

South Metro Fire Rescue Fire Protection District
Special Board of Directors' Meeting Minutes
June 21, 2021

Present:	Jim Albee, Chair	Bob Baker, Fire Chief
	Renee Anderson, Vice Chair	Mike Dell'Orfano, Assistant Chief
	William Shriver, Treasurer	Tobias Kirschke, Assistant Chief
	Hank Eng, Secretary (excused absence)	Kevin Milan, Assistant Chief
	Cindy Hathaway	Jon Adams, Assistant Chief
	Alison Rausch	Dillon Miskimins, Chief Financial Officer
	Sue Roche	Kristin Eckman, Chief Communications Officer
		Bob Cole, Legal Counsel

Others Present: PFM Managing Director Chris Blackwood & SMFR Staff

MEETING CALLED TO ORDER

Chair Albee called the special meeting of the South Metro Fire Rescue Fire Protection District to order at 6:01 p.m. and welcomed everyone to the meeting.

PLEDGE OF ALLEGIANCE

Chair Albee led the Pledge of Allegiance to the United States of America.

ROLL CALL

All of the Board Members were present in person with the exception of Director Eng.

PRESENTATION

PFM 1st Quarter Investments – Chief Financial Officer Miskimins, reminded of Staff's commitment to provide a quarterly report on investments and introduced PFM Managing Director Chris Blackwood, who provided an overview about the PFM organization, highlighting:

- PFM Asset Management LLC's background
- The Investment Process
- Economic and Market Update
- Quarterly Portfolio Report
 - Credit Quality
 - Sector Allocation
 - Maturity Distribution
 - Portfolio Performance
- Investment Strategy Outlook

At Director Anderson's request, Mr. Blackwood confirmed that Mark to Market accounting is an accounting method that values an asset to its current marketing level, showing how much a company would receive if it sold the asset today and explained how it is reported whether the assets are sold or not.

At Director Shriver's request, Mr. Blackwood and Legal Counsel Cole discussed what it would take for SMFR to become something similar to a home rule municipality and other options to allow more investment flexibility. Mr. Blackwood provided an example of how he testified to change state rules regarding negotiable CDs, which was a very technical bill, that passed almost unanimously in the House and Senate in 2019. CFO Miskimins will follow up with Mr. Blackwood to confirm whether the Board has the authority to invest in A-Rated companies.

At Chair Albee's request, Mr. Blackwood informed that PFM competitively bids transactions to three electronic trading agencies, negotiates the extra yield out of the broker and gets paid 10 basis points, about \$14,000 a year in a grandfathered agreement with SMFR.

ACTION ITEMS

N/A

DISCUSSION ITEMS

2020 Comprehensive Annual Financial Report & Audit – Chief Financial Officer Miskimins informed that the report presented tonight is months and months of work for the Finance Team and they deserve huge kudos.

CFO Miskimins provided a high-level overview, highlighting:

- Navigating the Annual Financial Report
 - Sections of the Comprehensive Annual Financial Report:
 - Introductory
 - Letter of Transmittal, Awards, Org Chart, etc.
 - Financial
 - Auditor's Report
 - Management's Discussion & Analysis (MD&A)
 - Financial Statements
 - Notes to Financial Statements
 - Required Supplemental Information
 - Schedule of Changes in Net Pension Liability/(Asset)
 - Individual Fund Statements and Schedules
 - Statistical Section
 - Financial Trends, Revenue and Debt Capacity, Demographic and Economic Stats, Operating Indicators
 - Audit Highlights
 - Fixed Asset Focus
 - Inquiries and site visits were performed to ensure asset existence
 - Recommendation from auditors to create a formal process for asset disposal
 - Excess tax revenue review
 - Self-Insured Medical Fund moved to an Internal Service Fund
- 2020 Financial Performance
 - Assets: What we Own
 - Liabilities: What we Owe
 - The Statement of Net Position
 - The Change in Fund Balances
 - Budget to Actual Performance: Combined Revenues
 - Budget to Actual Performance: General Fund Revenues
 - Budget to Actual Performance: General Fund
 - Budget to Actual Performance: Capital Projects Fund
 - Budget to Actual Performance: Building Rental Fund

At Director Anderson's Request, CFO Miskimins reviewed the funds provided to SMFR to cover unfunded liabilities related to compensated absences, FPPA assets & liability coverage.

At Chair Albee's request, CFO Miskimins informed that Staff will be requesting Board's approval of the Comprehensive Annual Financial Report at the July 12th meeting and will include the single audit report (which is required if the entity accepts more than \$500,000 of Federal funding, which we did related to COVID-19).

On behalf of the Board, Chair Albee thanked CFO Miskimins and his team for their hard work on the audit report, expressed appreciation for the good work and congratulated them on a clean audit with very few recommendations.

Financial Planning – Chief Financial Officer Miskimins informed that over the next couple of board meetings Staff will be discussing the District’s long-term plan, specifically around some of the events that may or may not affect the plan. Part of the objective tonight, is to re-educate on what the plan is and provided an overview on how to read the plan.

At Director Anderson’s request, CFO Miskimins reviewed the reserve balance as a percentage of operating expenditures and reviewing the reasons for the improvement, which included an increase in fund balance of \$4 million with the removal of the warehouse purchase, \$2 million from the sale of land; and lower than actual property tax assumptions.

At Director Anderson & Chair Albee’s request, Staff will provide additional scenarios to plug in to see the impact on the passing of Senate Bill 21-293 reducing certain components of residential and non-residential revenues, Initiative 27 which will likely be on the November ballot, abatements, rise in foreclosures and allowance for personal property tax decreases. As well as the bulk of the conversation be the potential shift changes and the financial impact, facilities, capital budgeting and financing.

At Chair Albee’s request, Staff will provide something similar to the flow chart provided last year to help keep everyone on track regarding what has been discussed and decided.

Local 2086 Working Agreement Discussion Introduction – Chief Baker provided a short overview, highlighting that a retreat is scheduled for next week with the major points of discussion being wages, retiree health and shift schedule. Some area agencies are still negotiating so the group may not have all of the contract information regarding wages. Currently, SMFR funds an RHS of 1% of salary contribution for each employee, and recent legal interpretations may result in changes to how we contribute to that benefit. Discussions will be about making a more robust retiree healthcare program, particularly for the Line employees who have a much shorter “shelf life” than Staff employees. The hottest topic of conversation during the recent Chief Chats has been the shift schedule. The committee has been looking at a schedule that does not require working 48 hours straight and reducing from a 56 to 48-hour workweek for Line, which is estimated to cost the district about \$9 million. Once the options are narrowed, Staff will work with the Finance Team to work out the costs for presentation to the Board for approval. There has also been a group of employees identified that are not represented by either the Salary & Benefits Committee or the Working Agreement (which only covers through the rank of Captain), that is the Chief Officers. A couple of Chief Officers will be invited to the retreat to provide their perspective as a stakeholder. The hope is to come back to the Board with a new two-year Working Agreement.

At Director Shriver’s request, CFO Miskimins clarified that the RHS is not really a retirement benefit but rather a healthcare benefit.

Director Anderson remembered that the one-year Working Agreement was to get through the consolidations & suggested insurance experts be consulted and possibly consider a Roth-fashioned account.

INFORMATION ITEMS

July Board Meeting Preview – Chief Dell’Orfano provided an overview including:

- The financials and shift schedules will be the main topic of discussion at both of the July meetings.
- At the July 19th meeting, the Board will hear from the General Manager from Castle Pines Village, possibly holding the meeting at their offices and then taking a tour of Station 39.

Correspondence items in the Board’s packet are summarized below as well as other information items that were communicated:

- Chief Dell’Orfano reminded that two Sign Up Genius’ were sent to the Board for the SDA Annual Workshop on June 29th & the Arapahoe County Fairgrounds Boots Not Suits event on July 22nd.
- Chair Albee reminded the Board to RSVP for this Saturday’s Annual Memorial Ceremony.
- Chief Dell’Orfano reported that there was only one nomination received, so Jack Gilliland will continue on the SMFR Volunteer Pension Board of Trustees for two more years.

- Chair Albee reported that the Fire Chiefs Evaluation Committee met just prior to this meeting & will meet again just prior to the July 12th meeting to continue the momentum that started today & come back with some good recommendations and guidance. They will keep the Board up-to-date as much as possible along the way.
- Director Anderson reported that she attended the Benefits Committee meeting where they talked about the intent of the group changing. Chief Kirschke added that the Committee originally represented Salary & Benefits; however, since the Korn Ferry Study, the group will focus on benefits & they are currently looking at Lockton to check the market and see where the District can find savings.
- Chief Kirschke updated that a conditional offer was made, countered and verbally accepted by the top HR Candidate.
- Director Anderson asked if SMFR received notice about the Castle Pines water outage. Chief Dell'Orfano replied that the District received the notice and periodic updates.

EXECUTIVE SESSION (UPON MOTION)

A motion was made by Jim Albee and seconded by Sue Roche to convene to Executive Session at 8:59 p.m. to Consult with Legal Counsel Pursuant to §24-6-402(4)(b), C.R.S., for the purpose of receiving advice from legal counsel on specific legal questions related to Thomas v. South Metro. All were in favor and the motion carried.

The regular meeting convened at 9:14 p.m. with no action taken.

NEXT MEETING

The next Regular Board of Directors' meeting to be held on July 12, 2021, 6:00 p.m. at 9195 East Mineral Avenue, Centennial, CO

ADJOURNMENT

Chair Albee adjourned the meeting at 9:14 p.m.

Attested by: James Albee Date: July 12, 2021