

## MINUTES

**Central Arizona Fire and Medical Authority  
Central Yavapai Fire District Board of Directors  
CY Regular Meeting  
Monday, February 26, 2018, 7:00 pm - 8:00 pm  
Town of Chino Valley, Council Chambers,  
202 N. State Route 89, Chino Valley**

### **In Attendance**

Darlene Packard; Dave Tharp; Jeff Wasowicz; Laura Mowrer; Matt Zurcher;  
Nicolas Cornelius; Scott A Freitag; Susanne Dixson; ViciLee Jacobs

### **Not In Attendance**

Tom Steele

## **NOTICE OF MEETING**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Central Yavapai Fire District Board of Directors and the general public that the **Central Yavapai Fire District** will hold a meeting open to the public on **Monday, February 26, 2018 at 7:00 p.m.** The meeting will be held at the **Chino Valley Town Hall, Council Chambers, 202 N. State Route 89, 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 Authority'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. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS**

**Board Chair Packard called the Central Yavapai Fire District Board of Director's meeting to order on Monday, February 26, 2018 at 7:00 p.m. at the Chino Valley Town Council Chambers, 202 N. State Route 89, Chino Valley.**

### **2. PLEDGE OF ALLEGIANCE**

**Captain Merrill led the Pledge of Allegiance.**

### **Vote To Go Into Emergency Executive Session**

**Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Attorney-Client Privilege**

**Motion to adjourn into emergency Executive Session at 7:01 pm.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed**

**Yes: ViciLee Jacobs, Darlene Packard, Jeff Wasowicz, Matt Zurcher**

**Board Chair Packard reconvened meeting into Public Session at 7:12 p.m.**

### **3. PRESENTATIONS**

**A. Analysis of Fiscal Year Ending June 30, 2017 Audit and Review of Equity of the Respective Agencies**

**CPA Stephen Crandall with SC Audit & Accounting Solutions, LLC, provided an analysis of Fiscal Year Ending June 30, 2017 and the equity of the fire agencies. He provided a little background and stated that he works for numerous nonprofits and created the financial structure for CAFMA; all agencies have been audited by HintonBurdick.**

**Mr. Crandall explained how the accounting system for CAFMA was created as a separate legal entity in a joint venture format so that all revenues and expenses could be tracked according to agency. GASB Statement 14 defines a joint venture; the participants have an ongoing financial interest and financial responsibility. He sought guidance from GASB authors and the Auditor General's office that deals specifically with Special Districts. There was an initial transfer of assets and liabilities to CAFMA; the CVFD and CYFD numbers were accounted for. The general ledger tracks the revenue and expenses from each entity. If one entity contributes more funds than expenses, their equity would increase. The annual year end financials are presented for each entity-- reference Page 53 of the CAFMA Financial Statement; these reports should be referenced when setting budgets. He mentioned that there is a pension liability - it shows as a deferred asset for CAFMA was about \$58 mil; this will be amortized and is explained on Page 40 of the financial statements.**

**Director Wasowicz asked if one entity consistently costs more than they bring in and their equity keeps reducing, could they hit zero and they would be out.**

**Mr. Crandall stated that should be watched, and it can be measured if it starts to happen.**

**Chief Tharp recommended that the Board review the Management Discussion and Analysis, and specifically Page 10 of the Central Yavapai Fire District's Financial Statements as it provides a broad overview including why there was an over-expenditure of what was budgeted by approximately \$50,000 related to legal expenses; this was discussed during a Board meeting. He also stated that it's important to understand that 100% of CAFMA's equity is split between Central Yavapai and Chino Valley Fire Districts. Chief Tharp explained that from Fiscal Year 2016 to 2017 neither organization saved money--expenses were not reduced; they increased a little. However, by creating CAFMA, CYFD saved about \$575,000 and Chino Valley saved about \$111,000 in expenditures. Chief Tharp stated that it is important for the Board to review how much money is being put into CAFMA and the District's equity as this will be an indicator of how the organization is doing.**

**Mr. Crandall mentioned that health insurance and pension expenses are increasing; all governmental entities need to look at those areas for possible long-term solutions.**

**Item 5. was addressed prior to Call to the Public**

#### **4. CALL TO THE PUBLIC**

A.R.S. §38-431.01(H) states: A public body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

In accordance with A.R.S. §38-431.01(H) and as a matter of policy, the Central Yavapai Fire District Board has decided to allow public comments as time permits. Therefore, those wishing to address the Board regarding an issue within the jurisdiction of this public body may do so in an orderly manner that includes completing a Call to the Public Form and submitting it to staff for the record. If a written statement is being read, please provide a copy to ensure it is entered into the record accurately. Individuals will be limited to speak for three (3) minutes and Call to the Public shall not exceed 30 minutes per meeting.

**Board Chair Packard opened the meeting for public comments.**

**Mr. Larry Jacobs provided handouts for the Board Members.**

Attorney Cornelius advised the Board that the documents Mr. Jacobs distributed appear to be related to the allegations of potential criminal misconduct, and he advised the Board that they not be considered at this time.

Board Chair Packard informed Mr. Jacobs that the Board would not be hearing his comments.

Mr. Jacobs expressed that this is a new forged check that he plans to bring forward; it isn't related to the \$50,000 check.

Attorney Cornelius advised Mr. Jacobs that to the extent that he is talking about potential criminal items, Mr. Jacobs should take those up with the appropriate investigative authority.

Mr. Jacobs stated that he appreciated Attorney Cornelius' comments, but he didn't think Attorney Cornelius was accurate in a lot of his assessments. He stated that if he is not going to be allowed to speak during the Call to the Public, he plans on presenting his documents to the media. He disagreed with Attorney Cornelius' assessment in terms of whether or not a person's stamp could be used without their knowledge or without their permission.

Board Chair Packard informed Mr. Jacobs that he was out of order.

Mr. Jacobs handed documents to Prescott eNews and Daily Courier reporters that were in the audience.

Mr. Mark Alpert stated that he's a California attorney, he appreciated Attorney Cornelius addressing conflicts of interest; however, he voiced concern that although the Boards were not fighting each other, they did not have their own attorney for their own advice. Mr. Alpert expressed concern that the JPA does not contain measures that would assure that both Central Yavapai and Chino Valley are treated fairly financially so that neither is subsidizing the other. He asked what would happen if Chino Valley or Central Yavapai decided they were not going to budget enough money to pay their share of their expenses.

Board Chair Packard advised Mr. Alpert that his three minutes were up.

Mr. Alpert made closing remarks and told the Board in order to really understand what their situation is, they need to get somebody who is looking out for just their interests. He stated that he did not intend to insult Mr. Crandall or CAFMA; however, CYFD's interests were different. Mr. Alpert thanked the Board for their time.

Mr. Chris Kuknyo expressed concern that only the Chair and Fire Chief can put something on the agenda; any two members should be able to put something on the agenda, and that he lives in Williamson Valley and does not have representation on the CAFMA Board, because ViciLee Jacobs is not on that Board. He asked the Board to change the policy to allow any two Directors, in agreement, to put something on the agenda.

Attorney Cornelius advised Mr. Kuknyo that Board members can request items for the agenda. They are to be submitted at least three business days prior to the posting of the agenda so there is an opportunity to determine whether there are legal issues or other matters that need to be properly addressed. He advised that matters that are outside the Board's jurisdiction are not placed on the agenda.

Mr. Kuknyo asked if the Chair could disallow an item.

Attorney Cornelius advised that it depends on the subject.

Mr. Kuknyo voiced his opinion that the Board Chair should not be allowed to veto the request.

5. LEGAL RESPONSE TO ACCUSATION OF ALLEGED CRIMINAL CONDUCT AND OF CONFLICTS OF INTEREST RAISED DURING JANUARY 2018 CALL TO THE PUBLIC

**Attorney Cornelius advised that he's going to address the public comments, because they were raising legal matters. He provided his background as a Special Assistant Attorney General in the White Collar Criminal Division and thereafter as a full Assistant Attorney General in the Criminal Division prosecuting white collar crime matters. Attorney Cornelius stated that he is not going to address allegations of criminal conduct, because those matters are not within the jurisdiction of this agency. He stated for the record that as an Attorney General working in the State of Arizona, an investigator who discussed a criminal case in public, whether in the form of publications or at open meeting would have been subject to discipline, because until and if charges are filed that is utterly inappropriate. Attorney Cornelius advised that Mr. Jacobs suggested to him during the December 2017 open meeting that he intended to turn those documents over to a prosecuting agency. Mr. Cornelius advised that he thinks Mr. Jacobs can do that, and if he does, the Agency will respond as required in the event that the matter proceeds.**

**Attorney Cornelius reviewed the facts related to the real estate transaction and the administration building purchase including the Board process and approval. He advised that everything was done properly.**

**Director Zurcher called for a point of order.**

**Director Jacobs voiced concern that this item was on the agenda after the Executive Session;**

**Attorney Cornelius advised the Board of his concern that matters related to criminal conduct may be brought up during Call to the Public.**

**Director Zurcher thanked Attorney Cornelius for the explanation.**

**Attorney Cornelius continued and advised that matters related to criminal conduct are not proper before the Board, and he will not entertain them that this meeting.**

**Attorney Cornelius advised that there are various potential conflicts of interest which he and the Board face. He advised that both Boards were unanimous in wanting to move forward with the joint management agreement (JMA) and joint powers authority (JPA); there were no conflicts at that time. He advised that there is language in the JPA intergovernmental agreement (IGA) addresses conflicts of interest and how those should be handled. Attorney Cornelius advised that has consulted with the State Bar, the Arizona Attorney General's office, and he named various attorneys that he has been in contact with regarding potential conflicts. He advised that currently there are no conflicts between the Boards; he has consulted with others to confirm. If individuals have suggestions that there are conflicts of interest, he advised that they provide those in writing so that he can address them as the Board is required.**

## **6. CONSENT AGENDA**

All matters listed under consent agenda are considered to be routine by the Central Yavapai Fire District Board and will be enacted by one motion. There will be no separate discussion on these items. Any item may be removed by a board member and will be considered separately for motion, discussion and action.

- A. Approve Executive Session Minutes - October 23, 2017
- B. Approve Regular Session Minutes - January 22, 2018
- C. Approve Executive Session Minutes - January 22, 2018
- D. Approve General Fund Financial Statements
- E. Approve Bond Debt Service Financial Statements
- F. Transfer January Revenues from Central Yavapai Fire District to Central Arizona Fire and Medical Authority in the Amount of \$642,566.49

**Director Jacobs asked that Items A. and F. be removed for further discussion.**

**Motion to approve Items B., C., D., and E.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed  
Yes: ViciLee Jacobs, Darlene Packard, Jeff Wasowicz, Matt Zurcher**

**Motion to approve item A.**

**Move: Jeff Wasowicz Second: Matt Zurcher**

**Director Jacobs explained her reasoning for pulling the October 23, 2017 Executive Minutes and stated that the language was in the January Executive Session; however, they were not included in the October minutes.**

**Board Chair Packard asked for feedback from Administrative Manager Dixson. Administrative Manager Dixson informed the Board that corrections were made to the October 23, 2017 Executive Session minutes as directed by legal counsel.**

**Director Jacobs stated that there were specific sections left out; information was in the January 22nd Executive Session minutes where she explained what Attorney Cornelius had said that she wanted included in the October 23rd minutes. She stated that it needed to be added to the October minutes before they are approved.**

**Attorney Cornelius advised that he understands Director Jacobs' position; he reviewed the minutes in detail; the substance of the discussion is completely accurate and the nature of the requested change is irrelevant as a legal matter. He advised the Board that there is no reason to delay the approval of the October minutes as the requested change doesn't change the legal analysis.**

**Status: Passed**

**Yes: Darlene Packard, Jeff Wasowicz, Matt Zurcher No: ViciLee Jacobs**

**Item F. Transfer of January Revenues from Central Yavapai Fire District to Central Arizona Fire and Medical Authority in the Amount of \$642,566.49**

**Director Jacobs stated that as she indicated in October and November she is continuing to not pass the money up to the Authority due to her being stripped of her autonomy. She voiced concern that there is a lack of communication with every Director that has been elected by the taxpayers, including Chino that are not on the CAFMA Board. She stated that she will not pass the transferring of the revenue, and she reiterated that she did not pass the budget.**

**Motion to approve Item F. transfer of January revenues from Central Yavapai Fire District to Central Arizona Fire and Medical Authority in the amount of \$642,566.49.**

**Move: Matt Zurcher Second: Jeff Wasowicz**

**Yes: Darlene Packard, Jeff Wasowicz, Matt Zurcher  
No: ViciLee Jacobs**

## **7. VOTE TO GO INTO EXECUTIVE SESSION**

- A. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) and Instruction to District Legal Counsel Pursuant to A.R.S. §38-431.03(A)(4) Re: Training Center Drainage**
- B. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) and Instruction to District Legal Counsel Pursuant to A.R.S. §38-431.03(A)(4) Re: Possible Joint Representation of the CYFD and**

Superior Southwest by Attorney Ken Januszewski of Burch & Cracchiolo in Ace Hardware Litigation

- C. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Matter of Administration Building Purchase

**Motion to adjourn into Executive Session at 7:57 p.m.**

Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed

Yes: ViciLee Jacobs, Darlene Packard, Jeff Wasowicz, Matt Zurcher

## 8. OLD BUSINESS

**Board Chair Packard reconvened into Public Session at 8:25 p.m.**

- A. Motion, Discussion and Action Related to Training Center Drainage Issues

**Board Chair Packard confirmed that Attorney Cornelius has his direction.**

## 9. NEW BUSINESS

- A. Motion, Discussion and Action Regarding Joint Representation of the CYFD and Superior Southwest by Attorney Ken Januszewski of Burch & Cracchiolo in Ace Hardware Litigation

**Motion to approve the joint representation.**

Move: Jeff Wasowicz Second: Matt Zurcher Status: Passed

Yes: ViciLee Jacobs, Darlene Packard, Jeff Wasowicz, Matt Zurcher

- B. Presentation, Motion, Discussion, and Action Regarding Refunding of 2008 Series B Bonds in the Amount of \$3,745,000 by Stifel, Nicolaus & Co.

**Chief Tharp advised the Board that there is potential savings of interest if the bonds are refinanced; past refinancing saved about \$575,000. He stated that this item will be placed on a future agenda if the Board wants to proceed.**

**Michael LaVallee with Stifel, Nicolaus and Co. provided his background and mentioned that he's been working with our agencies for the past 10+ years. He explained that Central Yavapai had bonds prior to the creation of CAFMA, and that there is about \$3.7 mil that can be refinanced. They are estimating savings of \$55,000 for the first year with a total of about \$250,000 savings over the lifetime of the bonds depending on the quotes we receive. Mr. LaVallee outlined the process if the Board would like to proceed. He noted that they are not looking to extend the maturity date. They suggest finalizing the transaction by May or June. The call date is July 1, 2018; however, if the Board does not want to move forward now, they could consider it again in 6 months**

**Director Jacobs asked how this is going to affect the budget.**

**Chief Tharp explained that the feds are increasing interest rates and that has a negative impact. The bond refinancing does not have an impact on the budget; however, a lower bond debt service would decrease the bond tax rate long-term. He stated that we can lower the tax rate slightly when we have surplus in our debt service account. He recommended that the Board consider moving forward with the refinancing process at the March meeting, and he reminded them that this does not obligate the Board.**

**The Board consensus was to bring this item back to the March meeting.**

- C. Motion, Discussion and Action Regarding Matter of Administration Building Purchase

**No action required.**

10. ADJOURNMENT

**Motion to adjourn at 8:43 p.m.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed**

**Yes: ViciLee Jacobs, Darlene Packard, Jeff Wasowicz, Matt Zurcher**

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Clerk / Date

**Signature indicating approval on next page.**

**Signature Page For: 2018 02 26 Central Yavapai Regular Minutes-Approved.pdf - Central Yavapai  
Fire District Board of Directors - CY Regular Meeting - 4/23/2018**



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Jeff Wasowicz , Board Clerk      04/24/2018