Sherri Wright made a motion to approve the agenda for the December 14, 2016 Board of Directors meeting, Kent Lindsay seconded. The agenda was approved on the following vote:

|         |         |         |        |        |
|---------|---------|---------|--------|--------|
| Branson | Lindsay | Woodman | Wright | Lucero |
| yes     | yes     | yes     | yes    | yes    |

**APPROVAL OF MINUTES**

The minutes from the regular Board of Directors meeting, held on November 9, 2016, were brought before the board for approval.

Sherri Wright made a motion to approve the minutes for the regular Board of Directors meeting held on November 9, 2016, Buck Woodman seconded. The minutes for the meeting were approved on the following vote:

|         |         |         |        |        |
|---------|---------|---------|--------|--------|
| Branson | Lindsay | Woodman | Wright | Lucero |
| yes     | yes     | yes     | yes    | yes    |

**BILLS AND ACCOUNTS**

The board reviewed the list of bills, accounts and the financials included in the Board packet. President Lucero inquired about the check for \$75,000 for Pacheco Ross, and if that is part of the approved architectural services. Chief Vandevoorde explained that it is a regular payment for architectural services. *(The contract for Pacheco Ross was approved at the regular Board meeting September 4, 2016.)* Ms. Wright pointed out in the profit and loss statement that we are over budget for the fire training supplies by over 50%, and inquired if this was addressed in the 2017 budget so we would have enough. It was explained that the majority was for books and study material for the many classes the Asst. Chief has had, and that some of the expenses will be reimbursed by the outside agencies that participated in the classes. This was also addressed for the 2017 budget.

Sherri Wright made a motion to accept the bills and financials including the supplemental list of bills, Buck Woodman seconded. The motion passed on the following vote:

|         |         |         |        |        |
|---------|---------|---------|--------|--------|
| Branson | Lindsay | Woodman | Wright | Lucero |
| yes     | yes     | yes     | yes    | yes    |

## **PUBLIC COMMENT**

There was no public comment.

## **CORRESPONDENCE**

Included in the packet were inclusions from the Cortez Journal from November 25, December 6, 2016, and a thank you note from the Nowlin Family.

## **REPORT FROM THE ADMINISTRATIVE ASSISTANT**

A report of the current financial accounts was included in the packet. The county treasurer's office distributed a total of \$29,799.55 to the district for the month of November, 2016. \$20,654.42 for the general mill levy, and \$9,145.13 for the additional mill levy.

The balance in the State Farm account, as of November 30, 2016, was \$651,234.68 with interest earned in November, 2016 of \$240.82, year to date earnings are \$2,628.66. The interest rate remained at 0.45%.

The business money market account at 1<sup>st</sup> Southwest Bank had a balance of \$130,292.41 as of November 30, 2016, Interest earned in November, 2016 was \$26.77, year to date earnings are \$298.61. The annual percentage yield remained at 0.25%.

The 3 year jumbo CD of \$257,092.42 at 0.60% earned \$133.15 on November 13, 2016, for an updated balance of \$261,366.33.

We received an update for the \$250,000.00 CD deposited at the First National Bank of Cortez on February 14, 2014 for five (5) years with an interest rate of 0.98%. Since the last update on February 12, 2016, the CD has earned \$1,880.13 for a current balance of \$256,822.35 as of November 14, 2016.

We also received an update for the \$300,000.00 CD deposited at the Community Banks of Colorado for five (5) year CD at 1.15% on April 13, 2015. Since the last update in April, 2016, the CD has earned \$2,454.89 for an updated balance of \$305,715.85 as of November, 2016.

It was reported that the total earned on the reserve funds for November was \$4,735.76, the total earned year to date is \$10,379.27, and the total in the reserve accounts was \$1,605,431.62.

The economy is doing great. The unemployment rate declined to 4.6% in November, adding 178,000 jobs. The September and October numbers remained mostly unchanged with a combined decline of 2,000 jobs. It was pointed out that back in November, 2008 the economy was in a downward spiral and had lost 533,000 jobs in the month of November, 2008. We have come a long way since then.

The Federal Reserve increased the fed funds rate by a quarter point on December 14, 2016. It is being reported that the fed could possible raise rates two to three times in 2017.

## **REPORT FROM THE ASST. CHIEF**

Asst. Chief Shawn Bittle was not present for the meeting, but included his report and a list of meetings, events and trainings he attended. Chief Vandevoorde reported that Asst. Chief Bittle has been working very hard on the Driver/Operator class. All the crews are participating in the class, and getting ready to take the test. He is also finishing up the Hazardous Materials Operations and Awareness portion of the Academy class and just completed the hands on training this past weekend, and will soon be taking the Firefighter One and Haz-Mat tests for State certification. Asst. Chief Bittle has been doing a great job working with the crews and with all the training he has been doing.

## **REPORT FROM THE FIRE CHIEF**

Chief Vandevoorde went over his report and list of meetings that were included in the packet. The Chief reported that Dillon Daves has resigned effective December 15, 2016, after eight months as a full-time firefighter. Mr. Daves stated that the job was not what he thought it would be after attending the San Juan College Firefighter Academy, and is not for him. He does not enjoy the EMS side of the job. He had signed the contract regarding reimbursement for training, and did pay the District for the EMT class he has been attending. Tyrell Matthews has been hired full-time to replace Mr. Daves. The Chief and the Board wished Mr. Daves good luck in the future, and commended him for recognizing his dismay with the field early on.

ISO, the Insurance Service Organization, has revisited the District and will be reevaluating our rating. This will take about three to six months, but our rating could go down by one ISO point.

The Blood and food drive is coming up. The Blood Drive is scheduled for Thursday, December 22, 2016, and we have just been notified that we have a record thirty-three (33) people signed up. They consider eighteen (18) a full schedule. United Blood Services are scheduling an extra crew and will be coming an hour early to accommodate all the donors. We will be accepting non-perishable food donations the week of December 19 to 23, 2016. All donations will go to the Good Samaritan Center.

There were 144 calls during the month of November, 117 EMS calls, 20 fire calls and 8 vehicle accidents. The total number of calls to date, for 2016, is 1,762.

We are scheduled to ring the bell for the Salvation Army on Saturday, December 17, 2016, from 10 a.m. to 6 p.m., and will be covering both entrances at Wal-Mart. This has become a yearly tradition for the District. There are several two hour slots open if anyone is available to sign up. President Lucero and Ms. Wright said they were both available. Mr. Woodman will be participating with 'Shop with a Cop' that is scheduled for the same day.

Chief Vandevoorde addressed the request from the Board, that arose from the annual budget meetings, for top off pay for the firefighters. A spread sheet was handed out showing starting pay and top off pay for our Firefighters, Engineers and Lieutenants, based on a 5% raise for about ten (10) years. Also included were some examples of base salary and top off pays for five similar fire districts that were taken from a survey we participated in a few years ago. We, and the example departments, all fell under the budget range of \$1 to \$5 million.

Our firefighters start at \$32,400, including the built in overtime, and will top off at \$51,540. We are very close, and fall into the same range as the similar districts, despite having a much lower overall budget (\$1.5 million). We are actually very competitive in salary to similar districts.

The top off pay is calculated to occur in ten (10) years at a 5% increase per year, but it could also take longer, as 5% is not guaranteed. It is divided up as a cost of living increase (*based on the Denver-Boulder-Greely BLS numbers*) and a merit increase, which must be earned. After the top pay is reached, only a cost of living increase will occur each year. The separation between the ranks is 5%. This shows the firefighters are being paid fairly, based on the salaries of other comparable districts. We are not at the top of the list, but we are also not at the bottom, especially based on our budget.

Mr. Lindsay asked, with the firefighters projected at topping off in ten (10) years, how will this affect our budget in ten (10) years if we don't have any more income. The Chief handed out an additional spread sheet showing a ten (10) year projection of the District's budget. This included all the fixed costs including wages and benefits, figured at the anticipated rate of increase for each year. The projected budgets did not include the beginning fund balance, and was figured using only the projected tax revenues for each year based on the allowable Tabor increase of 5.5%. This projection shows a sustainable budget into the future with the anticipated yearly increases, with enough revenue to support all other facets of the budget.

The Chief also added that the staff does a good job on critiquing calls after they get back, and going over safety issues. Due to our practices and our SOP's, Standard Operating Procedures, that we have in place, we have been refunded \$3,100 from Pinnacol, our Workman's Comp provider, for our safety practices.

Also included was the list of fire inspections for the month of November from Sean Canada.

## **NEW BUSINESS**

**Lease Purchase New Fire Station** – Chief Vandevoorde explained to the Board that we have been working with several finance companies over the past year, narrowing it down the three (3). After going through each of the three (3) proposals, we have decided to work with HSE & Co. This was the only company that could offer us a fixed rate. Even though it is for only twenty (20) years, we had originally requested twenty-five (25) to thirty (30), we feel this will work very well into our future budget projections, and is in the best interest of the District. Ms. Wright agreed that the fixed rate was the best way to go. With the uncertain future of interest rates, it is more fiscally responsible to work with a fixed rate.

Barbara Winkler and Michael Hark of Hutchinson, Shockey Erley & Co. were present to address the Board. Ms. Winkler explained that their specialty is lease purchase private placement. They do also work with public offerings and bond issues. The company is small investment banking firm, has been around since 1957, and is strictly a municipal bond firm. They work primarily with smaller Special Districts and municipalities, and with DOLA energy Impact Grants, and are currently working on several other similar projects.

This will be structured very similarly to the lease purchase agreement they did for our new fire truck back in 2013. The differences will be the term, at twenty (20) years, and there will also be a ground lease in addition to the lease purchase agreement. The ground lease is in lieu of a mortgage. The District will lease the property back to the firm for fifty (50) years. HSE & Co will finance the construction, and lease (purchase) it back to the District for twenty (20) years. After the lease purchase is paid for in twenty (20) years, the ground lease will go away. If the loan was not paid, theoretically, the firm would have use of the building for fifty (50) years, but the District will always own it. It is just a way to use the new station as collateral.

President Lucero inquired why the ground lease is for fifty (50) years when the lease purchase agreement is for only twenty (20) years. Mr. Hark explained that it can be negotiated for any length of time, but if the loan is defaulted on, there has to be a reasonable amount of time to use the property to recoup the investment. Mr. Hark continued that they, the company, does not want a fire station, that they are not in the fire business, it is just a way to collateralize the loan. If something were to happen, HSE & Co. would work with the District.

Ms. Winkler further explained that the money will go into an escrow account, what we will pay the contractor from. Since this will be one third of the monies we have to work with, the others being the \$2 million grant from DOLA, and our \$1 million matching funds, there will be some mechanisms in place to determine each payout. It is anticipated to take about 30 – 45 days to generate the lease purchase documents.

Mr. Branson asked if we knew what the interest rate is projected to be. Ms. Winkler explained that when we started working on this the interest rate was 3.27%. Currently, with the interest rates rising, the rate will go up. It is anticipated that we will close toward the end of January, 2017, and project that the rate will remain under 3.75%. *(An additional sheet was passed out showing the comparison of the three (3) companies with which we were working.)* Ms. Winkler will try to lock in a rate as soon as possible.

The only other expense is the projected origination fee, currently quoted at \$15,000, but it is expected to come in lower. This is the firm's legal fees and set up fees for the transaction.

Mr. Lindsay asked if the rate was based on the amount borrowed, and could it be bought down. It was explained that the rate is actually based on the term of the loan. It is not anticipated that rates will go any lower, and we are getting in at a good level.

Ms. Wright asked if we would be penalized if we paid the loan off early. It was explained that the first ten (10) years is 'no call,' and after that there will be a schedule for early pay off. Banks don't usually do twenty (20) year fixed rate loans, so they have to hedge their investment, so they just want to make sure if it is pre-paid they are covered.

The Chief asked that the Board, by motion, allow the staff to move forward to work with HSE & Co. for the lease purchase of the new fire station. After the contract is received and approved by legal council, we will have a resolution for approval by the Board, after the first of the year.

Buck Woodman made a motion to proceed with HSE & Co. for the lease purchase documents for the new fire station, Sherri Wright seconded. The motion passed on the following vote:

|                |                |                |               |               |
|----------------|----------------|----------------|---------------|---------------|
| Branson<br>yes | Lindsay<br>yes | Woodman<br>yes | Wright<br>yes | Lucero<br>yes |
|----------------|----------------|----------------|---------------|---------------|

**OLD BUSINESS**

**2017 Budget** – An updated budget packet was distributed to the Board. The final valuation was received after the Board packets were sent out, and there was a slight change in the valuation.

Kent Lindsey made a motion to adopt Resolution No. 6, Series 2016, Resolution to Adopt the Budget, Sherri Wright seconded. Resolution No. 6, Series 2016 was adopted on the following vote:

|                |                |                |               |               |
|----------------|----------------|----------------|---------------|---------------|
| Branson<br>Yes | Lindsay<br>yes | Woodman<br>yes | Wright<br>yes | Lucero<br>yes |
|----------------|----------------|----------------|---------------|---------------|

Sherri Wright made a motion to adopt Resolution No. 7, Series 2016, Resolution to Set Mill Levies, Rodney Branson seconded. Resolution No. 7, Series 2016 was adopted on the following vote:

|                |                |                |               |               |
|----------------|----------------|----------------|---------------|---------------|
| Branson<br>Yes | Lindsay<br>yes | Woodman<br>yes | Wright<br>yes | Lucero<br>yes |
|----------------|----------------|----------------|---------------|---------------|

Buck Woodman made a motion to adopt Resolution No. 8, Series 2016, Resolution to Appropriate Sums of Money, Kent Lindsey seconded. Resolution No. 8, Series 2016 was adopted on the following vote:

|                |                |                |               |               |
|----------------|----------------|----------------|---------------|---------------|
| Branson<br>Yes | Lindsay<br>yes | Woodman<br>yes | Wright<br>yes | Lucero<br>yes |
|----------------|----------------|----------------|---------------|---------------|

Kent Lindsey made a motion to adopt Resolution No. 9, Series 2016, Lease-Purchase Supplemental Schedule to the Adopted 2017 Budget, Sherri Wright seconded. Resolution No. 9, Series 2016 was adopted on the following vote:

|                |                |                |               |               |
|----------------|----------------|----------------|---------------|---------------|
| Branson<br>Yes | Lindsay<br>yes | Woodman<br>yes | Wright<br>yes | Lucero<br>yes |
|----------------|----------------|----------------|---------------|---------------|

**Designation of Reserve Funds –**

Sherri Wright made a motion to Designate the Reserve Funds as follows:

- Operational Contingency - \$300,000
- Facilities - \$100,000
- Equipment & P.P.E. - \$39,715
- Apparatus Replacement - \$100,000

Rodney Branson seconded. The reserve funds were designated on the following vote:

|                |                |                |               |               |
|----------------|----------------|----------------|---------------|---------------|
| Branson<br>Yes | Lindsay<br>yes | Woodman<br>yes | Wright<br>yes | Lucero<br>yes |
|----------------|----------------|----------------|---------------|---------------|

**EXECUTIVE SESSION**

There was no executive session.

**ADJOURNMENT**

Having no further business to come before the board, Sherri Wright made a motion to adjourn the meeting, Buck Woodman seconded. The motion passed as follows:

|         |         |         |        |        |
|---------|---------|---------|--------|--------|
| Branson | Lindsay | Woodman | Wright | Lucero |
| yes     | yes     | yes     | yes    | yes    |

The meeting adjourned at 6:52 p.m.

\_\_\_\_\_  
Orly Lucero – President

Attest:

\_\_\_\_\_  
Kent Lindsay – Secretary/Treasurer