SOUTH KING FIRE & RESCUE

SPECIAL COMMISSIONERS MEETING
Station 68
May 3, 2012

Commissioner Gates called the meeting to order at 1600 hours with Commissioners Thompson, Freitas, Rickert and Fossos present. Board Secretary Lauri Perry recording.

Pledge of Allegiance was led by Commissioner Fossos.

COMMISSIONER COMMENTS

Commissioner Freitas noted that he talked to a lot of people in the community and he is encouraged to hear dialog from people, he will continue being active in this commission and he is looking forward to moving on with the business at hand.

Commissioner Rickert had no comments.

Commissioner Fossos noted that he had an enjoyable time at Representative Tina Orwall's campaign kick-off, there were a number of Des Moines citizens at the event and they were very disappointed to hear that the levy had failed, as they thought it had passed and we had done a very good job of getting the message out. There is a lot of support out there and he believes we can move ahead, and give the type of representation to our public that we are elected to do. People's lives are at stake and those in the audience their lives are at stake, their lively hood, this is what they do for a living, protect people and in order to do that we have to give them the tools, and that means we have to have a proper funding solution.

Commissioner Thompson had no comments.

Commissioner Gates noted that he has had a number of people contact him, they also thought the excess levy had passed there is a lot of support out there.

PUBLIC COMMENTS

Jerry Galland inquired about the LTGO Bond in the amount that we are going out for this time is $7 million compared to the $6.5 million from 2009, did he misunderstand that or is the difference, and if so what is the difference going to be used for? The interest rate, he hopes we are getting a better interest rate on the refinance than we currently have, but he didn't see any numbers there to show what the interest rates might be forecast to be. He was hoping this would be discussed this afternoon. He hopes that the district looks very carefully at what might be changed. He has tried to get information at what might be the perceived reasons for not voting yes on the levy might be and he hopes that the District will look into it as a district and individually to see if there is something that they can change, to change the outcome on the election. Commissioner Gated replied that his questions will be answered during the presentation on the refinance.

RESOLUTION #483 REGARDING REFINANCE OF LTGO BOND

Chief Church read Resolution #483 into record. Commissioner Gates noted that this had been discussed at the Budget, Finance & Audit committee. Commissioner Rickert made a motion to adopt Resolution #483. Motion was seconded by Commissioner Thompson.

CFO Lawson commented that this is a routine refinance in order to capture savings through reduced interest rates. The proposal is for a Bond that does not extend the bond period that expires in 2029, but offers a savings of $480,000 over the life of the bond which means that our debt service cost will be less. When the bond is put on the market place, the interest rates will vary depending on the time and the maturity of the bond. The current bond is at 2% initially and if it reached its maximum maturity it would not go above 4 1/4%. We plan to improve in the interest rate and capture the savings there won't be any new money coming back to the district; this is just a straight refinance. It gives us a change to restructure the loan; the $7 million is just a parameter. We would do this in good times or bad times; we can't justify leaving almost a half million dollars on the table it just makes financial sense to ourselves and our tax payers.

Commissioner Freitas asked is the $7 million dollars the amount not to exceed and during what instances would we not exceed that amount and when would we borrow $6.5 or $6.8? Lindsey with Seattle NW Securities, our Bond Underwriter, replied that we are refinancing the $6.5 million LTGO Bond. So this could equate to only borrowing $5.9 million for the $6.5 million and the investors will give us all the money up front. For instance if the investors wanted to buy discounted bonds, we could get to $7 million, to refinance the $6.5 million but they don't anticipate this happening. But they have to plan for any possibility so they don't have to come back to the Board. They are not planning for District to borrow any new funds.

Commissioner Freitas asked what the bonds were priced at today. Lindsey replied that the bond price today, which is about two (2) weeks before we actually close on the loan. Based on today's market, the overall interest rate would be about 2.62 % which is a savings of about $600,000.

Commissioner Rickert thanked everyone for their work on this, anytime that we can save almost $500,000 over the length of the bond and not exceed the length of the bond. Its good business, the citizens look at us to do this sort of thing to save them as much as we can. He is in favor of this.

Motion passed unanimously.

DISCUSSION OF POST APRIL 17TH ELECTION OPTIONS

Chief Church noted that in this election, that we just went through involved an incredible amount of work and he thanked everyone for their efforts of working very hard to get this through, in a two (2) year period, have turned a 49% yes vote into a 59.32% yes vote that is incredible, basically if 139 people would have voted differently, we would be looking at 2013 – 2016 maintaining our department, restaffing an aid car and looking solid along with the ability to provide the services that our citizens want and what they deserve. Unfortunately, that is not what we are facing tonight. Many of you have talked to many citizens, seeking input to see what they felt, many thought that our levy had passed overwhelming; they thought we needed a 50% yes vote. The vast majority have told us that we need to get out there again while this is fresh in everyone's mind.

Options:

- Get back on August 7th ballot, the resolution would have to be filed by next Friday, May 11th.
- Be on the November 6th ballot, the resolution would have to be filed by August 7th.
- 2013 – following a presidential election it would increase the threshold that we would have to meet for validation and we would be in conflict with Medic One levy.
- 2014 – if we wait until then, we could be looking at a $2.6 – 2.7 million loss. We would have used up to the $11 million reserves that the Board wants to remain above. We would be in major cutback time. We need to stay ahead of this curve.

Chief Church recommends going back out on the August 7, 2012 Primary for the same amount of $3.5 million or the approximate equivalent of .29 per $1000/AV to fill the budget gap and restaff Aid 64.

Commissioner Fossos asked when the precinct results would be available, Commissioner Freitas replied that they are on the website and the Des Moines area had the lowest percentage. So it looks like we have some work to do in Des Moines, by educating the citizens.

Commissioner Freitas noted that one other alternative is to do nothing…and if we do nothing how quickly will Aid 64 be restaffed? Chief Church replied that you would probably see Aid 64 restaffed long after he is gone, maybe the middle of 2020, 2021 or 2022. Commissioner Freitas asked, so due to manpower and staffing levels, it would be pretty difficult to get A64 restaffed, he added that the majority of the citizens that he has spoken to, their reasons for voting yes were getting the Aid Car back in service. 76 – 78 % of what we do is Aid Car stuff, it is critical and it is probably the main reason that he supported the first election. Commissioner Freitas asked what the costs of the election would be CFO Lawson estimated a cost of $120,000 - $150,000 range for the Primary election. Commissioner Freitas inquired about this being the same as 1-2 firefighters versus long term cuts and if we do nothing Chief Church noted it could be up to 18-24 firefighters laid off by the end of 2014. He added that we are doing stuff that we never did before, by slowing down our spending.

Commissioner Thompson made a Motion to run a Special Maintenance and Operations Levy on the August 7, 2012 Primary Ballot for the same levy rate of .29 cents per $1000 AV. Motion was seconded by Commissioner Fossos. Commissioner Freitas inquired if we were running the levy with the same explanation, cost breakdown and allocation as the previous levy and is there any change in the allocation? Commissioner Thompson replied that the priorities are still the same, to basically fill the budget gap and any discretionary amount will be used to fill the gap or put into capital reserves.

Commissioner Freitas followed up in regards to the discretionary part; he doesn't see a whole lot of discretionary numbers as part of the levy from what we previously put out there. Unless we conduct a survey on why people voted against it, there are people trying to see why people voted no, there isn't any discretionary spending that he saw. It is fairly tightly drawn and we were being good stewards of what we have or what we were going to receive had it passed. If there is no change he supports it. The cost, there is a cost to do it and there is a cost not to do it also. He feels it is so important to get the trained crews and the aid car portion so he will support it this time with all things being considered. Commissioner Gates replied that all allocations are still the same; we want to fill the budget gap and get A64 back in service.

Local 2024 President Ryan Herrera added that they have met with the District and they support Chief Church's recommendation to rerun the levy in August.

Commissioner Rickert noted that we came up with .29 to get an aid car back in service and to stabilize our funding. Since then we have received more bad news, about the economy going back an additional 4-6 %, if anything we need to run this again, the majority of the voters said yes, we just didn't get the 60%. We have the support of the community, we need to get the word out that we need everyone to vote. He is in favor of this this and he would hate to see us have to backwards any farther than we have the past couple of years. We have to start finding solutions now to keep us from sinking farther behind.

Commissioner Freitas noted that we have come a long way from 49% to 59% we all either have to or need to or did work very hard at cutting, cutting, cutting. We've had participation from hopefully all elements of this department and hopefully the public has acknowledged that. But we can't stop there we need to keep examining everything we do and see if there is a way to keep as many people on the streets as possible, the process isn't over it is just beginning.

Motion passed unanimously.

Chief Church thanked the Board for their approval and he added that with this, they will need to approve a Resolution, so we will need to have a Special Meeting very quickly. The resolution could be ready as early as Monday afternoon. We would need to have a Special Meeting since we did not have the resolution on the agenda for this meeting.

Jerry Galland commented that he believes State law allows us to add an agenda item, so the meeting can go on.

Legal Counsel Joe Quinn, added that under the Special Meeting law, you gave legal notice about the intention to discuss this item, but you didn't give notice on our intent to act on this item.

Meeting adjourned at 1648 hours.

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CHAIR/COMMISSIONER VICE CHAIR/COMMISSIONER

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COMMISSIONER COMMISSIONER

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COMMISSIONER

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BOARD SECRETARY