

**Minutes East Grand Fire Protection District  
Board of Directors Meeting  
June 26th, 2019**

Board Directors Present: President Frank Dominguez, Vice President Mark Pappas, Treasurer Steve Loo, Secretary Richard Kramer, Director Garth Hein, Chairman Brian Dolan, Trustee David Kunkle.

Staff Present: Chief Todd Holzwarth, Assistant Chief Dennis Soles, Training Coordinator Steve Waldorf, Volunteer Coordinator Jed Henry, Fire Technician Adam Gosey.

Legal Counsel Present: Linda Glesne.

Guest Present: Troy Hunsucker, Peak's Investment Management.

Director Dominguez opened the Board of Directors meeting at 18:11 p.m. There was a quorum of Directors present.

Frank asked if there were any additions or changes to the agenda. There was none. Frank asked if there was any public comment. There was none.

- ❖ Director Garth Hein moved to approve the May 22nd, 2019 minutes as written. Director Steve Loo seconded. The motion passed unanimously.

Discussion of Financials: Property taxes are at 81%. We will have to make accommodations in the current budget for hose replacement. Budgeting for annual hose purchasing was discussed; the intent being that we always have hose in stock to lessen the burden of expensive intermittent purchases. Troy Hunsucker from Peaks Investment Management was introduced. He is our investment advisor handling the money in our Sigma account. He explained the history of Peaks Investment Management highlighting that they work specifically with local governments doing long-term investments. The main reason for his visit is to explain the reason behind the decreasing interest rates affecting our Sigma accounts and what they have done to help mitigate this downturn. He introduced the 5 Year Treasury Report alongside the Interest Rate Probability for 2019-2020 and June's 2019 Rate Sheet for Peaks Investment's CDs and Bonds. The 5-year treasury report is significant because government entities are allowed under state statute to invest public funds out to 5 years maturity. Troy explained the recent history of our record high interest rates which the Federal Reserve raised four times in 2018 reaching a pinnacle of 3.1% in the second half of the year. They forecasted the rates to increase three times in 2019 but with our current administration and volatile market, they changed this prediction to just two increases and then to an actual decrease. Interest rates recently decreased 1.5% in just 6 months which significantly affects our accounts. He referred to the Interest Rate Probability chart pointing out the 100% chance of interest rate cuts as mapped out until July 2020. Steve Loo asked why this decline is happening. Troy explained that since the recession in 2008 we have had the longest period of financial growth in history. He says we are due for a recession as is forecasted to happen by 2021. In a nutshell, the Federal Reserve's objectives are to keep inflation at bay and unemployment low; currently this goal has been reached so there is no reason for the continued rise of interest rates. Troy went on to explain the delicate balance between our national debt, interest rates, bond prices and yields, and how they play together in an ever-changing market under different administrations. He touched on techniques they use to stimulate and stifle demand such as Quantitative Easing and Unwinding. With the uncertainty in the current market, the Federal Reserve has stopped Unwinding and is thus holding onto bonds Troy currently has the District's monies invested into a combination of Agencies (i.e. Freddie Mac) and CD's as their philosophy is "Buy and Hold" instead of constant trading. With the decrease in interest rates on the horizon Troy sold 5 Step-Up Bonds in total, 3 in March and 2 in May. These made sense when the rates were rising as they exceeded the rate of "step-up", but with the decrease, it made more sense to sell the bonds at 1.5% for 3 CDs at 3%. CDs are not callable meaning we lock in the yield. This is called a Bond Swap and is not Peak's typical strategy but made sense in this situation. The other two bonds sold in May bought us two CDs at a 2.65% non-callable rate. These "swaps" are laddered at 3, 4, and 5 years and have increased our net inflows by ~ \$14K annually, an amount consistent with our portfolio. Troy concluded the update. Todd continued the financial discussion noting the new CPR account line item and confirming that the audit is underway and should be done by the State's deadline.

- ❖ Director Mark Pappas moved to approve the bills. Director Rick Kramer seconded. The motion passed unanimously.

Director Frank Dominguez moved to recess the Board of Directors meeting at 19:02 p.m.

Director Frank Dominguez moved to re-open the Board of Directors meeting at 19:06 pm.

Chief's Report: Catering is all set for the 50<sup>th</sup> Birthday BBQ August 3<sup>rd</sup>. Todd and Kristen had a phone meeting with EPS and Kristen supplied most of the preliminary information they requested before she left. Todd noted that they were looking into the By-In philosophy for calculating fees instead of the current Capital Way of calculating fees. Todd noted that he does not feel there will be a big change, probably a minimal increase to account for inflation. Todd noted the highlights of his report including the wrap-up of the Legislative session with some interesting new measures stirring the pot, lowered flood warnings, small fires popping up "here and there", and the new position of Emergency Manager being

offered at GC OEM. Todd then explained that Excel has completely changed how they deal with blowing gas and noted how it will impact our response protocols. At this point in time we have almost the same amount of calls as we did last year. Our Red Dirt Station sign has been granted a variance. Discussion then ensued about our current mutual aid involvement with a recent structure fire in Granby.

Fire Prevention Report: Dennis is busy with new construction inspections. Adam currently inspected the YMCA and Dennis inspected Winter Park Resort. Todd, Dennis, and Steve had a good meeting with Winter Park Resort with plenty of open communication and a clear picture of who was responsible for what. The Roam Development is moving into final plat. Mark asked if all the hoods in our community have been upgraded to the current approved systems. There is only one business left to comply. The Board discussed solutions we can employ to help mitigate the fire hazard and possible liabilities this business may be inflicting on its guests and neighbors.

Training Coordinator Report: Trainings this month included wildland, maze, maydays, search and rescue, ropes, knots, and belaying. The Officer's training turned into a live structure fire experience. We currently have a total of 8 residents, 3 in Tabernash and 5 at Headquarters. The 3 new recruits are now Probies. We have 2 new FF1 certifications completed. Steve is moving forward building our policies and procedures through Lexipol. SCBA testing was completed this week with only one repair needed. The Sunset Ridge hydrant is now in service and was flow tested by East Grand. We are waiting on an invoice. Their cistern should be done by the end of month. One resident is working on becoming an Engineer and one Engineer is working on becoming an Officer. We have 33 wildland trained volunteers. Steve and Adam then showed a slide show of photos of the new 481 they brought back from their visit to the plant in Minnesota. Garth asked what the delay in production was. The major reason for the delay was trying to transport the aerial through Nebraska when all the roads were flooded. Adam noted that we will need to figure out what parts of the delay are due to natural causes and what parts are Pierce's fault in order to satisfy the contract. We expect the truck to be delivered in ~ 6 weeks; probably not in time for the Open House. The Highlands structure fire was discussed.

Frank asked for public comment. There was no public.

Board Business: Todd played the Gallagher video for the Board. There was discussion over whether the video was purely educational or if there was an advocacy component to it, therefore affecting how long we can run it. Linda confirmed that the video was mostly pure education with a few gray areas of advocacy that could be edited out later if needed. She explained the difference between the video and the Balanced and Factual Summary which we will need to produce once certified. The Board discussed options for video exposure to the public such as playing it on our local TV channel and / or before movies at the Foundry. The phrasing of the ballot question was discussed. How can we phrase the question to allow us to fluctuate our mill levy in order to stabilize our revenues while still taking advantage of possible inflation and growth? Linda suggested that we stick to a simple Gallagherizing measure. Linda explained that she felt safe that we were not "capping" our revenues as it is almost impossible for the RAR to increase unless the State repeals Gallagher. Frank asked Linda to explain why our revenues are not increasing proportionally with our level of growth. Linda explained that Grand Counties assessed value is not keeping up with the exponential growth of the State and when you combine this with a biannually decreasing RAR and fluctuating property assessments, increased growth does not necessarily mean increasing revenues. Linda then noted that this is a high watermark year for our budget, with a possible 30% increase, and a great time to try and take advantage of this increase considering the projected recession in the near future. The wording of the ballot question will be discussed at Board meeting in July. Most questions were successful last year with only one or two not passing mostly due to lack of education of the measure. Todd updated the Board that we are actively working on our Strategic Planning. Everyone has outlined their duties and are currently working through the main concepts of "Where are we currently?" "Where do we want to be in the future?" "How do we get there?" "How do we gauge the progress?" Garth asked how many years we wanted to work on for our outlook. Todd confirmed that he would feel comfortable going out 5 years max. Economy can change everything as well. Ideas, goals, and obstacles for the future and our Strategic Planning were discussed.

The meeting was adjourned at 20:46 pm.

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Frank Dominguez

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Rick Kramer

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Garth Hein

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Mark Pappas

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Steve Loo