MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE EVERGREEN FIRE PROTECTION DISTRICT
JUNE 24, 2015

The special meeting of the Board of Directors of the Evergreen Fire Protection District was held on June 24, 2015 at the Administration/Training Building, 1802 Bergen Parkway, Evergreen, Colorado.

ATTENDANCE
DIRECTORS IN ATTENDANCE: George Kling, John Anderson, Mike Gregory, Jeff deDisse, Dave Christensen
ALSO IN ATTENDANCE: Joe Stein, Mike Novick, Caine Crawford, George Tsai, Mike Weege and Carol Hucker

MEETING CALLED TO ORDER President Kling called the meeting to order at 5:35 P.M.

APPROVAL OF AGENDA: Approved as presented

WORK SESSION: Volunteer Pension Board By-Laws and Policies
An attempt was made to update the by-laws and define governance in 2011-2012 but was not completed. Attorney George Tsai from Sherman & Howard LLC informed the session that the bare minimum required is a plan document. The current one needs to be updated but this can be accomplished fairly easily. What was proposed in 2011 as a combination of bylaws and plan document is not the norm but it can be used if that is the preferred route or you can keep the state statue as the defining bylaws and update the plan document as needed. The state statute is specific as to what kind of investments you can make and what you can do with the fund. That being clarified we can go back to the plan document and begin to make the recommended updates.

Attorney Kirsten Stewart of Sherman and Howard LLC confirmed with DOLA and George Tsai provided some guidance on this as follows:

1. The long term disability benefit in Section 5.3.2 can be changed to a maximum of $600 per statute.
    - Suggest putting this in the plan document to say a minimum of $450 up to $600 maximum to have it in writing for the firefighter's reference.
2. We can adopt the optional form of survivor benefit in Section 5.5 with 65% approval of the retirees and firefighters under state statute which would allow you to increase the benefit as if the firefighter had retired at full benefits immediately prior to a line of duty death. The issue with this is the benefit is those who have greater than 10 years of service receive a greater survivor benefit and less than 10 years of service get nothing. The optional benefit requires by statute an insurance policy on each firefighter. It allows full time students up to age 23 to receive the survivor benefit. As the plan states now the survivor gets the $300 no matter how many years of service you have at the time of the line of duty death. This is a plan change that can't be decided in work session but can be discussed at the next Pension meeting in August. This is a Colorado statute not an IRS requirement. The plan is required to be tax qualified under 401 but state legislature has recognized that may not be possible so there is a bill pending for consideration in the next year or two that would overhaul all of the state statutes regarding volunteer firefighters.

A question was raised if the department holds a life insurance policy on the firefighters. (A copy of the policy will be made available at the next meeting). The question was raised if it is more economical to adopt the optional benefit provided that sufficient coverage is offered under the life insurance policy. The federal safety officers death benefit through the Department of Justice should be looked at as well. This covers volunteer EMTs and firefighters paid out though the federal government and covers dependent children through the first 6 years of their college education. There is also a state statute that provides for a tuition benefit as well.

- Further research needs to be completed before a recommendation is made.

3. The funeral benefit is currently shown as $100 in the plan. Under state statue it can be raised to $1,200. In practice it was raised to $1,000 but the document was not updated to reflect this. In order to raise it to the maximum of $1,200 it would require that an actuarial study include this.
    - Recommendation is to amend the Pension Plan to say “the funeral benefit is two times the monthly full benefit or up to the maximum allowable by the state.”
4. Eligibility requirements as defined by the resolution dated February 2000 which adopted rules for pension eligibility (Exhibit A). The only requirement under state statute is for volunteer firefighters to obtain a minimum of 36 hours of training per year. The EVFD By-laws should be reviewed to be sure there are not contradictions or more restrictions. The Pension Plan states in Section 4.4 that to be in good standing for pension credit to be received that the member must have obtained the 36 hours of training “and satisfy all other eligibility requirement as set forth in the Rules to qualify for Service credits for the year.”
    - It is strongly recommended by the attorneys to incorporate and reference the eligibility requirements in the Pension Plan. This is the first thing the IRS will look at if we ever qualify the plan. The 36 hour requirement should be expressly stated in the plan to meet statute. Other eligibility requirements are recommended to be included as an Exhibit attached to the plan and updated or revised as required when the EVFD By-laws make a change in their Article IX Section 2 Membership in good standing. This allows you to substitute in a new Exhibit as needed when changes occur to the eligibility requirements.
    - The other option is to state in the Pension Plan the 36 hours of training required by statute and to reference the definition of “in good standing” as defined in the EVFD by-laws. This direction implies a challenge by the IRS for how the pension plan eligibility is defined.

Much discussion ensued regarding the best way of differentiating between what implies pension credit and what constitutes being in good standing with the EVFD. It was determined that the requirements for obtaining pension credit should be satisfied first and then the EVFD requirements for good standing can be greater than that (% general alarms, specific training, meeting attendance, etc.) as they define in their By-laws and amend independently of the Pension Plan. In Article IV Section 4.4 of the Pension Plan it states that the EVFD will provide an annual certification of the names of members who qualify for Service credit for the year. Additionally it needs to be determined how the retirement date affects being in good standing at the time.

- The current plan does not specify that the annual certification is used to determine pension eligibility. This needs to be amended in Article IV Section 4.4 to state that “the annual certification shall be used for defining eligibility criteria which are the following” and then state the minimum to meet the state statute. It would be sufficient to state statute but not as strong from an IRS stand. This may be construed as undermining the authority of the Pension Board by relinquishing the criteria for determining qualification for pension credit. This financially can be a huge liability if the EVFD by-laws were altered to include more members and less general alarms.
- It is the recommendation of the attorneys that the plan needs to be able to be defended if the state or the IRS comes back and says it needs to be a qualified plan then we are in that position to be tax qualified to avoid being subject to penalty taxes. This is a unique situation and must work with the volunteer board since they are the ones enforcing the criteria for eligibility.

It was discussed with the attorney that 5 of the 7 current pension board members are beneficiaries of the plan. The state statue says you cannot prevent someone who is a beneficiary form serving on the board. So legally this is fine as nothing in the statute defines that a set number of board members must be non-beneficiaries. The statute does tie the district board to the pension board and there are no other restrictions to be incompliance with state law. You can vote on issues regarding the pension as long as your personal interests are not being foremost. The members of the pension board should disclose they are a pensioner by signing a conflict of interest statement for the pension board. There are additional items where actual practice deviates from the plan but were approved in previous board meetings.

- The Pension Plan document will be amended by a committee for administrative clean up and then sent to the attorneys for review before returning to the Pension Board in August

UNFINISHED BUSINESS:

Solar Power Conversion – E^2 Solar was present to answer additional questions from the board regarding the feasibility of converting to solar power and the specific stations. Originally the proposal was a 240 Kw system for estimated $625,000 with approximately a $285,000 back in energy credits over a 20 year period. This would be an approximate $900,000 savings over a 20 year period in energy costs. The cost of the project included ground and roof mounted systems. This was looked at 3 options, cash purchase, a 10 year loan at 3%, 20 year PPA. As a district we can't take out a loan, we can do a lease that is renewed annually as a lease/purchase. When you over generate electricity you can bank it with Xcel 1 Kw stored and take the 1 Kw back later or you can sell it to them at their wholesale rate of around $0.025 Kw/hour. You are paying $0.105 to buy the same electricity from Xcel. Currently the admin building is using 37 Kw at peak and it needs to be below 25 Kw to avoid peak charges for electrical use. Seven of our stations are Xcel users, station 7 is IREA. Solar panels would be clamped on the roof and can reasonably be expected to have a 20 year life expectancy. A cash purchase that is paid off in 6 years gives you approximately 14 years of being able to see a financial benefit before the panels would need to be replaced. There is also the issue being considered regarding stations one and four and what may be done with those structures in the coming years therefore they should not be part of the project under discussion. Director Kling asked what portion of a project is labor and what equipment, as a measure of consideration over the benefit to moving panels from one station to another if they are no longer viable in the initial location. Maintenance packages are able to be contracted for the equipment but those numbers come from the actual bidders for the projects. Director deDisse expressed the need to consider where the reroofing of buildings is scheduled to occur so that this expense can be factored in. The bidders for the project would include economy of scale so that the larger system of station 2 would include reduce the cost of installation at the smaller systems on the outlying stations. Breaking the project into smaller pieces based on the reroofing of locations or the replacement of buildings would increase the installation costs for those buildings in the future over doing those installations at the same time as the larger install.

There is volatility in the price of electricity now but the incentive is in the federal mandate that Xcel achieve a specific amount of renewable energy by 2020 and they are willing to pay us in energy credits to reach this requirement. Solar has a 1% market penetration now in Colorado and is projected to be 3% by 2020.

Director Gregory questioned the generation of panels with the technology and efficiencies changing so rapidly. Director Christensen responded that the sales price of panels at present is not going to be significantly impacted by change in efficiency for this segment of the market. The economic benefit of changing the panels in 10 years isn't there even if they are smaller or more efficient. Director deDisse would like to see the cost of each station for installation independently and what its recovery of that cost would be since the actual Kw used is minimal in some places. E^2 explained that each system would be sized for the needs of that station and the breakeven period for that station as a stand-alone would be longer but because they can be bundled in to the larger system purchase then the break even is the same as the larger install. Director Kling asked if it is possible to bid them both as a whole and as smaller staggered installations so that the district is better able to determine a direction for viability of the smaller stations. Director deDisse asked if it is cheaper to lower the ceiling and insulate to reduce consumption rather than the cost of installing solar. Energy efficiency was looked at as part of this process and there are areas that can be revised to improve the efficiency of that station. Director Kling proposed that Director Christensen prepare an RFP and come back to the board for consideration of the proposal. Our attorney Linda Glesne has indicated that an RFP is a good practice to follow even if this project does not include construction in the traditional sense. A letter of intent with E^2 is to authorize them to obtain multiple bids and present them to us for consideration. An RFP can be written to ask for bids that include the whole project as well as proposals for the installations to be in pieces. This will allow them to be able to specifically direct bidders to break out the way we want to see the bids. Director deDisse felt that providing specific directions through an RFP that we would like to see the cost of the whole, vs. the cost of big and small installations per station, what the pay back on each station vs. the whole would be. E^2 is able to put out for bid with an RFP if that is our preference to obtain the best possible bids under the condition that we may choose not to pursue any of the bids rather than do the letter of intent bids and then have to turn around and repeat the process with an RFP.

It was suggested that Director Christensen come to the next board meeting with a proposal to write an RFP for a Solar Conversion. If the Board agrees to the proposal then the administrative staff will write an RFP which will be submitted to attorney Linda Glesne for review. Upon completion of her review and changes the RFP will be returned to the board for approval and then will be sent out for bid. Further discussion ensued about the benefits of a letter of intent versus an RFP. E^2 was excused and the district board continued to discuss the concerns of a solar installation. Director deDisse asked where the funding would come from for this project. His concern is that if we spend all of our available funds on this project then we won't have the funds if we need them for any emergency purchases for equipment or other items. We have 3.5 million in savings at present but this expense would require a budget amendment. It was questioned how this effects if we need to go to the community for a mill levy increase in the near future? What capital expenses would have to be delayed in order to spend this amount now? The largest expenditure is projected to be in 2020 for Station 1.

The board returned to the comparison of the letter of intent vs. an RFP. It was determined that an RFP will get us to the conclusion of the process more quickly. Director Christensen will come to the board at the July meeting with a proposal for an RFP to be prepared and issued for the purpose of receiving bids for a solar installation in whole, as smaller phased installations and that all bids may be rejected if the board of directors concludes that the project is not financially viable.

MEETING ADJOURNED: Director Christensen moved for adjournment; seconded by Director Gregory, motion carried. Meeting was adjourned at 9:10 pm.

NEXT MEETING DATE

401a Pension Board Meeting July 14, 2015 at 5:00 pm in Training Rooms A & B
Regular District Board Meeting July 14, 2015 at 5:30 pm in Training Rooms A & B

Respectively Submitted,
Carol Hucker
Recording Secretary