

DATE Tuesday May 26th, 2016

Special Meeting
UNIFIED FIRE SERVICE AREA

Meeting ~ MINUTES~

Midvale Fire Station 126
607 East 7200 South
Midvale, UT 84047

May 26, 2016

8:30 a.m.

(or Immediately Following Unified Fire Authority Board Meeting)

PRESENT: JOANN SEGhini (CHAIR)
SAM GRANATO (Electronically)
LARRY JOHNSON
CORALEE WESSMAN-MOSER (Electronically)
CHRISTOPHER PENGRA
RICHARD SNElGROVE
SHELDON STEWART (Electronically)

ABSENT: BEN MCADAMS

ALSO PRESENT: MICHAEL JENSEN, CHIEF; KARL HENDRICKSON, CHIEF LEGAL OFFICER; TONY HILL, CHIEF FINANCIAL OFFICER; RAND ANDRUS, ASSISTANT CHIEF; CLINT SMITH, BATTALION CHIEF; JOHNATHAN WARD, ZIONS BANK; RYAN PERRY, CLERK.

[illegible]

Chair JoAnn Seghini presided

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Chair Seghini called the meeting to order at approximately 8:36 a.m.

Public Comment:

No public Comment was given.

Consider a Resolution Approving the Issuance of up to \$36,500,000 Aggregate Principal Amount of Lease Revenue Bonds of the Local Building Authority of the Unified Fire Service Area, Utah; Authorizing the Execution and Delivery of Certain Related Documents and Providing for Related Matters:

Johnathan Ward stated that we were pleased with the result of the activity of the last couple of months. We visited with the Board a few months ago and made a decision to proceed with the re-issuance of the 2008 bonds and include within it the Taylorsville Station. We sold the bonds yesterday. I have a summary of the last couple of months of market movement and the result of our sale yesterday. Starting on February 23rd when we ran the analysis, we were hoping at that time to generate around \$3 million worth of savings. You can see little by little, the saving threshold kept moving in our favor. It has moved from a \$3 million in savings to our locked in rates yesterday at a \$4.394 Million of savings. On the refundable bonds, this equates to a 16.9% savings. In our industry we usually say that if you can achieve savings equating to 3% of the refunded principle, then you should really start considering a refinance. We are well above that 3% threshold. The true interest cost is the weighted average interest rate that was bid by the underwriters. As we evaluated what that would look like, back in February it was a 3% on the new money and it seemed to drift down. We settled in to a 2.775%. This is a 20-year financing at a 2.775% true interest cost. When you aggregate the new money piece and the refunded piece, the true interest cost was 2.62%. Extremely low interest rates. We are extremely pleased with the results. We had 5 underwriters that bid in a competitive process. The winning bidder was Key Bank out of Chicago. They bid with a true interest cost. I did get a call from the local banker here who was excited to win the bonds. We will be signing all of the bond documents over the next three weeks. The bidding process worked out in our favor.

Chief Jensen stated that from an administration view, we are very pleased with the result. The team did a great job.

Trustee Pengra asked what was the original date on the bonds?

Johnathan Ward stated that it was a series of bonds that originated in 2008

Trustee Pengra asked if this was on a 20-year term?

Deputy Chief Scott stated that it was on a little over 25-year term.

Trustee Pengra asked if we were extending the terms on the debt?

Johnathan Ward stated that we were not extending the timeline on the refunding portion. The new project money does extend and wrap around on the backside.

Trustee Johnson asked if this goes back to the first money you borrowed for and if this is now on a 17-year payout rather than the 25-year?

Chief Jensen stated that it keeps the same footprint. We kept the same timeline on the existing bond and the new debt goes on the backside of this new bond.

Trustee Johnson stated that we have a \$21 million dollar bond right now that gets paid back when taxes come in.

Chief Jensen stated that the \$21 Million is a Tax Revenue Anticipation Note (TRAN). This is a short-term note that we pay off each year. The (TRAN) bond is simply for our cash flow purposes, because we receive our revenue at the end of the year.

Trustee Pengra, seconded by Trustee Snelgrove, moved to adopt the resolution. The vote was unanimous in favor of the motion.

Approval of Memorandum of Understanding with Unified Fire Authority:

Chief Jensen stated that this is the Memorandum of Understanding (MOU) that was approved in the Unified Fire Authority Board Meeting. We have not had the District approve it yet. At the last Board Meeting, we were asked to bring it back to this meeting.

Trustee Johnson stated that this was discussed in our meeting last time. I voted no because it still had the option for an incentive. Is the wording still in the agreement?

Chief Jensen stated that there is an option for the Board to look at a payment if there is a Board desire. There is nothing that says that you have to do anything. It would not be termed as an incentive. The District Board would look and see what work was done, if there was a desire to compensate for the work, you could do it.

Karl Hendrickson stated that there are two components. The first is that if the Board wanted to pay the four executives for doing the work, then it is a separate decision. The second is a provision for UFA employees such as Cynthia who supervises construction, or other staff doing District work who might be approved for an incentive. If this were the case, then the payment would be reimbursed to the UFA. It is only the staff level people who would be eligible for this second component.

Trustee Johnson stated that I like the transparency, but I am not in favor of incentives. This can cause trouble with morale.

Trustee Wessman-Moser stated there are two paragraphs; paragraph C allows for the non-executive or non-professional staff members and it says: "performing meritorious service in accordance with written direction from the Service Area". I went back to our draft policy in table Section 6140 (Payroll), and unless anything has been changed, I do not see where it is covered. Is there a written policy regarding non-executive or non-professional staff members performing meritorious service?

Chief Jensen stated that we do have an incentive policy in the UFA. Every supervisor has the ability to recommend an employee for an incentive. The recommendation comes to command staff for approval. We discuss the recommendations and then vote as a command staff if the incentive is warranted. I will sign them when command staff has agreed to them. Our incentive policy is still on the books.

Trustee Wessman-Moser asked if this is found in the payroll policy?

Chief Jensen stated that it is its own policy. We will send it out to the Board.

Trustee Wessman-Moser stated that she would like to review the policy. The separate compensation is a possibility in this agreement, but only with the UFSA approval. This is for executive compensation and is found in paragraph D. This would be reported to the full Board if approved. We do need to see the policy on incentives.

Chief Jensen stated that we have had the incentive policy of the UFA since we came over from the County. The direction that the Board has given is that there would not be any incentives given to any exempt employees. There has not been any incentive given to any exempt employees since September. This includes the Assistant Chiefs and up. I would like to bring back to the full UFA Board and discuss the liaisons. The work the Assistant Chiefs do for the various Cities, as liaison work is extremely important to us. I would like to be able to give them an incentive for this work. The policy has been in place since 2004.

Trustee Wessman-Moser stated that the incentive policy might need to have some revisions. We probably need to identify when an Assistant Chief in their liaison capacity are eligible. Are they included or not included in the non-executive/ non-professional staff member in paragraph C of the MOU?

Chief Jensen stated that they would not be included in section D. The only staff included in the professional category would be the four officers.

Trustee Wessman-Moser asked if everyone else would be eligible for an incentive according to paragraph C, without the full understanding of the UFSA Board, because it would go to command staff?

Chief Jensen stated that this is correct. If you would like to bring the Assistant Chiefs back, I would be more than happy to bring it back to the Board.

Trustee Wessman-Moser stated that we do need to look and revise the policy to make sure it is inline with the Boards understating of the incentive issue. We should have the policy brought back and have a discussion about what threshold we want for approvals. I am comfortable with the way the MOU is written because it states, "in accordance with written directions from the Service Area." Thus, my understanding is there still needs to be a written policy specifically for the Service Area to comply with Paragraph C of the MOU.

Chief Jensen stated that Karl agreed with that understanding.

Trustee Stewart, seconded by Trustee Snelgrove moved to approve the Memorandum of Understanding.

Trustee Pengra stated that he would request that the policies dealing with compensation for non-exempt/professional employees get brought back to the Governance Committee for further discussion.

Trustee Stewart accepted the amendment.

Trustee Stewart, seconded by Trustee Snelgrove moved to approve the Memorandum of Understanding and move the review of policies dealing with compensation for non-exempt / professional employees to UFSA Governance Committee. Aye Votes: Chair Seghini, Trustee Stewart, Trustee Snelgrove, Trustee Wessman-Moser, Trustee Pengra, and Trustee Granato. Nay Votes: Trustee Johnson

Internal Items:

Trustee Pengra, seconded by Trustee Stewart, moved to approve the minutes of May 17, 2016. The vote was unanimous in favor of the motion.

Adjourned at 8:55 a.m.