

TAHOE DOUGLAS FIRE PREVENTION DISTRICT  
BOARD OF TRUSTEES MEETING  
**October 28, 2015**

**Those Present:**

Chairman Larry Schussel  
Vice Chairman Greg Felton  
Trustee Bill Kirschner  
Trustee Kevin Kjer  
Trustee Steve Seibel  
Fire Chief Ben Sharit  
Legal Counsel Jason Guinasso  
Fire Marshal Eric Guevin  
Fire Inspector Todd Stroup

Captain Chuck Salerno  
Engineer Kevin Crebs  
Engineer Fred Parson  
Crew Supervisor Keegan Schafer  
Office Manager Kate Warner  
Accounting Specialist Carrie Nolting  
Administrative Assistant Casey O'Neill  
Guest Ann Grant

**1. Call to Order**

Meeting was called to order at 3:00 p.m.

**2. Pledge of Allegiance.**

Pledge of allegiance was led by Chairman Schussel.

**3. Roll Call**

Chairman Schussel, Vice Chairman Felton, Trustee Kirschner, Trustee Kjer and Trustee Seibel were present. A quorum was present.

**4. Approval of the Agenda**

Vice Chairman Felton motioned to approve the agenda. Trustee Kirschner seconded the motion. Motion approved 5-0.

**5. Public Comment**

None.

**6. Approval of the Consent Calendar.**

Items:

- a. Approval of Minutes 09/23/15
- b. Monthly Expenditures

c. Goals & Objectives – FY 2015-16 – 1<sup>st</sup> Quarter Update

Trustee Kirschner motioned to approve the Consent Calendar items as presented. Trustee Seibel seconded the motion. Motion approved 5-0.

**7. For Possible Action: Consent items moved forward**

None.

**8. Presentation: Employee Recognition**  
Fire Chief Ben Sharit

Chief Sharit recognized Engineer Parson for his twenty years of service and presented the service award to him.

**9. For Possible Action: Discussion and possible action to authorize the Fire Chief to invest up to \$1,500,000 based on Investment Report and Recommendations.**  
Wayne Omel, Financial Advisor - Edward Jones (via phone)

Omel explained that currently the Money Market Fund Investment Shares (MFIS) for the fire district are at \$939,635.01. Additionally, the fire district has one CD from Santander Bank due on 10/29/15. After this CD matures, there will be an additional \$200,000 going into the money market. The total account value of \$1,139,630.81 will increase slightly due to tomorrow's \$200,000 deposit with interest. The board will decide if there is enough liquidity or if the district is able to complete CDs. If the federal government tightens policies and raises rates, Edward Jones feels that it will be by about a quarter of a point and then will see how the market absorbs it. The market recovered from the drop from earlier this year, which was only 2% from the high.

In the quarterly market outlook, the debt ceiling of monthly rates will raise again and Omel anticipates that the government will not shut down. As far as the market outlook, in the third quarter, the Federal Trade Commission (FTP) recorded their first correction of a drop of 10% since 2011. This is the first time Edward Jones has seen volatility on a downside in a long time. However, bonds did rise in the third quarter, which helped buffer diversified portfolios from the decline in stock prices.

In the economic outlook, the job market continues to improve and the U.S. economy continues to grow at an annual rate of 2.2% in the first half of 2015. Edward Jones expects it to grow by slightly more than 2% over the next year, led by rising consumer spending due to low oil prices and employment gains. However, slower growth abroad and a strong value of the dollar are likely to continue to reduce export growth and slow overall U.S. economic growth. The Federal Reserve has indicated it believes the economy is strong enough to withstand slightly higher

interest rates. With boosting incomes, consumers feel more confident to buy big items such as cars and homes. Edward Jones believes these trends will continue to power the economy forward.

As volatility returns, the third quarter is triggered by concerns about China's growth, low oil prices and the Federal Reserve's next interest rate move. However, the S&P 500 had its best week of the year in early October, a reminder that predicting short-term market moves is nearly impossible. Despite this rebound, stocks remain down for the year at about 2%. Edward Jones believes large-cap U.S. stocks are reasonably attractive, based on the S&P 500's forward price/earnings ratio of 15.8, which is slightly above its average of 14.5 since 1983. Although mid-cap and small-cap stocks declined more sharply than large-cap U.S. stocks during the third quarter, their expected earnings growth also declined. As a result, Edward Jones believes they remain overvalued or too expensive. Edward Jones favors the large-cap stocks going into the fourth quarter. Due to interest rate moves going upward, Omel recommends staying at the intermediate, shorter term and ladder it out, meaning putting some of it out three to six months at a time, then a year, then 18 months, etc. If the board decides on CDs, he would recommend staying shorter term as well.

Omel added that if the board reviews the needs of the district and the upcoming cash flow scenarios, they may want to consider a CD or two if they feel having over a million in the money market is too much.

Chief Sharit feels comfortable with the report and thinks the district can ladder out these investments. He would like to see the liquidity of a million of the investments by July 1 and to have the \$500,000 invested for the longer term. He will coordinate this investment with Wayne at Edwards Jones upon the board's approval.

Vice Chairman Felton asked if the 1.5 million discussed in the report is in addition to the balance with what the district has in the Edward Jones' account now.

Chief Sharit replied no. This would be the total investment of new funds needed, which would be up to 1.5 million.

Vice Chairman Felton asked if Omel mentioned what the rate would be at for today.

Chief Sharit stated he did not say, but Omel mentioned that the rates might move next month, at a quarter percent. He believes the district should have the same type of investments as last year. He would ladder the CD's out even though it is a low return and then can look at the larger step up bond for the \$500,000. And a .3% rate is considered large for today's economy.

Trustee Kirschner added that according to CNBC, they feel confident that the rates will raise by a quarter of a point through December. He asked what would happen if the district left the money where it is until that happens.

Chief Sharit replied that he will not invest immediately upon the board's approval today; however, the intent is to work closely with Edward Jones and to keep the board updated on possible events. The district will likely purchase one CD in a few weeks, and purchase the others in late December, laddering them out per Omel's recommendation. Chief Sharit will keep the board updated as the district goes through this process.

Vice Chairman Felton added that if it goes up a quarter of a point, than it would double the return of a CD and it would be worth waiting a month.

Chief Sharit agreed.

Trustee Kirschner motioned to approve the action item. Trustee Kjer seconded the motion. No discussion. Motion approved 5-0.

**10. Presentation:                      Financial Statements and Report of Independent Certified Public Accountants – Post-Retirement Plan and Trust December 31, 2014 and 2013.**  
Fire Chief Ben Sharit

Chief Sharit explained that this audit report is for the Post-Retirement Plan and Trust (2013 and 2014). The report covers the accounts and financial statements and requirements of the plan to receive retirement health insurance benefits according to the Local 2441 Collective Bargaining Agreement (CBA).

Chief Sharit called the board's attention to the following pages of the report:

Page 6 - Statement of Changes in Plan Net Position

- Contributions – \$2,481,180 in 2013 and \$1,523,254 in 2014.
- Investment Income - \$615,466 (includes \$4 interest) in 2013 and \$397,921 (includes \$3.00 interest) in 2014.
- Deductions - \$488,680 in 2013 and \$532,878 in 2014 for PRT benefits.
- Net position held in trust for post-employment benefits - \$5,256,434 2013 end of year balance in 2013 and \$6,644,734 end of year balance in 2014.

Page 9 – Plan Description and Contribution Information

- Reviews the requirements to access post-retirement benefits. This language is taken directly from the Local 2441 CBA.

Page 11 - Funding Status of Plan as of January 1, 2015

- Public Employee Benefit Plan (PEBP) for the State of Nevada - Under NRS, it is a requirement for members to enroll prior to 2007 into the PEBP to make partial

payments towards retiree's health insurance based on years of service. For PEBP, there is \$110,561 in actuarial accrued liability (AAL) and \$41,920 in assets. The unfunded actuarial accrued liability (UAAL) is \$68,641 with a funded ratio of 38%.

- District (TDFPD Retirement Plan) - \$11,118,816 in AAL and \$6,604,414 in assets. The UAAL is \$4,514,402 with a funded ratio of 59%. The covered payroll is \$3,933,282 and the UAAL as a percentage of covered payroll is 115%.

Chief Sharit added that the funds have been building up since 1999 when the Post-Retirement Plan and Trust was established. The district has had an average return on investments of approximately 19% since entering the RBIF.

Vice Chairman Felton asked if there is any way to use a similar mechanism on the other district accounts.

Chief Sharit replied, no, because as a government agency, the district cannot invest into these kinds of funds due to limits by NRS at about a 3% return. The access to the RBIF was funded under a different set of laws covering PERS. This is why legislature established insurance funds similar to PERS for access to long-term investments. Unfortunately, the district cannot have access to riskier funds because we use tax dollars.

Trustee Kjer commented that he is glad the district was on the cutting edge with this plan and the returns he is seeing are great.

Chief Sharit has assisted other agencies with establishing a trust from the experience he has had working on the district's PRT. The reason the district's PRT turned out to be so successful was due to the Local 2441 negotiations from 1999, which resulted in setting aside money from salaries towards the liability each year.

**11. For Possible Action: Discussion and possible action for Resolution #15-2015 for provisional funding of up to \$1,000,000 of the Post Retirement Trust on or before June 30, 2016 for investment into Retiree Benefits Investment Fund (RBIF).**

Fire Chief Ben Sharit

Chief Sharit stated that there is up to a million dollars to transfer into the RBIF depending on the district's cash flow over the next eight months. The action item is to invest in one-third increments (\$333,333) at a time on 11/1/15, 2/1/16 and 5/1/16, which again, depends on the district's cash flow needs. If a transfer is not made due to a situation such as an insurance renewal then Chief Sharit will bring back to the board. The ability to move the funds into the trust will provide a better return.

Trustee Seibel asked if this would take the district to over 7 million.

Chief Sharit answered, yes; it would be 7.6 million forgoing any losses on the investments themselves. The total funded liability was approximately 11.1 million, close to 70%, which was the goal of the board and the union back in 1999.

Vice Chairman Felton added that the total approved liability is based on assumptions and when running the GASB report anything can change.

Chief Sharit stated yes, it could change, with the cost of insurance and the demographics of the group. He pointed out that in 2011, the AAL was \$21,911,603 and in 2012, it was \$10,259,778. This savings of over 11 million dollars is associated with the retiree's health insurance change negotiated with the Local 2441. The retiree qualifies for the benefits from the date of retirement through death and has health insurance coverage until age sixty-five. After age sixty-five, they would go to (Medicare)\_ a Health Reserved Account (HRA) with a fixed contribution.

Trustee Seibel motioned to approve the action item. Trustee Kirschner seconded the motion. No discussion. Motion approved 5-0.

**12. For Possible Action:**      **Discussion and possible action to direct the Fire Chief to proceed with the transfer of up to \$15,000 to the Post Retirement Trust Fund for operating expenses.**  
Fire Chief Ben Sharit

This item is to approve the transfer of \$15,000 from the Edward Jones fire district account to the Edward Jones PRT account to cover operating expenses. The same transfer was completed two years ago with about the same amount of money and has been spent on the district's audits. Currently, the balance in the PRT account is approximately \$1,500 and anticipates that the transfer of \$15,000 will cover operating expenses for the trust over the next two years, heading toward the goal of 100% coverage of funded liability. There are two accounts with Edward Jones, one in the fire district's name and one in the PRT board's name. With the board's approval, Chief Sharit will authorize the transfer from the district fund to the PRT fund and then wired to the state RBIF fund.

Trustee Kjer motioned to approve the action item. Trustee Felton seconded the motion. No discussion. Motion approved 5-0.

**13. For Possible Action:**      **Discussion to award a scholarship of up to \$10,000.00 to a member of the Zephyr Crew to attend paramedic school at the Regional Medical Services Authority (REMSA) – Reno, NV.**  
Fire Chief Ben Sharit

This is part of the district's recruitment and retention strategy to provide scholarships to members of the Zephyr Crew. This scholarship has been awarded to the Zephyr Crew since 2010. Past recipients include TDFPD firefighters Morgan, Sanders and Ghisletta, City of San Jose firefighter Andrew Mills and last year's recipient Michael Bartlett who is currently enrolled in paramedic school. The scholarship will be presented to the current Zephyr Crew and any interested candidates will have to submit an essay. The crew supervisor and other staff will review the essays and select the final winner. The scholarship is paid directly to REMSA on a monthly basis in case the individual does not complete the program. It is meant to enhance the career of a crewmember and to support them if they choose to become a future firefighter for Tahoe Douglas.

Chairman Schussel asked how the Zephyr Crew views this opportunity for potentially receiving the scholarship.

Crew Supervisor Schafer stated that the types of people that come to the district seeking the hand crew work are of a different caliber. They hear the possibility of getting this scholarship and it draws more motivated individuals to apply for the crew. The type of person that applies with the Zephyr Crew are not interested in working for the federal system where all they want to do is fight wildland fires. They are thinking about a long-term career in the fire service. In addition, in order to receive the scholarship, you must have experience working as an EMT and you must have served on a fire crew for at least two years. Currently, there are two qualified crewmembers eligible for the scholarship.

Trustee Felton motioned to approve the action item. Trustee Kirschner seconded the motion.

Chairman Schussel asked if TDFPD would help the candidates attain and keep the paramedic certifications up to date.

Chief Sharit replied yes. They are part of the department and we would support them with their continued education and re-certifications.

Motion approved 5-0.

**14. For Possible Action:            Discussion and possible action of the Fire Chief's Annual Performance Evaluation.**

Trustees Schussel and Seibel

Chairman Schussel first thanked Trustee Seibel for taking the lead on the evaluation this year.

Trustee Seibel thanked all trustees for turning in the completed evaluations on time. It was a simple process to compile the results and review with the chief. The chief's score for twelve

different categories was 54.45 out of 60, which is above average and excellent. Trustee Seibel thanked the chief for all his hard work and dedication to the district.

Chief Sharit thanked the board and recognized all staff who attribute to his success each day. The TDFPD team is outstanding and it is an honor to work with everyone at the fire district.

Per Legal Counsel Guinasso, there is no need for a motion on this action item. A discussion of the evaluation is fine.

**15. Report Item: Review of Monthly Fire District Activities. No action will be taken.**  
Fire Chief Ben Sharit

**Employee Years of Service Recognition:**

Engineer Fred Parson 20 years of service

**Updates:**

**Annual Audit FY 2014-15** – Anticipate having an audit draft for review at the November meeting, however, Grant Thornton will not be able to attend. The final audit should be available for review at the December meeting. The audit process has been quite involved due to a new law change (GASB 68) that regards retirement health liability for agencies in the state of Nevada. Thanked staff for working with the auditors, especially Accounting Specialist Nolting, Office Manager Warner and Accountant Johnson.

**Assistant Chief Mike Kaslin** - To start on Monday November 2. He will have an informal meeting with the trustees and the crews to discuss his vision and plan for the next 10-20 years here in the fire district.

Vice Chairman Felton commented that he knows this was a thorough, time intensive process to go through each candidate and eventually narrow it down to one. He is thankful for all staff being involved throughout this difficult process.

Chief Sharit also thanked all who participated in the recruitment process.

**FICA Alternative Plan for Zephyr Crew** - NV Deferred Comp. Board had an issue due to the NRS statues allowing the alliance partners into the state plan. Chief Sharit attended a public workshop yesterday and testified on the TDFPD board's intentions to provide this service to our seasonal firefighters. Anticipate a formal vote from the NV Deferred Comp. Board happening in the next months.



**Wellness and back health presentation for employees** - Athletic trainer out of Reno submitted proposal for program, referred by Engineer Chris Peterson. Will send Fire Marshal Guevin and Chief Sharit for a test run of the program to see how it works.

**Long Term Care Health Insurance** – Offering this program as a group plan option for employees. LTC provides services to cover in home health care outside of what your health insurance covers. Benefits are having a better rate with a group plan and a fixed amount from the day you sign up, as long as the premium is covered. Agent will be here to present program to all employees.

**Annual Insurance Bidding** – Health insurance renewal with Anthem Blue Cross, was not a realistic premium (32%), currently seeking out other alternatives.

**Attachments:**

**Zephyr Crew received excellent performance ratings** for out of district fire responses.

Vice Chairman Felton commented that it is outstanding to see positive feedback for the crew's performance from third party agencies.

**Pancake Breakfast Fundraiser** - Donation went to Northern Nevada Children's Cancer Foundation.

**Ambulance Transports** – Amount billed and revenue received are looking good for this time of year.

**Captain's Test** – Five candidates going through this process for two possible promotions.

**Consortium Test** – Carson City, NLTFPD and TDFPD are recruiting firefighter and firefighter/paramedics, up to five will be hired with TDFPD.

**Crews are working on hose testing and hydrant servicing** for the fall.

**16. Discussion:**       **Confirm next meeting, with a proposed date of Wednesday, November 18, 2015 with a start time of 3:00 p.m. and possible agenda items.**

Meeting confirmed for Wednesday, November 18, 2015 with a start time of 3:00 p.m. in the Station 23 classroom.

Possible agenda items:

- N/A

### **Adjourn**

Trustee Kirschner motioned to adjourn the meeting. Vice Chairman Felton seconded the motion. Motion approved 5-0.

**Closed Session:        Not needed at this meeting.**

This meeting was recorded on audio tape.

**Casey O’Neill  
Board Secretary  
Tahoe Douglas Fire Protection District**

APPROVED