

Rancho Adobe Fire Protection District

11000 Main Street
P. O. Box 1029
Penngrove, California 94951

Telephone: (707) 795-6011
Fax: (707) 795-5177
www.rafd.org

DRAFT

MINUTES OF THE FINANCE COMMITTEE MEETING MARCH 29, 2023 — 9:00 A.M. PENN GROVE FIRE STATION - 11000 MAIN STREET PENN GROVE, CALIFORNIA

I. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE

Committee Chairman, Mark Hemmendinger, called the Finance Meeting to order at 9:00 a.m. The agenda for this meeting was posted on March 24, 2023.

Directors Present: Mark Hemmendinger, Bob Moretti, Ray Peterson (arrived at 9:41 a.m.)

Staff Present: Chief Veliquette, Herb Wandel, Eric Gromala, Andy Taylor, Jennifer Bechtold

Minutes Conducted by: Jennifer Bechtold

The Pledge of Allegiance was said.

II. ORAL AND WRITTEN COMMUNICATIONS

A. Citizen Business/Public Comments on Items not appearing on Agenda

There was no comment from the public.

III. FINANCIAL OFFICERS REPORT

A. Discussion and Review of FY 2023/2024 Preliminary Budget

Chief Veliquette presented the current year-to-date budget to the finance committee and an accounting of where the fiscal year may end. Current projections show a potential rollover of \$643,711. Most of this rollover is due to supply chain issues as well as facilities projects that are in progress, but have not been completed.

The finance committee further discussed the preliminary budget for FY 23/24. Revenue projections are \$7,824,284 which is an increase from the current year of \$213,366. Property taxes have a conservative increase of 3%. Expenses are projected to be \$7,675,670 and pay increases have not been factored into wages and benefits to date.

B. Discussion on CalMuni Unfunded Liability Report

The finance committee reviewed the unfunded liability report provided by CalMuni Advisors. While long-term figures are bleak, the District has four options to consider for FY 23/24 in an effort to meet our Pension Management Policy adopted in 2021.

These options are:

- 1.) In order to meet the 95% funded pension policy plan, make an Annual Discretionary Plan (ADP) of approximately \$640,000.00.
- 2.) Eliminate negative amortization through ADP's totaling \$163,000.00. Implementing this strategy of striving to eliminate negative amortization yearly (calculating the ADP amount by 6.8%) is projected to save the District approximately \$593,000 over the 20-year UAL repayment period.
- 3.) The District has capital projects needs in FY 23/24 totaling \$1.35 million. With reserves available to fund these projects, the District should consider how to optimize these funds and consider financing those projects and making UAL cash payments to PERS or to a Section 115 Trust. CalPERS UAL carries a 6.8% interest cost, while tax-exempt capital interest rates may be as much as half this amount. This strategy could save the District over \$1.1 million over 20 years.
- 4.) After making ADPs to achieve 95% funded target, adding discretionary contributions to a 115 Trust to offset future UAL balances. Section 115 Trusts allow investments in higher risk profiles as allowed under general government code while providing greater opportunities for investment growth.

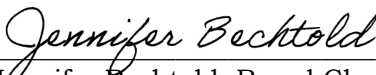
CalMuni has also offered ways to combine the above strategies to maximize benefits to the District.

III. ADJOURNMENT

With no further business to discuss, the finance committee meeting was adjourned at 11:49 a.m.

Motion moved by Mr. Moretti and seconded by Mr. Peterson.

Respectfully submitted,



Jennifer Bechtold, Board Clerk