

RECORD OF BOARD MINUTES

Boone County, Kentucky

August 08, 2012

The Point Pleasant Fire Protection District Board of Trustees met in regular session at the Point Pleasant Fire Station, Marshall Station, 3444 Turfway Road, Boone County, KY at 9:00 AM on the 8th day of August 2012, with a quorum present:

Chairman Ed Divine

Trustee Eric Seibel

Treasurer Debbie Newman

Chief Michael Giordano

Secretary Arthur Crowe

Council Gwen Vice

Trustee James Rice

Members absent: Trustee Brian Laws and Trustee M.L. Thinnes

CALL TO ORDER

Chairman Divine called the meeting to order at 9:00 AM.

SPECIAL PRESENTATION/CHANGE OF ORDER

The Chair called for a change of order to recognize Boone County Property Valuation Administrator, Cindy Arlinghaus, who was present at the meeting. Chief Giordano prepared and distributed an information packet (attached). The information in this packet was reviewed in depth. Ms. Arlinghaus gave a presentation on the current status of the District's current and projected revenue collections.

Ms. Arlinghaus reviewed the decline in real property valuations due to property re-assessments as a result of the declining economy and these properties have a large vacancy rate. There is an increase due to the fact that DHL paid off their IRB early and are back on the roll.

There is also a significant decrease in tangible tax assessments this year to the amount of about \$90M. This is due in large part that United Radio has not reported yet, and the reporting system is on an "honor system". Last year they reported \$58M in inventory. She is pursuing this and the Boone County PVA office is set up to process late filings at any time during the fiscal year, which is different than what the State typically does by waiting until the following fiscal year to process funds and penalties.

There is also a discrepancy in tangible reporting since DHL was incorrectly coded as Hebron. This will add an additional \$28M in assessments.

Ms. Arlinghaus reviewed the status of the Avio FTZ zone dispute. This FTZ has not been activated. She advised there is disagreement in Frankfort to this fact, but she is trying to get them on-board to support our stance in the FTZ dispute. The statute that Avio references in their request no longer exists. This issue has been on-going for more than a year. This is a \$78M assessment dispute.

Ms. Arlinghaus finished by giving short explanation of how Boone County valuation process works.

MINUTES OF JULY 2012 DISTRICT BOARD MEETING

The chair asked if there were any additions, corrections, or deletions to the minutes from this meeting. No changes were noted.

The chair entertained a motion to dispense with the reading of the minutes from this meeting. Motion made by Trustee Crowe; seconded by Trustee Newman. Motion carried; all in favor.

The chair entertained a motion to accept the minutes from this meeting as recorded. Motion made by Trustee Crowe; seconded by Trustee Newman. Motion carried; all in favor.

TREASURER'S REPORT

The Treasurer's report was submitted for all to review.

Special attention was brought to the following items:

1. Chairman Divine inquired about the individuals noted on the report, indicated by "Internship". Treasurer Newman advised it was re-imbusement for eligible expenses by one of our intern personnel. Chief Giordano noted that the University of Cincinnati expense listed was for Paramedic classes that were being run through tuition assistance.
2. Trustee Crow inquired about the payments to St. Elizabeth and if this was for the wellness plan. Chief Giordano advised it was for physicals, we have not initiated the wellness plan yet.
3. Treasurer Newman advised she did shift funds from the Bank of Kentucky insurance premium to general fund because the interest rate is higher.

The chair entertained a motion to accept the Treasurer's Report as submitted. Trustee Seibel moved accept; seconded by Trustee Rice. Motion carried; all in favor.

CHIEF'S REPORT

Chief's report was distributed. Specific discussion was given on the following points:

1. Lt. Brotherton is still out on medical leave until further notice. Trustee Newman inquired about when she will be released. Chief Giordano advised she has been in contact with us, but her releases have been limited in duty and restricted her from full duty. We are already paying increases in workmen's compensation due to the increased risk module. It is in the best interest of the District not to return her to work until she completes the work hardening program St. Elizabeth offers us and she has been released to full duty.
2. Asst. Chief Seibel released a memo to in regards to the heat. The uniform policy was relaxed briefly to allow t-shirts only on days when the heat index reaches dangerous levels.

3. One of our young volunteers, Andy Stiegerwald, was involved in a severe motorcycle crash two weeks ago. Our personnel will be following up on his condition, but he will be out for some time.
4. We have advertised and distributed applications for part-time Firefighter/Paramedics as part of progress on the ALS program. We are following up with internal personnel to see who is interested in becoming paramedics. The next step in the program is to advertise and contract with a medical coordinator. Chairman Divine inquired if we have completed a job description for Paramedics and completed a salary structure. Chief Giordano advised the Job Description has been completed, but the salary structure is being investigated and in progress. This and regular employment increases have not been completed as of yet because we are waiting to determine what is going on with tangible taxes. Trustee Newman inquired if we had created packets for the medical directors as we have for the paramedics. Chief Giordano advised we have not as of yet as we wanted to make contact with a few of the physicians and explain the level of activity we wanted our medical director to have in the program. Chief Giordano again re-iterated his position that he is not happy that we have pursue this route.
5. Requested action from Board to accept Tyler Remly as probationary candidate.
6. Asst. Chief Bill Martin was inducted into the KFA Hall of Fame at this year's convention. The department extends hearty congratulations to him on this well deserved life achievement. Chief Giordano was on hand for the awards ceremony.
7. Per request of Div. Chief Dadoski of the Cincinnati Fire Division and co-chair of the SOSINK UASI region, Captain Rice displayed the new ventilation 1367 with other SOSINK UASI resources at the Ohio Fire Chief's Association annual conference in Sharonville, Ohio. This request was fulfilled as a favor to Chief Dadoski who was a champion to identify and secure the grant funding that was used to purchase this vehicle. We did receive a couple letters of thanks that were archived into this month's District file.
8. Aerial construction is progressing. There are photos of the progress on the rear wall in the training room and on the District server. We should send personnel to FL for the inspection trip during the first or second week of September. It is progressing on schedule. The second part of this project is to prepare the current ladder for sale as soon as the new ladder goes in service.
9. We have contracted with a third party vendor to re-build and host the District website. The website will be able to be accessed, maintained, and updated by our personnel after implementation. It should be operating prior to next month's (September) District Board meeting at the earliest and the October District Board meeting at the latest. This website will be used to streamline reporting requirements, information flow, and serve to create more transparency for the District. Chairman Divine requested that the language on the website be changed to reflect District as opposed to Department.
10. The new Tahoe is in service
11. **L-1360**- Had an with its communications system that is being addressed.
12. As reported last month, the ice machine was continuing to have problems. It has now completely failed. Captain Groneck is researching ideas and alternatives to ice coolers and/or repair machine until funding is identified to replace the unit. Chief Giordano

advised to milk it along until we can get a grip on finances. All discretionary spending has stopped.

13. The dishwasher is in need of repair. It is being addressed by Captain Groneck.
14. The tax rate must be voted on, approved by this District Board, and submitted by statutory requirement no later than September 6th.
15. As discussed during the last meeting, Chief Giordano completed a thorough review and comparison of our VFIS submitted by KY Public Entity Programs (current insurance carrier), and a recently submitted proposal from ESIP (Emergency Services Insurance Program) submitted by Risk Mgm't Solutions, Inc. Review included insurance limits; inclusions; extensions; deductibles; and aggregates. The review compared all of policies Property, Auto, General Liability, Crime, Portable Equipment and Umbrella. While both policies offer very similar coverage, it appears the ESIP proposals provides higher limits in General Liability (10 million vs. 3 million); however they do have slightly higher deductibles within the Portable Equipment and Property polices (\$250 vs \$100 and \$250 vs \$500 respectively). ESIP's proposal is \$17,256.12 and VFIS's quote is \$23,781.03; difference of \$6,524.91 (27.4% savings). Based on review and comparison Chief Giordano recommended accepting ESIP's Insurance Proposal for FY2013. Chairman Divine entered into contract as approved at the last Board meeting.
16. At this time there have been no changes to the worker's compensation or umbrella policy as we have an active claim.
17. Grants: No movement for the most part. Grants were submitted to AFG and KOHS to offset capital costs if the District goes ALS.
18. Chairman Divine inquired about the Boone Fire Chief's meeting in the report. Chief Giordano advised this is a monthly meeting that rotates location throughout the County. We are hosting next Wednesday, and the Board is welcome to attend and have lunch. In the past few years we have hosted at Receptions, but Chief Giordano is cooking chili this year to offset costs.

COMMITTEE REPORTS

POLICY & PROCEDURES

No report.

EMPLOYEE RELATIONS

No report.

BUDGETING & FORECASTING

No report.

RETIREMENT

No report.

ELECTIONS & APPOINTMENTS

Secretary Arthur Crowe submitted his resignation as Secretary of the District (attached) and expressed his interest in seeing Eric Seibel fulfill this role if he was willing. The Chair entertained a motion to accept the resignation from Arthur Crowe. Motion made by Treasurer Newman; seconded by Trustee Rice. Motion carried; all in favor. The Chair declared the position of Secretary open and asked for nominations. Trustee Rice nominated Eric Seibel; seconded by Treasurer Newman. There were no other nominations. Motion carried; all in favor.

Trustee Crowe wanted the Board to know that he was very grateful to be nominated and glad to serve in that role for the past six years. However, with his commitment to his employment at the track and the availability of Trustee Seibel at the station to sign documents, he felt this was for the best.

INTERNSHIP

No report.

WORKER'S COMPENSATION

We do have an increase in experience modification and this will significantly increase what we pay annually. This increase is a direct result of our individual claims and will remain in place for at least three years before it can be lowered back down. Treasurer Newman asked if there would also be a significant increase to the accident and sickness policy. Chief Giordano advised he did not anticipate a significant increase, but he did anticipate an increase.

POLICY AND PROCEDURES

Trustee Seibel brought up that we were supposed to vote on the proposed change to Chapter 1 of District Policy at the July meeting, but he forgot to present it at that meeting. The information was originally presented at the June District Board meeting.

HEALTH INSURANCE AND BENEFITS

Treasurer Newman advised that the Boone County partners voted to keep the rates the same for this fiscal year.

VEHICLE STATUS

Included in distributed Chief's report.

UNFINISHED BUSINESS

Chairman Divine noted the update on the aerial was already discussed in the Chief's report.

In reference to the old 1367, Chief Giordano advised there is no new information on this unit.

The Chair inquired about the changes in the Erlanger ALS service. Chief Giordano advised we put them on notice that we would be starting on our service in the next calendar year, no specific date was set.

Council inquired about the worker's compensation and stated that it was his belief that the fact that we had a claim pending now should affect who we contract with as the underwriter. It is claims based, and the carrier at the time of the claim would still be responsible. Chief Giordano advised he would investigate going ahead and switching now.

Chairman Divine inquired about financing ladder 1360. Chief Giordano gave a summary of the information he has received from KACO. Chief Giordano advised there are two options for financing. The first is to continue the existing lease on the building for 25 years and secure an additional loan for the aerial. The problem with securing the additional loan for the aerial is the longest term is 10 years. The District's objective is to reduce impact on cash flow. If we pursue this route, the debt service will be \$102,826 for both loans per year for 4.55% on the building and 3.55% on the aerial. Option two would be to refinance the existing debt on the building (\$780,327) and include the additional principal on the truck (\$550,000) into one debt service of \$1,330,327. This will be done through a KACO fixed rate bond at 3.48% so the debt service would be between \$69K - \$70K for both. The cost of doing this is \$44K, but it is rolled into the debt. One of the logistical issues is that the next bond series is not going to happen until September, October, November, or perhaps as late as January. Payment for the aerial will be needed in September so a traditional loan may need to be taken for a small period of time and when the bond issues are done, it will be rolled in and we will have one payment. KACO will handle this issue. This one annual payment of principle and interest is forecast at \$73,859 per year for 30 years. Right now the remaining term on the building is 25 years at 4.55%. This would be 30 years at 3.48%. Chief Giordano recommended rolling the aerial into the building loan. This would reduce the down payment for the aerial from \$150K to \$100K (which would reduce the impact on reserves) and would reduce debt service from \$117,000 annually to \$73,859 annually and would help improve cash flow. Chairman Divine inquired about the specifics of the contract and payment penalties. Chief Giordano advised the payments were fixed for the first ten years, but after that date the District could make a higher payment to pay down principle or pay off the loan altogether. Treasurer Newman advised if the District had extra cash after each payment was made, it could be placed in a CD and applied to the principle at the end of ten years. Treasurer Newman inquired about the length of the loan and how much impact that would make upon payment if the terms were shortened. Chief Giordano advised he would investigate it to see what impact it made upon the payment and report back to the board.

The Chair entertained a motion to follow the recommendations of Chief Giordano and enter into contract with KACO to roll both the building and aerial into one thirty year fixed loan at an interest rate of 3.48%. Motion made by Trustee Newman; seconded by Trustee Rice. Motion carried; all in favor.

Trustee Rice inquired about the reduced year terms. Chairman Divine advised if findings indicate that a reduced year loan is more beneficial, we can make an amendment to the motion at the next month's meeting.

PETITIONERS & COMMUNICATIONS

No Report

EXECUTIVE SESSION

No need was identified to enter into executive session.

NEW BUSINESS

Chief Giordano requested a resolution from the Board addressing Assistant Chief Martin's induction into the KFA Hall of Fame and perhaps some other form of recognition down the road. Chairman Divine advised he would draft a resolution.

Chairman Divine acknowledged that he signed the contract with the new insurance provider, ESIP.

Chief Giordano gave a brief presentation in regards to the 2012-2013 tax rate (packet attached).

Chief Giordano gave specific attention to:

- Total assessments have dropped over the past two years;
- There has been a slight increase in real property this year;
- There is still a lot of incomplete information to include:
 - Several properties were improperly reported to other Districts;
 - Several properties have not reported at all yet;
 - DHL paid off their IRB early and will be back on the roll;
 - Avio still has not paid taxes or back-taxes.
- Specifics of what the District is legally allowed to collect taxes for and what is exempt.
- Exempt properties (churches and FTZ), if not exempt, would put @ another \$1.7M into the District's annual budget. There is no monitoring to ensure items are correctly accounted for in reporting. Chief Giordano advised the only monitoring system we have is internal review to ensure there are no major shifts.
- The trend is that more property is being classified as exempt and less property is available for the District to Tax.
- The current District tax rate is \$1.75 per \$1,000
- The compensating tax rate, based on current certified numbers is \$1.97 per \$1,000
- The compensating rate place 4% (permissible under KRS) is \$2.05 per \$1,000; which is over \$2.00, (the maximum permissible.)
- A time-line was proposed should the Board wish to change that tax rate. This time-line would accommodate the required special meeting, yet keep ensure the Board could pass by September 6 and keep compliant as required by KRS. This would not be necessary if the Board voted today to maintain the current rate.

Trustee Newman inquired about the rate, compensating rate and the amount of revenue each would generate. Chief Giordano advised he could not fact this at this time because the current numbers were so inaccurate because of the missing information.

Chief Giordano's recommendation was to maintain the current tax rate at this time since there is still so much missing information from the revenue cabinet.

The Chair entertained a motion to pass resolution and maintain the current tax rate at \$1.75 per \$1,000 assessed tangible property. There will be no need for a special meeting for a hearing

since the tax rate will not change. Motion made by Trustee Seibel; seconded by Trustee Rice. Motion carried; all in favor. The Chair then counted a roll-call vote:

- Secretary Seibel: Aye
- Trustee Rice: Aye
- Trustee Crowe: Aye
- Treasurer Newman: Aye
- Chairman Divine: Aye
- Members absent; not present to vote:
 - Trustee Laws
 - Trustee Thinnes

Chief Giordano recommended the District also set the ad velorum for motor vehicle taxes at the current rate of \$1.00. The Chair entertained a motion to set the ad velorum tax at \$1.00. Motion made by Trustee Crowe; seconded by Trustee Rice. Motion carried; all in favor.

Chairman Divine advised he would draft a resolution in regards to the new tax rate.

The Chair entertained a motion to accept the proposed changes to Policy Chapter 1. The proposed changes to this policy were displayed on the monitor by Trustee Seibel (attached). Motion made by Trustee Newman; seconded by Trustee Crowe. Motion carried; all in favor.

The Chair entertained a motion to accept Tyler Remly as a probationary candidate. Motion made by Trustee Rice; seconded by Trustee Newman. Motion carried; all in favor.

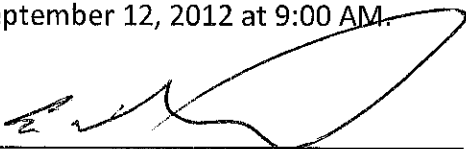
Chairman Divine advised he will draft a resolution to recognize Assistant Chief Bill Martin's accomplishment. He deferred further recognition or awards to Chief Giordano and Assistant Chief Seibel.

Chief Giordano advised Captain Baker, as President of the Firefighter's association, wanted to re-initiate the banquet/holiday celebration. He recommended that the Firefighter's fund could offset the costs. Chief Giordano asked if there were no objections from the Board, he would like to authorize Captain Baker to go ahead and pursue plans for this event. General agreement of the Board was to pursue this venture.

ADJOURNMENT

The Chair entertained a motion to adjourn. Motion made by Trustee Newman; seconded by Trustee Rice. Motion carried, all in favor. Meeting adjourned at 11:06 AM.

The next Point Pleasant Fire District Board Meeting will be at the Marshall Station on September 12, 2012 at 9:00 AM.



Mr. Eric J. Seibel
Secretary
Point Pleasant Fire Protection District
Board of Trustees