

MINUTES

**Central Arizona Fire and Medical Authority
Central Yavapai / Chino / Central Arizona Fire and Medical
Joint Board of Directors Meeting**

Tuesday, February 21, 2017, 4:30 pm - 5:00 pm

Central Arizona Fire and Medical - Station 61 - 1133 W Road 3 North - Chino Valley

In Attendance:

Cyndy Ducote; Darlene Packard; Dave Dobbs; Dave Tharp; Jeff Wasowicz; Julie Pettit; Laura Mowrer; Matt Zurcher; Nicolas Cornelius; Rick Mayday; Scott A Freitag; Susanne Dixon; Todd League; Tom Steele; ViciLee Jacobs

NOTICE OF MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Chino Valley and Central Yavapai Fire Districts and Central Arizona Fire and Medical Authority Board of Directors and the general public that the Chino Valley Fire District, Central Yavapai Fire District, and Central Arizona Fire and Medical Authority will hold a special meeting open to the public on Tuesday, February 21, 2017 at 4:30 p.m. The meeting will be held at Central Arizona Fire and Medical Authority, Station 61, 1133 W. Road 3 N., Chino Valley, Arizona. The Board may vote to go into Executive Session on any agenda item, pursuant to A.R.S. §38-431.03(A)(3) for discussion and consultation for legal advice with the District's Attorney on matters as set forth in the agenda item. The following topics and any variables thereto, will be subject to Board consideration, discussion, approval, or other action. All items are set for possible action.

1. CHINO VALLEY FIRE DISTRICT BOARD OF DIRECTORS CALL TO ORDER / ROLL CALL OF BOARD MEMBERS
2. CENTRAL YAVAPAI FIRE DISTRICT BOARD OF DIRECTORS CALL TO ORDER / ROLL CALL OF BOARD MEMBERS
3. CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY BOARD OF DIRECTORS CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Board Chair Packard took roll call of Central Yavapai Fire District Board Members at 4:58 p.m.

Board Chair Ducote took roll call of Chino Valley Fire District Board Members at 4:59 p.m.

Board Chair Pettit took roll call of Central Arizona Fire and Medical Authority Board Members at 4:59 p.m.

4. PLEDGE OF ALLEGIANCE

Board Member Steele led the Pledge of Allegiance.

5. CALL TO THE PUBLIC

Those wishing to address the Chino Valley Fire District, Central Yavapai Fire District, or Central Arizona Fire and Medical Authority Board of Directors need not request permission in advance. However, we ask that you complete a Call To Public Form for the record. The Board is not permitted to discuss or take action on any item raised in the Call to the Public due to restrictions of the Open Meeting Law; however, individual Board members may be permitted to respond to criticism directed to them. Otherwise, the Board may direct the staff to review the matter or the matter may be placed on a future agenda. Individuals may be limited to speak for three (3) minutes with a total of 30 minutes allotted for Call to the Public per meeting.

CYFD Board Chair Packard opened the meeting for public comments. There were no comments.

6. PRESENTATION

A. Public Safety Personnel Retirement System (PSPRS) Presentation

Chief Freitag provided an overview of Public Safety Personnel Retirement System (PSPRS); the presentation will be placed on the website.

He explained that we received our PSPRS bill with a \$750,000 increase; statewide agencies received an average increase of 10%. He stated that we do not have control over the PSPRS rates and that he is not an expert for PSPRS. Once an agency joins PSPRS, the agency is locked in and cannot cancel their membership. Each agency has their own fund or bucket of money; Central Yavapai and Chino Valley Fire District's bucket is now under CAFMA. CAFMA's funds do not intermingle with other agencies. We do have input on PSPRS policies or how they operate. Chief Freitag mentioned that we had a little input in reform, but there were many agencies that participated. CAFMA's account is currently funded about 50% going into next year.

Chief Freitag explained that PSPRS lost \$1.5 billion (25% of their fund) due to a portfolio going out of business. The biggest hit to PSPRS was in 1986 with the addition of the permanent benefit increase (PBI). The PBI has since been changed to a cost of living increase.

Chief Freitag explained the Hall and Parker Cases which stem from PSPRS changing the plan which was determined to be in violation of the State Constitution. The Hall Case was decided in November 2016; however, it could take a year before fire departments are provided direction to make the adjustments.

PSPRS projects 7.5% return; however, they have only been realizing about a 6.5% return. These unrealized projections cause our rates to increase. PSPRS continue to project a 4% salary growth; CAFMA's wages are projected at 2.5%. PSPRS had explained that two-thirds of the increase is from Prop 124 Reform and a third is due to reducing the projected earnings rate from 7.85% to 7.5%. PSPRS stated that we will not see an increased rate from the Parker Case. CAFMA's current unfunded liability is about \$31 million. Prop 124 was supposed to lower costs long term - there was no talk of the rates being increased. The indication from PSPRS is that after this year, the rate will level off, but we don't know at what rate.

Chief Freitag explained how the employee Tiers are setup: Tier 1 - employees hire prior to 2012, Tier 2 - employees hired after 2012.

PSPRS is no longer adding members to Tier 1 or Tier 2. Now new employees (Tier 3) have to decide if they want a defined benefit plan or a defined contribution plan and there are different costs and benefits associated with each.

PSPRS is not performing as well as other markets due to being diversified extensively to reduce risk; this explains their reduced returns.

Combining CYFD and CVFD into CAFMA has resulted in about a \$236,000 savings; Fiscal Year 17-18 should be about a \$400,000 savings.

We have very little say over PSPRS. We need to find a funding source; it would be great to get assistance Statewide, but it does not look like that is going to happen. Costs will continue to increase, but hopefully be more manageable.

7. ADJOURNMENT

Board Member Zurcher made a motion to adjourn Central Yavapai's meeting. Board Member Steele seconded.

CYFD Board Chair Packard adjourned Central Yavapai's meeting at 5:51 p.m.

Board Member Pettit made a motion to adjourn Chino Valley's meeting. Board Member Dobbs seconded.

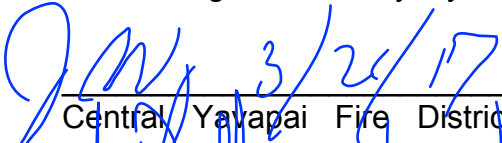
Chino Valley Board Chair Ducote adjourned Chino Valley's meeting at 5:51 p.m.

Board Clerk Packard made a motion to adjourn CAFMA's meeting. Board Member Wasowicz seconded.


CAFMA Chair Pettit adjourned CAFMA's meeting at 5:52 p.m.

Move: Second: Status: Passed


Yes: Dave Dobbs, ViciLee Jacobs, Darlene Packard, Tom Steele, Cyndy Ducote, Julie Pettit, Jeff Wasowicz, Matt Zurcher, Todd League, Rick Mayday



Central Yavapai Fire District Date
Board Clerk



Chino Valley Fire District Date
Board Clerk



Central Arizona Fire and Medical Authority Date
Board Clerk