

MINUTES

**Central Arizona Fire and Medical Authority
Central Arizona Fire and Medical Authority Board of Directors
CA Regular Meeting
Monday, February 28, 2022, 5:00 pm - 6:00 pm
Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive,
Prescott Valley**

In Attendance

Darlene Packard; Dave Dobbs; Dave Tharp; Kathy Goodman; Matt Zurcher;
Owen Mills; Rick Anderson; Scott A Freitag; Susanne Dixson

Not In Attendance

Nicolas Cornelius

NOTICE OF MEETING

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Chair Zurcher called the meeting to order at 5:00 p.m.

2. PLEDGE OF ALLEGIANCE

Chair Zurcher led the Pledge of Allegiance.

3. CORRESPONDENCE AND PRESENTATIONS

A. Letters from the Public and Board Recognition

Chief Freitag had nothing more to add.

4. REPORTS

Reports are informational only. Any item articulated in the reports is subject to clarification, discussion, and direction by the Board; no action will be taken.

A. Board Member Reports

Chair Zurcher reported that two employees have moved on from CAFMA, Dana DeJoria from Finance and Kylee Burch from Admin. He presented both with certificates of appreciation in recognition of their contributions to the Agency.

B. Division Reports

Chief Freitag reported that the Arizona Fire Chiefs Association (AFCA) received positive feedback relating to their year-long Chief Executive Officer Program, including that the incoming International Association of Fire Chiefs President stated that he hopes to be in attendance next year. The AFCA President's Forum, held in Prescott, went very well. In addition, the new Prescott Fire Chief, Holger Durre, starts March 14.

He shared that he is hoping to see HB2609 move through the House Committee

of the Whole (COW) this week. There is another bill relating to rates and charges that will move some of the rates structure from Rules into Statute; the bill passed out of the House with a unanimous vote. He also announced that Priority Ambulance was supposed to receive the decision of the Administrative Law Judge today, but they have yet to hear anything.

Chief Tharp reported that Yavapai County Fire Chiefs submitted for ARPA funds to Yavapai County; CAFMA has not received any COVID relief funds, and have had to spend approximately \$550,000.

C. Status Report on Fiscal Year 2022 Goals and Objectives

Chief Freitag inquired as to whether or not the Board had questions; there were no questions. He reminded the Board that every three to four years the Agency brings in an expert to assist in reviewing the Strategic Plan.

5. CALL TO THE PUBLIC

There were no public comments.

6. CONSENT AGENDA

All matters listed under consent agenda are considered to be routine by the Central Arizona Fire and Medical Authority 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 Regular Session Minutes - January 24, 2022

B. Approve Executive Session Minutes - January 24, 2022

C. Approve General Fund Financial Statements

D. Approve Fire Protection Agreements: Gonzalez, White, Shaw, Mann, Nardozi, Jacques, Baca, and Wilson

Motion to approve the Consent Agenda.

Move: Darlene Packard Second: Dave Dobbs Status: Passed

Yes: Dave Dobbs, Darlene Packard, Matt Zurcher, Owen Mills, Rick Anderson

7. VOTE TO GO INTO EXECUTIVE SESSION

Executive Session was waived.

A. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Ambulance Transport Issues

B. Legal Advice Pursuant to A.R.S. §38-431.03(A)(4) Regarding Agreement with the Department of Public Safety for Use of CAFMA Tower Space for Public Safety Communications

C. Legal Advice Pursuant to A.R.S. §38-431.03(A)(4) Regarding The Radio Guy LLC and SpeedConnect Sublease Agreements

8. OLD BUSINESS

- A. Discussion and Possible Action Regarding the Radio Guy LLC and SpeedConnect Sublease Agreements

Chief Tharp reported that he went over the contracts with Attorney Cornelius. Attorney Cornelius then drafted letters and contracts and sent them to the entities involved. The Attorney has not received responses as of yet.

9. NEW BUSINESS

- A. Discussion and Possible Direction to Staff Regarding Ambulance Transport Issues and an Ambulance Reform Update

Chief Freitag reported that the ambulance transport issues remain unchanged or have worsened. Both CAFMA and the City of Prescott are still having to transport patients because ambulances are not available. He explained that the main difference between CAFMA and Prescott, with the exception of Station 51, is that CAFMA has Recues to assist in transporting. The City of Prescott recently transported four patients in one day, each being treated with IVs established. They transported a number of ways, the patient's vehicle, the engine, and a Battalion Chief's vehicle. He added that CAFMA ran on a motor vehicle crash recently which was reported to have three Level 1 patients and no ambulances available upon initial dispatch.

- B. Discussion and Possible Action Regarding Agreement with the Department of Public Safety for Use of CAFMA Tower Space for Public Safety Communications

Chief Rose advised that CAFMA has been in partnership with AZDPS since 2005. AZDPS is currently updating all agreements across the state, including this one.

This item was tabled until the March meeting.

- C. Discussion and Possible Action for Creation of an IRS 115 Trust for Reserve Pension Funds

Chief Tharp gave a brief history of how the Agency has planned for PSPRS costs, including the use of Certificates of Participation (COPs). He then reminded the Board of the current account status and presented the proposed options. The resolution creates the account, the Board of Directors then designates the amount and it gives authority to the Assistant Chief of Administration to be the IRS 115 Trust account plan administrator. Charlie Francis and Maureen Toal of Public Agency Retirement Services (PARS) were available for questions via Zoom. Presentation attached to these minutes.

Motion to approve Resolution 2022-02 AEP PP IRS Trust Account and initial investment in the amount of \$8,000,000.

Move: Darlene Packard Second: Dave Dobbs Status: Passed

Yes: Dave Dobbs, Darlene Packard, Matt Zurcher, Owen Mills, Rick Anderson

- D. Discussion and Possible Action Regarding the Selection of a Construction Manager at Risk for the Station 63 Remodel Project

Chief Rose explained the RFQ process and reminded the Board that HDA is the

architect, this RFQ was for the contractor. He advised the Board that this item is not budget-related and he will be back another time regarding cost approval. He and Eric Crossman, Facilities Maintenance Manager, went over the responses; staff recommendation is FCI Constructors, Inc. due to their extensive experience building and remodeling fire stations, and their previous work experience with HDA.

Director Dobbs stated that he has worked with FCI and they are good to work with.

Motion to approve the selection of FCI Constructors, Inc. as the Construction Manager at Risk for the Station 63 remodel project.

Move: Rick Anderson Second: Darlene Packard Status: Passed

Yes: Dave Dobbs, Darlene Packard, Matt Zurcher, Owen Mills, Rick Anderson

E. Discussion and Possible Action Regarding the RFP for Management Recruitment Services

Chief Freitag advised the Board that the Agency did not receive any responses, with the exception of one that responded that they will not be responding due to current workload. Staff then made direct calls to two recruiting firms. One out of California has not responded, the other from Colorado has worked in Arizona, including in the Quad City area, and is familiar with the recruitment challenges. He reported that he should have a proposal by Friday.

He continued, stating that the current executive recruiting environment runs on a first-come, first-serve basis depending on the size of the recruiting firm. It is a three-month process, and if CAFMA is able to engage quickly, the firm could begin working through the process by the third week of March. If not, then the process may be pushed off until April or May, and HR Manager Brookins retires in May. He requested that the Board approve the ability to sign a contract in an amount not to exceed \$50,000 in order to expedite the process.

Motion to grant approval for the Chief to sign a contract in an amount not to exceed \$50,000 for management recruitment services.

Move: Darlene Packard Second: Rick Anderson Status: Passed

Yes: Dave Dobbs, Darlene Packard, Matt Zurcher, Owen Mills, Rick Anderson

F. Discussion and Possible Action Regarding the Selection of Legal Services for the PSPRS Local Board

HR Manager Brookins explained the PSPRS process as it relates to the PSPRS Local Board, and that the Local Board is now required per statute to have separate legal counsel. She then provided a summary of the three firms that submitted proposals. She reported that in her 9.5 years with the Agency, there have been three disability cases that required legal services, and she anticipates spending no more than \$2,000 per year. Staff recommendation is to sign with Goering Roberts due to their vast experience.

Motion to approve the selection of Goering Roberts for legal services for PSPRS Local Board.

Move: Dave Dobbs Second: Owen Mills Status: Passed

Yes: Dave Dobbs, Darlene Packard, Matt Zurcher, Owen Mills, Rick Anderson

10. ADJOURNMENT

Motion to adjourn at 5:42 p.m.

Move: Darlene Packard Second: Rick Anderson Status: Passed

Yes: Dave Dobbs, Darlene Packard, Matt Zurcher, Owen Mills, Rick Anderson

Signature indicating approval on next page.



Pension Reserve Fund

Central Arizona Fire and Medical Authority - 2022



Current Account Status

Goals of these Funds

Proposed Options



Current Account Status

- September 16th, Close of COPs - \$53,365,000
- \$1,186,972 for Costs of Issuance
- \$42,178,027 to PSPRS
- \$10,000,000 to Yavapai County Treasurer's Office

- To date, \$0.00 interest for 5 months
- Have reached out 3 times for explanation
- “Reserved” for future pension liabilities
- Paying interest at 2.9% for COPs



Goals of these Funds

- “Restricted” for future pension liabilities
- Accessible for use – PSPRS & ASRS liabilities
- Agency Control - Agency Use
- Investment Options with Minimal Risk
- “Protected” from future Boards
- Earning interest at least at 2.9%



Proposed Option - #1

- Status Quo
 - Still held with Yavapai County
 - Reserved but not Restricted
 - Local Control – uses as per policy
 - No Return on Investment



Proposed Option #2

- LGIP – Local Government Investment Pool
 - Still held with Yavapai County
 - Reserved but not Restricted
 - Local Control – uses as per policy
 - Return on Investment – 0.1% to 2.4% net



Proposed Option #3

- IRS 115 Trust – Private Account (CAFMA)
 - Funds held with Trustee
 - Funds Managed by PARS – Public Agency Retirement Services
 - Restricted and Protected
 - Local Control – within parameters
 - Return on Investment – Custom or “Canned”



Proposed Option #4

- IRS 115 Trust – AEPPP (PSPRS)
 - Funds held with Trustee – US Bank
 - Funds Administered by PARS – Public Agency Retirement Services
 - Funds invested – Vanguard, US Bank, Etc.
 - Restricted and Protected – State of AZ
 - Local Control – within parameters
 - Return on Investment



Request

- Approve Resolution for creating a 115 Trust Account - AEPPP
- Designate an amount for the account - \$8 million
- Allows the Assistant Chief of Administration to create and as Plan Administrator
- Documents are reference of plan agreements
 - Conservative Investment with Vanguard

Questions?



Investment Returns As of 12/31/21 (Gross of Fees)

	Equity (%)	1 Year	3 Years	5 Years	10 Years
Vanguard					
Conservative	40.00%	7.08%	11.77%	8.25%	7.34%
Balanced	60.00%	11.55%	15.03%	10.49%	9.29%
Growth	75.00%	15.11%	17.64%	12.35%	11.04%
U.S. Bank					
Cons. Income	25.00%	2.96%	7.09%	5.20%	4.73%
Income	47.00%	6.71%	12.39%	8.90%	6.27%*
Balanced	64.00%	8.79%	14.39%	10.42%	8.33%
Growth	77.00%	10.60%	17.28%	12.00%	9.70%

* Inception to Date



Prepared for PARS

Vanguard strategies

Investments (return seeking / risk reducing)	Fixed Income Strategy (0/100)	Conservative Strategy (40/60)	Balanced Strategy (60/40)	Growth Strategy (75/25)
Total Equity	-	36%	54%	67%
● Total Stock Market Index	-	22%	33%	41%
● Total International Stock Market Index	-	14%	21%	26%
Total Fixed Income	100.0%	60%	40%	25%
● Total Bond Market Index	45%	23%	15%	10%
● Total International Bond Market Index	25%	15%	10%	5%
● Intermediate-Term Investment Grade Fund	15%	14%	10%	7%
● Short-Term Investment Grade Fund	15%	8%	5%	3%
Total Real Estate	-	4%	6%	8%
● Real Estate Index	-	4%	6%	8%
Total weighted average expense ratio	0.08%	0.08%	0.08%	0.08%
Vanguard Advisory fee	0.02%	0.02%	0.02%	0.02%
All-in fee	0.10%	0.10%	0.10%	0.10%



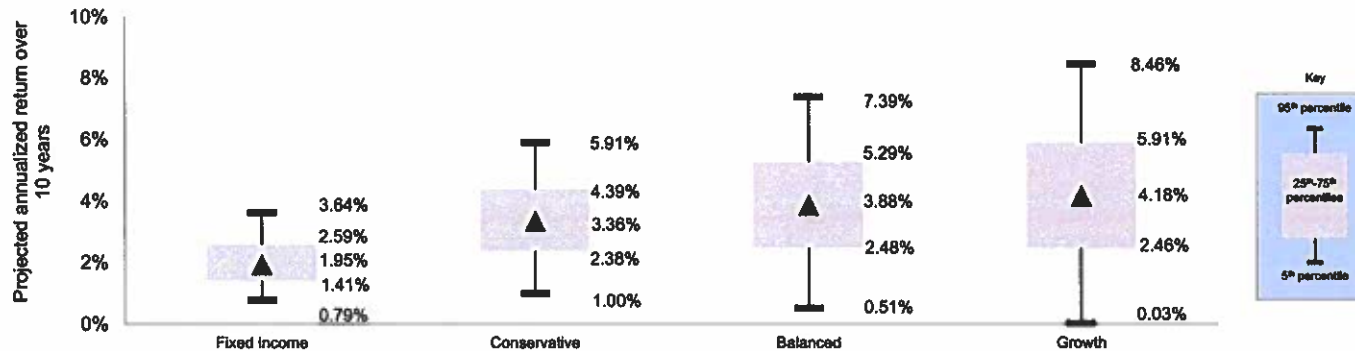
Data as of September 30, 2021.

For institutional use only. Not for distribution to retail investors.

Asset allocation analysis: 10-year outlook

Asset classes	Fixed income	Conservative	Balanced	Growth
U.S. Equity	-	22%	33%	41%
Non U.S. Equity	-	14%	21%	26%
REITs	-	4%	6%	8%
U.S. Aggregate Bonds	45%	23%	15%	10%
Non U.S. Bonds	25%	15%	10%	5%
Intermediate-Term Credit	15%	14%	10%	7%
Short-Term Credit	15%	8%	5%	3%
Median expected outcomes				
Returns	1.95%	3.36%	3.88%	4.18%
Volatility	3.73%	6.46%	9.45%	11.82%
Sharpe ratio	0.08	0.26	0.25	0.25
EQ/FI/REITS (%)	0/100/0	36/60/4	54/40/6	67/25/8

Portfolio nominal return distributions (10-year horizon)



IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of September 30, 2021. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.

Note: Returns, real returns, and Sharpe ratio listed above represent the median value for 10,000 scenarios. The Sharpe ratio calculates return (or reward) per unit of risk; $(R_x - r_f) / \sigma(x - r)$; R_f = cash. The risk-free rate is based on VCMM's projections for cash.

Source: Vanguard, Investment Strategy Group.

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Program Fees With Vanguard

Trust Administration/Consulting Fees



Plan Set-Up Fee:
None

Ongoing Fees:

0.25%	for assets \$0-10 million
0.20%	for next \$5 million
0.15%	for next \$35 million
0.10%	over \$50 million

Investment Management Fees



The current total blended fee
for Vanguard investment
management services is **0.02%**

Ongoing Fees:

0.07%	for assets \$0-50 million
0.04%	for next \$100 million
0.03%	for next \$100 million
0.01%	for next \$250 million
0.005%	over \$500 million

Directed Trustee Fees



Ongoing Fees:

0.05%	for assets \$0-25 million
0.04%	for next \$25 million
0.03%	over \$50 million

*Neither PARS or PSPRS receives any compensation from the investments or any commissions, back-end loads, or any other forms of compensation;
Vanguard investment management fees are based on the total assets of all participants in the four strategies;
U.S. Bank's fee schedule is based on combined assets in each of the Vanguard strategies



Hypothetical Cost - Vanguard

The following details the monthly program fee based on an initial contribution amount. Calculations are based on a one-time contribution and do not consider investment earnings or losses.

Program Fees

Initial Contribution Amount	\$5,000,000
PARS Trust Administration/Consulting Blended Annual Fees	0.25%
Vanguard Investment Management Annual Fees ¹	0.02%
U.S. Bank Directed Trustee Annual Fees ²	0.05%
Total Monthly Fees	\$1,333.33

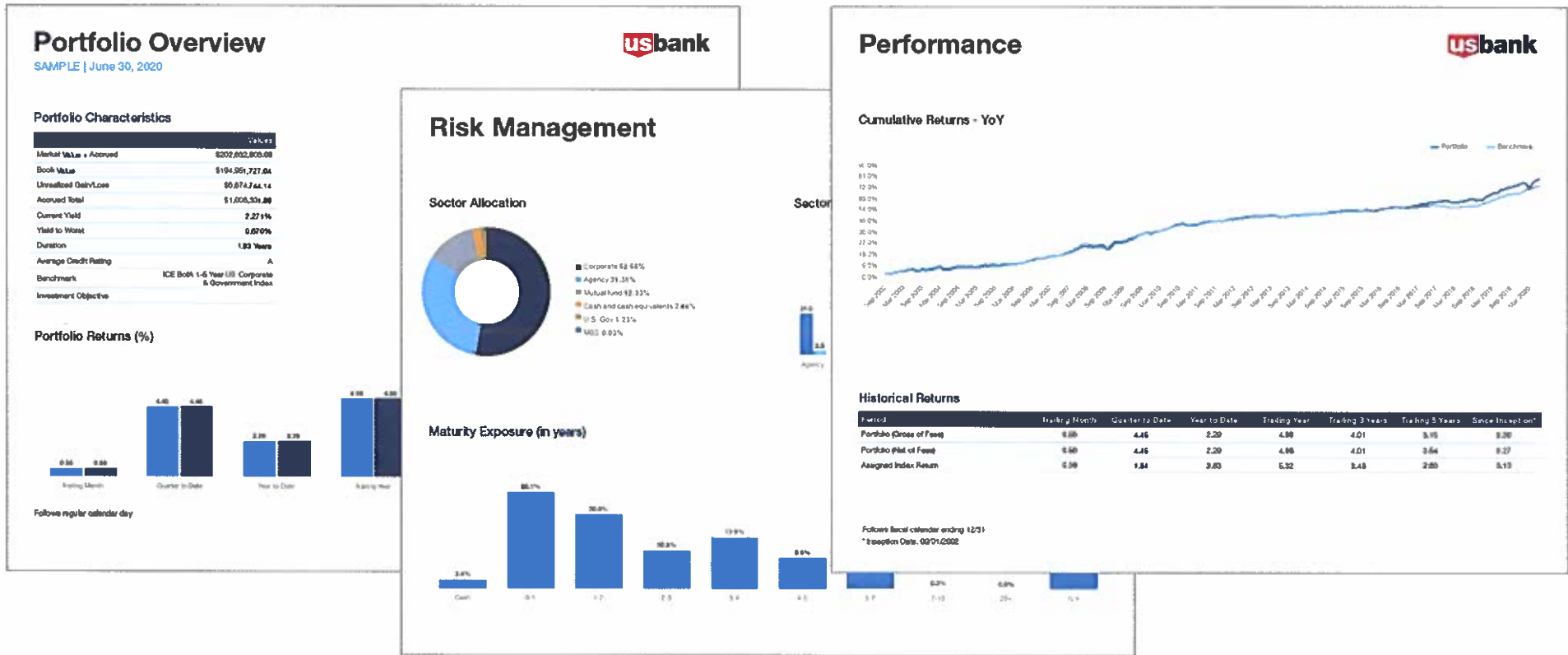
¹ Vanguard blended fees are based on total assets across all investment strategies

² U.S. Bank blended fees are based on total assets in the investment strategies



Institutional investment reporting

- Performance, compliance and risk monitoring
- Industry leading accounting and reporting system
- Daily reconciliation and data verification



Program Fees With U.S. Bank

Trust Administration/Consulting Fees



Plan Set-Up Fee:
None

Ongoing Fees:

0.25%	for assets \$0-10 million
0.20%	for next \$5 million
0.15%	for next \$35 million
0.10%	over \$50 million

Discretionary Trustee/Investment Management Fees



Ongoing Fees:

0.30%	for assets \$0-5 million
0.25%	for next \$5 million
0.20%	for next \$5 million
0.15%	for next \$35 million
0.10%	over \$50 million

*Neither PARS or PSPRS receives any compensation from the investments or any commissions, back-end loads, or any other forms of compensation; Please note that trustee fees are waived when U.S. Bank is selected as investment manager



Hypothetical Cost - U.S. Bank

The following details the monthly program fee based on an initial contribution amount. Calculations are based on a one-time contribution and do not consider investment earnings or losses.

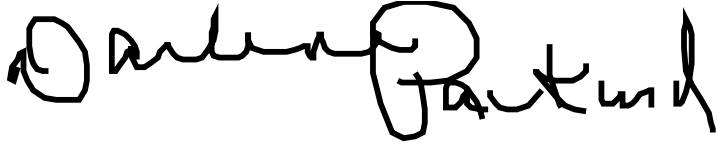
Program Fees

Initial Contribution Amount	\$5,000,000
PARS Trust Administration/Consulting Blended Annual Fees	0.25%
U.S. Bank Trustee & Investment Management Annual Fees ¹	0.30%
Total Monthly Fees	\$2,291.67

¹ U.S. Bank fees are based on individual agency assets



Signature Page For: 2022 02 28 CEA Regular Minutes - Approved - Central Arizona Fire and Medical Authority Board of Directors - CA Regular Meeting - 3/28/2022

A handwritten signature in black ink, appearing to read "Darlene Packard". The signature is fluid and cursive, with a large initial "D" and a distinct "P".

Darlene Packard 03/29/2022