



Todd Harms
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

BOARD OF DIRECTORS - REGULAR MEETING

Thursday, July 22, 2021 – 5:00 PM

Sacramento Metropolitan Fire District

10545 Armstrong Avenue

Board Room – Second Floor

Mather, California

&

Remotely Via Zoom

Phone: (669) 900-6833

Webinar ID: 848 8731 2255#

Passcode: 248 560 386#

The mission of the Sacramento Metropolitan Fire District is to provide professional and compassionate protection, education and service to our community.

The Governor has declared a State of Emergency to exist in California as a result of the threat of COVID-19 (aka the "Coronavirus"). The Governor issued Executive Order N-25-20 and N-29-20, which directs Californians to follow public health directives including canceling large gatherings. The Executive Order also allows local legislative bodies to hold meetings via conference calls while still satisfying state transparency requirements.

On June 11, 2021, the Governor issued Executive Order N-07-21, which formally rescinded the Stay-at-Home Order (Executive Order N-33-20, issued on March 19, 2020), as well as set the framework for a gradual, risk-based reopening of the economy. Given the new framework and to facilitate this process, the meeting of the Board will be available in person and via Zoom at the location and phone number listed above. The Public's health and well-being are the top priority for the Board of Directors of the Sacramento Metropolitan Fire District and you are urged to take all appropriate health safety precautions. **If you prefer viewing the meeting via the Zoom Application, please contact Interim Board Clerk Dehoney via email at the address listed below.**

Members of the public seeking to attend and to address the Board who require reasonable accommodations to access the meeting, based on disability or other reasons, should contact the following person at least forty-eight (48) hours in advance of a Regular meeting to make arrangements for such reasonable accommodations:

Michelle Dehoney
Interim Board Clerk
(916) 859-4305

dehoney.michelle@metrofire.ca.gov

The Board will convene in open session at 5:00 p.m.

Matt Kelly
Board President
Division 7

Cynthia Saylor
Board Vice President
Division 1

D'Elman Clark
Board Secretary
Division 6

Grant Goid
Board Member
Division 2

Randy Orzalli
Board Member
Division 3

Ted Wood
Board Member
Division 4

Jennifer Sheetz
Board Member
Division 5

Gay Jones
Board Member
Division 8

Walt White
Board Member
Division 9



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REGULAR BOARD MEETING AGENDA

THURSDAY, JULY 22, 2021

CALL TO ORDER

ROLL CALL

PLEDGE TO FLAG

METRO CABLE ANNOUNCEMENT

The Open Session Meeting is videotaped for cablecast on Metro Cable 14. Replay on Monday, July 26th at 6:00 pm and Thursday, July 29th at 9:00 am on Channel 14; Webcast at www.sacmetroable.tv.

Page No.

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATOR

*

Pursuant to California Government Code Section 54957.6

A. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Sacramento Area Fire Fighters Local 522

B. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Battalion Chiefs Bargaining Group,
Sacramento Area Fire Fighters Local 522

C. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Administrative Support Personnel (ASP)
Affiliate of Sacramento Area Fire Fighters Local 522

D. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Safety Senior Management, Management
and Unrepresented Confidential Employees

E. District Negotiator: Jack Hughes, Liebert Cassidy Whitmore
Employee Organization: Non-Safety Senior Management, Management
and Unrepresented Confidential Employees

2. Pursuant to California Government Code Section 54956.9 (a) – one (1) matter of Industrial Disability Retirement.

**

Douglas Dolezal and the Sacramento Metropolitan Fire District
Claim # SMDS - 550412 – Industrial Disability Retirement
Deputy Chief Gregory Casentini

REPORT OUT FROM CLOSED SESSION

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON AGENDA

The Board of Directors of the Sacramento Metropolitan Fire District appreciates and encourages public interest and welcomes questions and opinions at its meetings. Public members desiring to address the Board are requested to first be recognized by the presiding officer and identify themselves for the record. The presiding officer may in the interest of time and good order limit the number of public member



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REGULAR BOARD MEETING AGENDA

THURSDAY, JULY 22, 2021

presentations. Speakers' comments will be limited to **three minutes** (Per Section 31 of the Board of Directors Policies and Procedures).

In accordance with Section 31 of the Board of Directors Policies and Procedures, members of the Public requesting their written comments be read into the meeting record must be present or have a representative present to read their comments during the time allotted.

CONSENT ITEMS

Matters of routine approval including but not limited to action summary minutes, referral of issues to committee, committee referrals to the full Board, items that require yearly approval, declaration of surplus equipment, and other consent matters. Consent Agenda is acted upon as one unit unless a Board member requests separate discussion and/or action.

CONSENT ITEMS

1. **Action Summary Minutes** 5
Recommendation: Approve the Action Summary Minutes for the Regular Board meeting of July 8, 2021.
2. **Disclosure of Material Expenditure –High Availability Firewalls – Entisys360** 10
Recommendation: Authorize payment of \$167,029.23 to Entisys360 for High Availability Firewalls.
3. **Memorandum of Understanding (MOU) by and between the Sacramento Metropolitan Fire District and California Fire Mechanics Academy** 11
Recommendation: Authorize the Fire Chief or his designee to execute the MOU with the California Fire Mechanics Academy.

ACTION ITEMS

1. **Industrial Disability Retirement – Engineer Douglas Dolezal** **
Recommendation: After discussion in Closed Session, consider adopting a Resolution finding Engineer Douglas Dolezal has suffered job related injuries and is eligible for an Industrial Disability Retirement.

PUBLIC HEARING (Facilitated by Interim Board Clerk Dehoney)

1. **Refinancing of 2011 Lease Revenue Bonds** 15
(Ken Campo, Interim CFO and Rick Brandis, Oppenheimer & Co.)
Recommendation:
 - a. Conduct a Public Hearing to initiate a refinancing of the currently outstanding 2011 Lease Revenue Bonds.
 - b. Upon conclusion of the public hearing, approve staff's recommendations and adopt a resolution approving the financing and all related documents.

REPORTS

1. **PRESIDENT'S REPORT—(President Kelly)**
2. **FIRE CHIEF'S REPORT—(Chief Harms)**
OPERATIONS' REPORT – (AC Greene)



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REGULAR BOARD MEETING AGENDA

THURSDAY, JULY 22, 2021

3. SMFD – FIREFIGHTERS LOCAL 522 REPORT

4. COMMITTEE AND DELEGATE REPORTS

All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.

A. Executive Committee – (President Kelly)

Next Meeting: TBD

B. Communications Center JPA – (DC Wagaman)

Report Out: July 13, 2021 at 9:00 AM

Next Meeting: August 10, 2021 at 9:00 AM

C. California Fire & Rescue Training JPA – (Chief Harms)

Next Meeting: September 16, 2021 at 4:00 PM

Location: 3121 Gold Canal Drive
Mather, CA 95670

D. Finance and Audit Committee – (Director Orzalli)

Next Meeting: August 26, 2021 at 5:30 PM

E. Policy Committee – (Director Goad)

Next Meeting: August 12, 2021 at 5:30 PM

BOARD MEMBER QUESTIONS AND COMMENTS

ADJOURNMENT

NEXT BOARD MEETING(S):

Unless specified differently, all meetings of the Board are held at Sacramento Metropolitan Fire District, 10545 Armstrong Avenue, Mather, CA

- Next Board Meeting – August 12, 2021 at 6:00 PM


The following action and presentation items are scheduled for the next board meeting agenda. Board members are requested to identify additional action or presentation items they desire to be scheduled on the agenda.

ANTICIPATED AGENDA ITEMS: TBD

Posted on July 19, 2021

Michelle Dehoney, Interim Clerk of the Board

* No written report

**  Separate Attachment

DISABILITY INFORMATION:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (916) 859-4305. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

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ACTION SUMMARY MINUTES – REGULAR MEETING

BOARD OF DIRECTORS SACRAMENTO METROPOLITAN FIRE DISTRICT Thursday, July 8, 2021 Held Remotely Via Zoom

CALL TO ORDER

The meeting was called to order at 6:00 pm by Vice President Saylor. Board members present: Clark, Goold, Jones, Saylor, Sheetz, White and Wood. Board members absent: Kelly, and Orzalli. Staff present: Chief Harms, General Counsel Lavra, and Interim Clerk Dehoney.

PUBLIC COMMENT: None.

CONSENT ITEMS

Action: Moved by Wood, seconded by Clark, and carried unanimously by members present to adopt the Consent Calendar as follows:

- 1. Action Summary Minutes**
Recommendation: Approve the Action Summary Minutes for the Regular Board meeting of June 24, 2021.
Action: Approved Action Summary Minutes.
- 2. Fiscal Year 2020/21 Budget Amendment**
Recommendation: Adopt a resolution amending the District's FY2020/21 General Fund budget to reflect additional wages and benefits expenditures.
Action: Adopted Resolution No. 2021-075.

ACTION ITEMS

- 1. Nomination of Special Districts Representative for the Sacramento County Treasury Oversight Committee (Chief Harms)**
Recommendation: Consider nominating one candidate for Special Districts Representative for the Sacramento County Treasury Oversight Committee.
Action: Moved by Wood, seconded by Jones, and carried unanimously by members present to nominate Controller Ronald Empedrad for Special District Representative for the Sacramento County Treasury Oversight Committee.

REPORTS

- 1. PRESIDENT'S REPORT – (President Kelly)**

No Report.

- 2. FIRE CHIEF'S REPORT – (Chief Harms)**

Recruitment

Single Role Paramedic - EMT, Final Filing Date 7/9 4PM

Single Role Paramedic - Paramedic, 7/30 4 PM

Business Applications Analyst (IT Division), Final Filing Date 7/9 4 PM (Internal Only)

Retirement

Effective 6/28, Captain Peter Danielski – 31 years of service

Meetings

7/1 CA Metro Fire Chiefs Monthly Conference Call

7/6, Fire Academy 21-1 first day – Executive Staff Expectations Meeting

- 22 recruits
 - 14 paramedics - transitioning from Single Role Paramedic
 - 4 paramedics – new hires
 - 4 EMTs – new hires

7/7 SRP Academy 21-1 Badge Pinning

- 5 Single Role Paramedics
 - 2 paramedics
 - 3 EMTs

OPERATIONS’ REPORT – (Deputy Chief Mitchell)

The Operations Report began with Captain Bryce Mitchell providing an update on Air Operations. He relayed that this has been an extremely busy year for Air Operations. There were some difficulties with brown-outs in 2020 due to a pilot shortage as well as some maintenance issues with the copters, which have all been resolved and because of this, there have been no brown-outs due to staffing issues in 2021 He also mentioned that due to increased capability on Copter 1, it now matches the capabilities of Copter 2 which will result in better service delivery. He described that there have been multiple hoists over the last few months including one on a night hoist in where the Copter was dispatched, and had the very critical patient at the hospital within 1 hour and 40 minutes. Without the assistance of the Copter it is likely that this patient would not have survived. Captain Mitchell thanked the Board, Local 522, and Operations for all of their support of the program as without it, this resource would not be available in this area.

Chief Mitchell then reported that since the last board meeting on June 24, 2021 there were 4,154 total calls with 20 building fires, 10 of which were within our jurisdiction.

Chief Mitchell also presented an overview from the July 4th holiday weekend which included the following information:

Total entered calls for service at Dispatch “Regionally”:

Calls Entered Regionally – SRF ECC	3-Jul	4-Jul	5-Jul
2020	616	872	613
2021	634	963	719
% Increase	10.50%	17.30%	3%

Peak (1800-0300) calls for service "Regionally":

Regionally	July 4, 1800 - July 5, 0300
2020	267
2021	231
% Decrease	-13%

Fire type incidents during peak (1800-0300) hours "Metro Only":

METRO INCIDENTS	
Final Type	Count of Incident
CS3	1
DUMP	19
FEN	2
G	18
IB	1
OT1	31
S2	2
S3	7
TRA	4
TREE	9
VF	1
Grand Total	95

It should be noted that these are the total number of dispatches with a proximity close to the fourth, however their cause and origins are still under investigation.

Chief Mitchell highlighted a few incidents from the North Highlands area including three working structure fires within a small geographic area (1.5 mile radius) in a short time frame on Floral Drive, Tippwood Way, and Dutch Flat Drive. All three houses were occupied and had citizens removed with the assistance of fire personnel. Chief Mitchell commended the crew on an excellent job of reassigning resources to provide adequate coverage. He also mentioned that there was one additional structure fire incident in Fair Oaks that occurred on July 2nd which also involved a rescue.

Chief Mitchell then handed the presentation over to Deputy Chief Wagaman to cover the Arson Investigation and Community Risk Reduction coverage from the Fourth of July. Chief Wagaman reported that it was anticipated there would be a significant increase in calls this year. In conjunction with Deputy Fire Marshal Fields and Fire Marshal Barsdale, a plan was put in place to ensure there would be adequate investigatory staff in order to assist in determining cause and origins. In order to facilitate this, all fire inspectors were trained in cause and origin to assist during the holiday and help to free up the investigators. Additionally, over 159 fireworks retail stand inspections and 4 public display inspections were performed in our District. Also, a Pilot Program was put in place prior to the 4th to up-staff the Investigations Unit with a fourth investigator. The investigators worked closely with Cal-Fire, City of Rancho Cordova and City of Citrus Heights to address enforcement head-on. Over 363 complaints were received during the fourth and over 575 pounds of illegal fireworks were taken off the streets. There were also two felony arrests and sadly one fatal fire during this timeframe. There are currently 75 active investigations under way which should be completed by the end of the month. Chief Wagaman

commended the efforts of CRRD, Investigations, Dispatch and everyone who assisted in these efforts.

3. SMFD – FIREFIGHTERS LOCAL 522 REPORT

Vice President McGoldrick thanked the Firefighters Burn Institute for all of their assistance over the last few weeks with the three Firefighters who were treated at the UCD Burn Center. All members are thankfully doing well at this time. He also thanked Captain Whaley who was recently activated to assist in the efforts for two Line of Duty Deaths of Firefighters in the area. He commended the membership on a great job over the fourth and relayed his optimism on the lateral process as well as for the 22 new recruits.

4. COMMITTEE AND DELEGATE REPORTS

All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.

A. Executive Committee – (President Kelly)

Next Meeting: TBD

B. Communications Center JPA – (DC Wagaman)

Report Out: June 29, 2021 at 9:00 AM

Chief Wagaman reported that the board unanimously agreed to approve the 2-Year contract for Local 150 and 856. They also extended Executive Director Bailey's contract for 6 additional months.

Next Meeting: July 13, 2021 at 9:00 AM

C. California Fire & Rescue Training JPA – (Chief Harms)

Report Out: July 6, 2021 at 4:00 PM

Chief Harms relayed that the JPA board approved the hiring of outside counsel to proceed with the dissolution.

Next Meeting: September 16, 2021 at 4:00 PM

Location: 3121 Gold Canal Drive
Mather, CA 95670

D. Finance and Audit Committee – (Director Orzalli)

Next Meeting: August 26, 2021 at 5:30 PM

E. Policy Committee – (Director Goold)

Next Meeting: TBD

BOARD MEMBER QUESTIONS AND COMMENTS

Director White thanked the Firefighters Burn Institute for tending to and taking care of the members who were injured. He also commended Chief Wagaman and the Community Risk Reduction Division for their good work over the 4th of July holiday and the Air Operations Division for their technical rescue.

Director Jones discussed a membership meeting that was held at headquarters on July 28th which she and other members of staff attended in regards to moving forward with diversity. She relayed her appreciation for the meetings and described them as very honest, professional and straight forward. She appreciates everyone's efforts in this endeavor. She also congratulated Jose Enriquez who was hired as the LAFCO Executive Director, replacing Don Lockhart who retired earlier this year. Jose comes from El Dorado Hills LAFCO.

Director Sheetz wished a speedy recovery to the three members who were injured and are now recovering. She also thanked all of the members who worked over the holiday weekend and expressed that her thoughts and prayers are with those members who were recently deployed.

Director Wood echoed the well wishes for the three injured members who are now recovering. He also thanked Chief Adam Mitchell and Captain Bryce Mitchell on the Air Operations report and mentioned that every life saved continues to reiterate how important this program is to the region.

Director Goold thanked the Support Divisions and their staff for their assistance during the fourth. He expressed his pride for the men and women of this agency and the hard work they continuously do. He also requested an update on our Federal plan moving forward now that the U.S. is starting to open up again.

Director Clark expressed his appreciation for everyone's efforts on the fourth and commended the Air Operation Division which will continue to have his full support.

Director Saylor expressed her gratitude for the diversity of the district and all of the work that goes into keeping our firefighters being able to assist the public. She also shared that her thoughts and prayers are with the three injured members who are currently recovering.

ADJOURNMENT

The meeting was adjourned at 6:48 pm.

Matt Kelly, President

D'Elman Clark, Secretary

Michelle Dehoney, Interim Board Clerk



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200, Mather, CA 95655 Phone (916) 859-4300 Fax (916) 859-3702

DATE: July 22, 2021
TO: Board of Directors
SUBJECT: Purchase of Firewalls

TOPIC

The District will be replacing its production and HA (High Availability) firewalls.

DISCUSSION

The District uses Palo Alto firewalls to secure its network, remote access and desktop anti-virus. These firewalls have reached end of life and are in need of replacement. In looking at our options, the District is recommending the purchase of a 5 year license versus a 1 year as this will save the District \$100,042.52 over the 5 year period. The total cost of the firewalls with a 5 year licensing agreement is \$167,029.23 while the total cost for the firewalls with a 1 year licensing for next 5 years is \$267,071.77.

The IT division has standardized the Palo Alto firewall. The core network, VPN, remote access and desktop anti-virus are all integrated into the Palo Alto. If we were to move to another product we would have to redesign our entire network and would have to train on the new firewall resulting in significant time and cost.

Palo Alto has provided Entisys360 registered pricing which gives Entisys360 the best pricing when providing a quote. Other vendors cannot compete when providing a quote as Entisys360 receives the best price from Palo Alto.

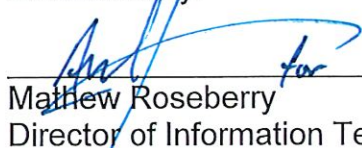
FISCAL IMPACT

Provider	Product or Service	Cost
Entisys360	Palo Alto 3250 Qty 2	\$167,029.23

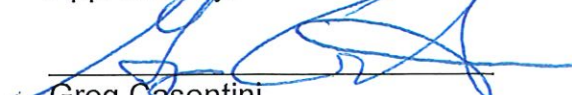
RECOMMENDATION

Board approval to purchase the Palo Alto firewalls from Entisys360.

Submitted by:


Matthew Roseberry
Director of Information Technology

Approved by:


Greg Casentini
Deputy Chief of Administration



Sacramento Metropolitan Fire District

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TODD HARMS
Fire Chief

DATE: July 22, 2021

TO: Board of Directors

SUBJECT: Memorandum of Understanding between Sacramento Metropolitan Fire District and California Fire Mechanics Academy

BACKGROUND

The California Fire Mechanics Academy (CFMA) is a non-profit organization that provides contemporary professional development and technical training to emergency apparatus technicians. In 2004, the Sacramento Metropolitan Fire District (District) partnered with the CFMA to serve at the host facility for the CFMA Academy. Since then, the Academy has been held each year at the District's Fleet Maintenance facility located at 4425 Dudley Boulevard in McClellan.

DISCUSSION

The CFMA has a need for administrative office space related to their Academy operations and reached out to the District in hopes of utilizing space at the District's Fleet Maintenance facility. The District worked with the CFMA to identify an appropriate space and negotiated the attached Memorandum of Understanding that reflects a mutual benefit for both parties. In consideration for the use of the designated office space, the District will be entitled to free tuition for fifteen (15) District personnel to attend CFMA's Academy on an annual basis.


FISCAL IMPACT

The MOU does not have any fiscal impact on the District.

RECOMMENDATION

Staff recommends that the Board authorize the Fire Chief or his designee to execute the attached Memorandum of Understanding with the California Fire Mechanics Academy.

Submitted by:


Tyler Wagaman
Deputy Chief, Support Services



**MEMORANDUM OF UNDERSTANDING
BETWEEN
SACRAMENTO METROPOLITAN FIRE DISTRICT
AND
CALIFORNIA FIRE MECHANICS ACADEMY**

**Memorandum of Understanding for Use of Space
Between Sacramento Metropolitan Fire District and California Fire Mechanics Academy
At 4425 Dudley Blvd**

This Memorandum ("Guarantee") is executed as of the ____ day of _____, 2021, by SACRAMENTO METROPOLITAN FIRE DISTRICT, an autonomous Special District established under California Health and Safety Code Section 13800, ("District"), in favor of the California Fire Mechanics Academy, INC, a California nonprofit mutual benefit corporation, ("CFMA") with respect to the following circumstances:

WHEREAS, District is the owner of certain real property 4427 Dudley Blvd, hereafter "Fleet", located in McClellan, California; and

WHEREAS, CFMA provides contemporary professional development and technical training to emergency apparatus technicians; and

WHEREAS, CFMA requires space for administrative functions related to the academy; and

WHEREAS, CFMA desires to use space at Fleet for these administrative functions; and

WHEREAS, District is willing to grant the same to CFMA, upon the promises, terms, conditions, and covenants set forth herein.

NOW, THEREFORE, pursuant to the promises, terms, conditions, and covenants contained herein, District and CFMA hereby agree as follows:

Pursuant to the Terms and Conditions below, the District has agreed to allow CFMA to use the receptionist's office at Fleet.

Terms and Conditions

1. CFMA shall use the receptionist's office exclusively for the intended purpose.
2. CFMA shall have continual access to the receptionist's office. District shall issue keys to CFMA provided that keys shall be issued to essential personnel only.
3. CFMA shall be granted use of District network infrastructure at the discretion of the District. Such infrastructure shall be supported and maintained by the District.
4. CFMA shall have the right to install any furnishings, equipment, and trade fixtures in the receptionist's office if required. Upon termination of this MOU, CFMA shall remove all property within thirty (30) days following District's regaining possession of the space.
5. As consideration for the use of space, CFMA shall provide free tuition to fifteen (15) District personnel at CFMA's Academy annually.
6. District shall not charge CFMA for rent, utilities or maintenance expenses for the use of the receptionist's office as long the District receives consideration as stated in Paragraph 5 of the Terms and Conditions.

7. This MOU may be terminated at any time upon ninety (90) days' written notice to either party. Upon notification, CFMA shall have thirty (30) days to vacate the premises.

8. CFMA shall indemnify, defend and hold harmless the District and its elected representatives, officers, agents, volunteers and employees from and against all liabilities, losses, costs, suits, claims, judgments, expenses, fines or demands of any kind (including, but not limited to, costs of investigation, attorney fees, court costs and expert fees) resulting from any network malfunction, data breach, injury, damage or death to any person or property, of any nature whatsoever, and arising out of or alleged to arise out of the use of the space at Fleet. CFMA shall not be liable for any injuries, death or damage to the extent that such injury, death or damage is caused by the negligence of the District, its elected representatives, officers, agents, volunteers or employees. This Section shall survive this MOU.

9. IN WITNESS WHEREOF, the parties hereto have caused this MOU to be duly executed as of the day and year first written below.

Sacramento Metropolitan Fire District

By: _____

Print Name: _____

Title: _____

Date: _____

California Fire Mechanics Academy, Inc.

By: Joseph Pastore

Print Name: Joseph Pastore

Title: President

Date: 7-1-2021



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200, Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

DATE: July 22, 2021

TO: Board of Directors

FROM: Ken Campo, Interim Chief Financial Officer

SUBJECT: Public Hearing Regarding the Adoption of a Resolution Authorizing the Refinancing of 2011 Lease Revenue Bonds and Approving Related Documents and Actions Thereto

TOPIC

Board action is required in order to initiate a refinancing of the currently outstanding 2011 Lease Revenue Bonds ("2011 LRB's").

BACKGROUND

At the June 24, 2021 meeting, the Board initiated the 2011 LRB refinancing proceedings and authorized Oppenheimer & Co. Inc. to distribute a Lender Request for Proposal ("Lender RFP") to potential lenders. District staff reviewed the results of the RFP process with Oppenheimer and selected Capital One as the lender for the refinancing transaction. Capital One proposed a rate of 2.53%, compared with 5.07% on the 2011 LRB's. The lower rate results in total cash flow savings of \$2,534,000 when compared with the remaining payments on the 2011 LRB's. Complete savings results are shown below. Representatives of Oppenheimer will be present at the Board meeting to further discuss the proposals and selection of Capital One as the preferred lender.

A copy the Lease and Sublease Agreement and related documents are on file with the District Clerk and available for inspection upon request.

DISCUSSION

The financing structure involves obtaining a 7-month forward rate lock from an institutional investor (bank/lender). The refinancing would be done as a direct placement and structured as a Lease and Sublease Agreement. This allows the District to set the interest rate now and close the transaction in 2022 shortly before the call date. This structure preserves the same tax-exempt status as the 2011 LRB's and therefore a lower interest rate, and locks in the rate to avoid changes in the credit market. Also, the 2011 LRB's were secured by a pledge of Stations 50, 110 and 111. Given the reduced par amount of the refinancing

transaction, we were able to remove Stations 110 and 111 from the transaction, leaving Station 50 as the only encumbered facility.

PRELIMINARY FINANCING RESULTS

Below is a summary of the financing results per the proposal submitted by Capital One. Because the refinancing will free the District's current reserve fund (estimated at \$677,400), we were able to shorten the final maturity of this transaction by one year, to May 15, 2040.

Term	2022 Refunding Lease
Par Amount	\$8,028,000
Total Estimated Costs of Issuance	\$125,450
Interest Rate	2.53%
Current Average FY Debt Service	\$674,455
New Average FY Debt Service	\$540,998
Annual FY Savings	\$133,365
Current Total Debt Service	\$13,280,416
New Total Service	\$10,069,055
Estimated Total Savings	\$2,533,942
Estimated Net Present Value Savings	\$2,043,161 / 24.40%

Jones Hall, A Professional Law Corporation, is serving as bond counsel and has drafted the legal documents and undertaken the necessary tax due diligence in order to provide the required unqualified tax opinion for the financing at closing. A copy of the legal documents are on file with the District Clerk and available for inspection upon request.

NEXT STEPS

The next steps should the Board elect to proceed are as follows:

- Tuesday, 8/10 Pre-Close
- February 2022 Final close and refunding of 2011 LRBs

FISCAL IMPACT

As noted above, final savings from the refinancing of the 2011 LRB's will be \$133,365 per year over the term of the bonds, with total savings of \$2,533,942. The net present value savings of \$2,043,161 equates to a 24.40% of the remaining principal amount of the 2011 LRB's.


RECOMMENDATION

Staff recommends adoption of the resolution approving the financing and all related documents.

Submitted by:

Ken Campo
Interim Chief Financial Officer

Approved by:



Greg Casertini
Deputy Chief, Administration

Attachments:

1. RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO METROPOLITAN FIRE DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AND SUBLEASE AGREEMENT FOR THE PURPOSE OF PROVIDING FUNDS TO REFINANCE 2011 FACILITIES SUBLEASE AND RELATED 2011 LEASE REVENUE BONDS, AND APPROVING RELATED DOCUMENTS AND ACTIONS



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10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

RESOLUTION NO. 2021-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO METROPOLITAN FIRE DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AND SUBLEASE AGREEMENT FOR THE PURPOSE OF PROVIDING FUNDS TO REFINANCE 2011 FACILITIES SUBLEASE AND RELATED 2011 LEASE REVENUE BONDS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, in order to provide financing for the purchase of a headquarters building located at 10545 Armstrong Avenue in Mather, California (the "Project"), to finance the purchase of certain equipment and to repay a note which was originally issued to finance the purchase of land for a fire station, the California Municipal Finance Authority (the "Authority") has previously issued its Lease Revenue Bonds (Sacramento Metropolitan Fire District), Series 2011A in the aggregate principal amount of \$12,960,000 (the "2011 Bonds"); and

WHEREAS, the 2011 Bonds are secured by a pledge of and lien on the semiannual base rental payments (the "2011 Base Rental Payments") which the District is obligated to pay as rental for certain real property under a Master Facilities Sublease dated as of November 1, 2011 (the "2011 Facilities Sublease"), between the Authority and the District; and

WHEREAS, the 2011 Bonds are subject to redemption, and the 2011 Base Rental Payments are subject to redemption, commencing May 15, 2022; and

WHEREAS, the Board of Directors of the District (the "Board") has determined that it is in the best interests of the District to refinance the 2011 Base Rental Payments and the 2011 Bonds and thereby realize debt service savings; and

WHEREAS, in order to provide funds for that purpose the District has proposed to lease the land and improvements constituting Fire Station 50 located at 8830 Gerber Rd., Sacramento, California (the "Leased Property") to the Public Property Financing Corporation of California (the "Corporation"), and the Corporation has proposed to sublease the Leased Property back to the District, under a Lease and Sublease Agreement (the "Lease Agreement") between the Corporation and the District, in consideration of the payment by the District of semiannual lease payments (the "Lease Payments"); and

WHEREAS, the Corporation has proposed to assign certain of its rights under the Lease Agreement to Capital One Public Funding, LLC, as lender (the "Lender"), which will provide funds to refinance the 2011 Base Rental Payments and the 2011 Bonds; and

WHEREAS, in order for the portion of the Lease Payments comprising interest to be tax exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), requires that an "applicable elected representative" of the governmental unit, the geographic jurisdiction of which contains the site of facilities to be financed or refinanced with the proceeds of the Lease Agreement, hold a public hearing on the execution and delivery of the Lease Agreement and approve the execution and delivery of the Lease Agreement following such hearing; and

WHEREAS, the Board is the elected legislative body of the District and is an "applicable elected representative" for purposes of holding such hearing; and

WHEREAS, the Board desires to approve the execution and delivery of the Lease Agreement in order to satisfy the public approval requirement of Section 147(f) of the Tax Code; and

WHEREAS, notice of such public hearing has been duly given as required by the Tax Code, and the Board has heretofore held such public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the refinancing of the Project and the District's execution and delivery of the Lease Agreement therefor; and

WHEREAS, pursuant to Government Code Section 5852.1 which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Lease Agreement is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, the Board has previously approved a Debt Issuance and Management Policy which complies with Government Code Section 8855, and the execution and delivery of the Lease Agreement will be in compliance with said policy; and

WHEREAS, the Board wishes at this time to authorize and approve all proceedings for the refinancing of the 2011 Base Rental Payments and the 2011 Bonds, and all related documents and actions, in furtherance of the public purposes of the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Metropolitan Fire District as follows:

Section 1. Approval of Financing Plan and Related Documents. The Board hereby approves the financing plan outlined above with respect to the refinancing of the 2011 Base Rental Payments and the 2011 Bonds. To that end, the Board hereby approves each of the following financing documents in substantially the respective forms on file with the Clerk of the Board together with any changes therein or additions thereto deemed advisable by the Fire Chief or the Deputy Chief of Administration (each, an "Authorized Officer"), whose execution thereof shall be conclusive evidence of such approval:

- Lease and Sublease Agreement between the District, as lessor and sublessee, and the Corporation, as lessee and sublessor, under which the District leases the Leased Property to the Corporation in consideration of the payment of an amount which is sufficient to provide for the refinancing of the 2011 Base Rental Payments and the 2011 Bonds, and the Corporation leases the Leased Property back to the District in consideration of the payment by the District of semiannual Lease Payments.
- Escrow Agreement, between the District and U.S. Bank National Association, as escrow bank and as trustee for the 2011 Bonds, relating to the deposit, investment and administration of funds to prepay the 2011 Base Rental Payments and redeem the 2011 Bonds.

An Authorized Officer is authorized and directed for and in the name and on behalf of the District to execute and attest the final form of each of the foregoing documents.

It is the purpose and intent of the Board that this Resolution constitute approval of the execution and delivery of the Lease Agreement by the District, as the "applicable elected representative" of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Tax Code.

Section 2. Material Terms of Lease Agreement. The Lease Payments shall be payable over a term ending not later than May 15, 2040. The aggregate principal components of the Lease Payments shall not exceed \$8,500,000. The aggregate total amount of Lease Payments shall be less than the remaining 2011 Base Rental Payments.

Section 3. Assignment to Lender. The Board hereby approves the assignment by the Corporation of certain of its rights under the Lease Agreement, including the right to receive and enforce the payment of the Lease Payments, to the Lender, pursuant to an assignment agreement to be entered into between the Corporation and the Lender, under which the Lender will provide funds to refinance the 2011 Base Rental Payments and the 2011 Bonds.

Section 4. Official Actions; Authorized Documents. The Authorized Officers and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including, without limitation, a cost of issuance custody agreement for the payment of the professional services and other costs related to the transactions described in this Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Effective Date. This Resolution shall take effect on and after its adoption.

PASSED AND ADOPTED this 22nd day of July, 2021, by the following vote to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

SACRAMENTO METROPOLITAN FIRE DISTRICT

By: _____
President, Board of Directors

Attested By:

Clerk of the Board

EXHIBIT A

**REQUIRED GOOD FAITH ESTIMATES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1**

1. True Interest Cost of the Lease Agreement: 2.53%.
2. Finance charge of the Lease Agreement, being the sum of all fees and charges paid to third parties in the amount of \$125,449.50.
3. Amount of proceeds of the Lease Agreement expected to be received by the District, net of proceeds for Costs of Issuance in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the proceeds of the Lease Agreement: \$8,579,696.00.
4. Total payment amount for the Lease Agreement, being the sum of (a) debt service to be paid to final maturity, plus (b) any financing costs not paid from proceeds of the Lease Agreement: \$10,069,054.73.

**All amounts and percentages are estimates, and are made in good faith by the District based on information available as of the date of adoption of this Resolution.*