

Commissioners: I was out of town and unable to attend the company meeting when you presented the two resolutions for the LOSAP program. I have several questions to ask. Particular to the entitlement age change.

In reviewing past district minutes no mention that I could find as to any discussion, or the subject brought up about changing entitlement age for LOSAP.

When was this brought up to the board? Kurt, yes. At our May meeting we were discussing inviting Craig Relyea from Firefly to our meeting in June. During our meeting Chief reported to the board the state now allows the defined benefit to be as high as \$1,000 per member. A question was raised should we look at increasing the benefit and or lowering the age. Also, it was noted that we are asking more and more of our members and felt that decreasing the entitlement age would be more beneficial for active members. Chief also informed the board that Rexford recently increased their benefit and other districts were doing this as well and they were lowering the entitlement age to between 60 and 62. It was noted that our younger members understand this benefit and the importance of it as they plan for their fiscal needs in the future, and longevity if the fire department will have its fiscal rewards for them in the future.

Was there a number of individuals that requested the change who are presently members? For us, didn't matter who brought it to our attention and asked for the change. It is a legitimate request to consider, we did, we think it is a great idea, and we voted to move forward.

What was the explanation that was brought to the board for requesting the entitlement change? Besides what was reviewed by Chief at the meeting in May, the board felt it would assist in retention of active members, assist in recruitment of new members, and most importantly acknowledge to the present active members the appreciation of the service given to the district.

How many other districts have changed their current plans to amend the entitlement age and as a result of that change, what is the benefit for the taxpayers for the additional cost? Craig reported at our meeting in June and as well to the company, that quite a few districts in the state have lowered the entitlement age as well as increase the entitlement benefit. He noted the \$500.00 a year increase per member that Rexford had implemented. Craig also reported a number of districts lowered the entitlement age to 55 and the average entitlement age is between 55-62 for most if not all districts. Kurt, you ask what the benefit would be for the additional cost, there are many but most importantly acknowledging the services the members give to the district.

Did any members of GFD#2 board contact a fire district that have lowered the entitlement age and discuss with them the pros and cons as a result of that change prior to resolution? We didn't since we felt comfortable with the information provide to us from FireFly. Firefly is paid to administer our LOSAP plan. Another benefit is providing detail information to the board to assist us in making decision such as this one lowering the entitlement age. There data comes from providing the same level of services to other districts and reviewing what the trends are regarding lowering entitlement ages and also increases to entitlement payments.

The district over the past years has incurred debt for a new building and new apparatus which we are still paying on. LOSAP is one of the highest budgeted items annually. Social Security recipients have had their entitlement age increased over the years. What is your explanation to a taxpayer when they ask you why lower the entitlement age when other entitlement ages seem to be increasing for others and how do you support that? My answer to you and to others would be The Board of Commissioners felt strongly that we need to support our active members more because, currently when less individuals are stepping up to volunteer to provide coverage to the district, we as a board must do all we can to enhance any benefits to the present members. You understand more than anyone that what is being asked of our volunteer members, we need do all we can to encourage them to remain active and continue to provide the same outstanding service to our district. Yes, we can do dinners, award etc. but this gives them something that will assist them fiscally in the future.

The Board is cognizant of the financial obligations and demands we have asked of the taxpayers over the past few years with bonds for the building and new apparatus. However, each of those bonds were

approved through votes by the community and taxpayers. We do our best to balance the ongoing fire protection needs of the District with the needs to support the Fire Company and our amazing volunteers. We balance those decisions carefully and work to find affordable ways to do both goals.

Proposition #2 states that "The calendar year 2022 to the LOSAP trust fund is \$40,000....." "Estimated to increase by \$5,000 as a result of this amendment..."

The budget for 2022 LOSAP was \$53,500 and remained the same amount for proposed budget in 2023.

What is expended amount for LOSAP in 2022. For 2022, the District budgeted and contributed \$45,403.00 There are additional fees and expenses for management of the LOSAP, contribution management, and other needs, which brings total to \$53,500.

The performance of the LOSAP fund has done well over the past two years and with the cycle of members who are receiving the defined benefit, it worked out for 2023 that the district would only need to make a required contribution of \$19,313 to maintain current levels. This allowed the district to have flexibility and consideration in 2023 to lower the entitlement age for active members and take on the additional \$5,000 cost without impacting the LOSAP cost significantly and budget neutral for the taxpayers. This brought the total for 2023 to \$24,313.00 (before the other fees and expenses). The District made the additional decision to maintain the contribution level of 2022 to hopefully close the gap in funding requirement to get the LOSAP fund as close to 100% funded as possible. Depending on market volatility, with the additional contribution above the \$24,313, we may be able to do this in 2023. Being 100% funded for all obligations has been a long-term goal of the District and the LOSAP program for many years, which ultimately allows for a reduced contribution over time when 100% is attained. In conclusion, we are trying to add a benefit for active members, achieve 100% funding, and reduce the taxpayer burden with LOSAP for the future with this strategy.

In keeping the same budget amount for LOSAP for 2023 as in 2022 do you anticipate increasing the budget by \$5,000 if Proposition #2 is passed? No as explained in the answer above.

Presently the country is facing the highest inflation in 40 years, and some say we are in a recession. District minutes state that a 10% decrease in value of LOSAP account, hoping for better results in future. Your correct that there has been a 10% decrease to the value which has been contributed to the decline in the market this past year. It should be noted that before this year our funds were performing past expectations. Even with the decrease in value of 10% the funds have not depleted all of those gains realized during the strong periods of the past years of the market.

Did the board discuss the possibility of holding off on the propositions to a later time when people may be more accepting to budgetary increases? We felt that the decrease of the district contribution this year was the opportune time to move this proposition for a vote. Since our contribution amount for the year is \$19,313 and we committed to continue to make the contribution for 2022 at \$45,403 the \$5,000 increase would not have any significant impact on the overall budget.

As a recipient of the present LOSAP program I am grateful for the district's commitment to it. As a taxpayer any increases to budgets I ask the question why and what is the benefit to me as the taxpayer for that increase. I am willing to support lowering the entitlement age change as long as the board can substantiate some benefit to the taxpayer for the increase costs. Kurt, I believe I have answered the questions on why this decrease in the entitlement age would be a benefit to the district and the district taxpayers. Only you will be able to make the decision if you feel the minimal increase in the district commitment to the LOSAP fund is too excessive and outweighs the benefit to the members that has been provided to you.

A central focus of the Commissioners is the overall viability, health, performance, and readiness of firematic protection for the residents of the district, and in fulfillment of this focus, are we providing the best possible support to the volunteer firefighters who sacrifice and give so much of themselves for the residents and taxpayers. We are very considerate of the financial impacts of our decisions on the

taxpayers and the sustainability of those decisions. We are consistently balancing the needs of the firematic protection of the District and the needs of the Fire Company against budget increases. For many years, the Fire District has stayed at or below the tax cap with our budget decisions while maintaining a high level of firematic service for the residents and taxpayers. The district has been very transparent with all our decisions to increase the tax burden on residents through the bonds for the new building and fire apparatus. We have allowed the residents to approve or deny the tax increases associated with bonds and followed the will of the residents.

Kurt, we truly appreciate your support for the District, the Fire Company, and all that you do each and every day through your service. The Commissioners are as committed as you are to ensure that we are fiscally responsible with taxpayer money and we are very deliberate with our decisions to ensure we understand and can accept any cost increases, as well as long-term impact of those decisions.