

**Minutes of a Regular Meeting of the Board of Directors of the Verde Valley Fire District
Meeting Held November 22, 2016**

A Regular meeting of the Verde Valley Fire District Board of Directors was held on November 22, 2016 at 10:00 a.m. at the Verde Valley Fire District Station #31, 2700 E. Godard Road, Cottonwood, Arizona.

Board of Directors:

Ken Bishop, Chairman
Don Eberle, Clerk
Linda Quam
Robert Eddingfield
Thomas Rhodes

Staff Present:

Nazih Hazime, Fire Chief
Joe Moore, Deputy Chief/Fire Marshal
Lisa Elliott, Administrative Manager
Jennifer Shilling, Finance/Administrative Specialist

Others Present: Kim Moore, Daniel Elliott, and Gary Svider.

CALL TO ORDER - The meeting was called to order at 10:00 a.m. by Chairman Bishop.

ROLL CALL – All members were present. A quorum was present.

PLEDGE OF ALLEGIANCE TO THE FLAG – Those present stood and recited the pledge of allegiance to the American flag.

MOMENT OF SILENCE – A moment of silence for firefighters who have lost their lives in the line of duty and remembrance of former Clarkdale Reserve Bill Green who passed away October 27, 2016. A moment of silence was taken for 10 firefighters who lost their lives in the line of duty in the last month. Chief Hazime also acknowledged Bill Green who was a Reserve for Clarkdale Fire District from May 2006 to March 2010 who recently passed away.

ORDER OF THE AGENDA – Discussion and consideration of changing the order of the agenda. Board Chairman Bishop requested that item 10A, Employee Recognition, be moved to after item 7, Call to the Public.

MINUTES – Discussion and consideration of the minutes of the meeting scheduled October 25, 2016. Board Member Eddingfield moved to approve the minutes of the October 25, 2016 meeting. Board Member Rhodes seconded. The motion passed unanimously.

CALL TO THE PUBLIC – None.

EMPLOYEE RECOGNITION – Recognition of employees for years of service with the fire district: Deputy Chief/Fire Marshal, Joe Moore, 10 years of service. Chief Hazime read a biography of Joe Moore and presented him with a 10 year pin.

FINANCIAL REPORTS – Discussion and consideration of the financial report for the previous month (including ambulance billing). Chief Hazime noted that property tax revenue is down compared to past year and that staff has contacted the County to find out why. Copper Canyon Fire and Medical also reports that their property tax revenue is down. Chief Hazime stated the ambulance collections are also down and staff is monitoring it closely. Board Member Eddingfield made a motion to approve the Financial Reports. Board Clerk Eberle seconded. The motion passed unanimously.

CHAIRPERSON’S REPORT – A report from the Chairperson on his activities for the District over the past month. Chairman Bishop reported that he would like to get new shirts for the Board Members especially since the AFDA Conference coming up in January. Chairman Bishop also invites Board Members to ride on the parade truck in the City of Cottonwood Christmas Parade scheduled for Saturday, December 3, 2016.

BOARD MEMBER REPORTS – Reports from the members of the Board on their activities for the District over the past month. No reports.

CHIEF’S REPORT – A report from the Fire Chief on current events and his activities for the past month, including, but not limited to: Public relations, meetings and events attended, incident call volume, specific calls/incidents, the Community Integrated Paramedicine (CIP) program, and a Clarkdale advisory board update.

Chief Hazime reported on the following:

- A RFP has been put together for Communications/IT companies. Board Members are encouraged to join a panel of personnel to review the proposals when they come in.
- Board Members are encouraged to spend a day with Chief Hazime and do a ride along with crews to get to know the District thoroughly. If any members are interested, please contact Chief Hazime.
- With the recent properties that were annexed by the City of Cottonwood, Chief Hazime met with Cottonwood Fire Chief Mike Kuykendall and asked him to be the liaison between the Council and VVFD, and to give us a heads-up on any changes that would impact our District. Chief Hazime would like to know for operational purposes.
- A grant application has been submitted to the Yavapai Apache Nation, for a Polaris Ranger off-road vehicle in the amount of \$26,000. This vehicle will be staged at Station 36 for the surrounding area.
- VVFD was awarded \$71,500 through the Yavapai County Board of Supervisors for new staff vehicle from a grant submitted through the Gila River Indian Community.
- VVFD participated in a mass casualty training using a school bus and a truck, on I-17 with Copper Canyon Fire and Medical and Verde Valley Ambulance Company. It was a two-phase event using ground and air apparatus. Chief Hazime will attend the after action review.
- Chief Hazime shared the Incident Call Volume and Community Integrated Para-medicine Reports.

- Chief Hazime reported that all of the revenue for wildland assignments in 2016 has been collected.

OATH OF OFFICE – Reciting of the Oath of Office by the Board Members who start new terms of office on December 1, 2016. Board Chairman Ken Bishop, Board Member Bob Eddingfield and Board Member Thomas Rhodes will begin new 4-year terms of office on December 1, 2016. Per A.R.S. 38-231 officers of a board of any state or county political subdivision shall subscribe to an oath or affirmation as specifically provided in the statute. Board Clerk Eberle administered the Oath of Office.

FIRE CODE PUBLIC HEARING – A hearing to obtain public input on the proposed adoption of the 2012 International Fire Code, with appendices and amendments as the Fire Code for Verde Valley Fire District. There was no public comment.

FIRE CODE – Discussion and consideration of Resolution #2016-15 adopting the 2012 International Fire Code with appendices and amendments as the Fire Code for Verde Valley Fire District.

Board Clerk Eberle made a motion to adopt Resolution #2016-15 adopting the 2012 International Fire Code with appendices and amendments. Board Member Quam seconded. The motion passed unanimously.

Board Member Rhodes asked about the 4,000 gallon water tank requirement. Chief Moore explained that a tiered system is being proposed. There will be a panel discussion with the State Fire Marshal at the 2017 AFDA Conference to discuss the new tiered system.

CLARKDALE FIRE STATION ENGINEERING SERVICES –Discussion and consideration of selecting a vendor to negotiate with for engineering services for a new fire station in Clarkdale. Deputy Chief Moore prepared a Request for Qualifications for Civil Engineering Services for the site work for a new Clarkdale Fire Station. The notice appeared in the newspaper on 10/31/16 and 11/06/16 and a pre-submittal conference was held on 11/07/16. A total of twenty-four (24) RFQ documents were distributed. The opening of the submittals occurred at 4:30 p.m. on 11/14/16. One (1) submittal was received by the deadline. The Review Committee, consisting of Board Chairman Bishop, Board Member Rhodes, Chief Hazime, Deputy Chief Moore and Administrative Manager Elliott reviewed the submittal and evaluated it based on the ranking criteria as established in the Request for Qualifications.

The review committee recommends the Board allow Staff to begin fee negotiations with Shephard Wesnitzer, Inc. A negotiated contract will be brought back to the Board for consideration.

Board Member Eddingfield made a motion to select Shephard Wesnitzer, Inc. as the successful applicant based upon the submittals received. Board Member Rhodes seconded. Board Clerk Eberle asked about the time element. The start date was upon our request but the completion date was not clearly pinned down. Board Member Rhodes stated that he did not think nine months was unreasonable.

Board Member Rhodes made a motion to amend the main motion by adding in the words “with an agreement on the time frame for completion.” Board Clerk Eberle seconded. The motion passed unanimously. The amended motion reads, to select Shephard Wesnitzer, Inc. as the successful applicant based upon the submittals received, with an agreed upon completion date. Board Member Rhodes seconded. The motion passed unanimously.

The Review Committee will negotiate the time frame of completion with the engineering firm.

PSPRS – Update and discussion of Senate Bill 1428 and the Hall vs. EORP (Elected Officials Retirement Plan) lawsuit which impact the Public Safety Personnel Retirement System (PSPRS). Board Clerk Don Eberle and Administrative Manager Lisa Elliott gave an update of Senate Bill 1428 and the Hall vs. EORP (Elected Officials Retirement Plan) lawsuit which will impact the Public Safety Personnel Retirement System (PSPRS).

Following is a summary on SB1428 and an announcement regarding Hall vs. EORP, both are from the PSPRS website:

SB 1428 PSPRS MODIFICATIONS

Various changes to statutes relating to the Public Safety Personnel Retirement System. Establishes a method for determining the employer and member contributions to PSPRS for members hired on or after July 1, 2017. Modifies the definition of “average monthly benefit compensation” for the purpose of determining PSPRS retirement benefit amounts and the definition of “normal retirement” and applies these changes only to members hired on or after July 1, 2017. For members who are hired on or after July 1, 2017, the annual compensation of each member taken into account for purposes of the system cannot exceed \$110,000, decreased from \$200,000. Beginning in FY2020-21 and every third FY after, the PSPRS Board is required to adjust the annual compensation limit by the average change in the public safety wage index as determined by a specified method. Establishes retirement multipliers based on years of credited service for members who become a PSPRS member on or after July 1, 2017. Repeals statutes providing for benefit increases, and establishes cost-of-living adjustments for members hired on or before June 30, 2017, and for members hired on or after July 1, 2017. Increases the number of members of the PSPRS Board to nine, from seven, and modifies requirements for Board members. Establishes a 10-member PSPRS Advisory Committee. The PSPRS Board is required to establish a Public Safety Personnel Defined Contribution Plan (DC Plan) to provide for the retirement of specified participants beginning July 1, 2017. Establishes powers and duties of the Board for the DC Plan, and establishes member and employer contributions to the DC Plan. An employee who is hired on or after July 1, 2017 and who was not a member of the PSPRS on June 30, 2017 is eligible and may elect to participate in either the PSPRS or in the DC Plan, and the election made is irrevocable. The employee’s participation in either system begins 90 days after the date the employee is hired. Also establishes a DC Plan disability program. More. Conditionally enacted on the state Constitution being amended as prescribed by Senate concurrent resolution 1019 by vote of the people at the special election on May 17, 2016. Severability clause.

AS SIGNED BY GOVERNOR.

Sponsor: Sen. Lesko

Current Action: Signed by the Governor, February 16, 2016. Chapter 2, Laws 2016.

ARIZONA SUPREME COURT STRIKES PSPRS REFORMS, PSPRS STILL EXPECTED TO SAVE \$475 MILLION DUE TO 2016 LAW, REFERENDUM

November 12, 2016, Contact: Christian Palmer, Phone: 602-296-3736

ARIZONA – The Arizona Supreme Court overturned two provisions of state law designed to provide financial relief to underfunded retirement plans managed by PSPRS. The *Hall v. EORP* lawsuit follows a similar loss in 2014 and cements the practical and legal limits of pension reform efforts.

“The reforms struck down in recent years were the products of good faith efforts to put Arizona public safety retirement plans on a stable and sustainable path forward,” PSPRS Board of Trustee Chairman Brian Tobin said. *“The court’s decision amplifies the importance and achievement of both Senate Bill 1428 and Proposition 124 passed into law this year. Without this key measure passed by lawmakers, Governor Ducey and the public, PSPRS-managed retirement plans, retirees, members and employers would be facing a far more uncertain future.”*

In Hall, the Arizona Supreme Court determined that 2011 legislative reforms that increased employee contribution rates and modest reductions to pension benefit increases were unconstitutional. The court’s ruling impacts employees who were already hired or retired by the effective date of the 2011 law.

In response to the ruling, PSPRS must return excess contributions to impacted members who under the contested law had their retirement contribution rates rise above the existing 7.65 percent level. Likewise, those who retired after the effective date of the 2011 legislation may be owed retroactive benefit increases calculated under the previous permanent benefit increase (PBI) formula.

Preliminary and unaudited estimates by PSPRS indicate that contribution refunds and retroactive pension increases could reach \$220 million. The long-term adverse impacts of the Hall decision are offset by additional savings created by Senate Bill 1428 and Prop 124, both of which became law this year.

“While this ruling is unfortunate in terms of the health of the system, we respect the constitutional protections granted by this opinion,” said PSPRS Administrator Jared Smout. *“Still, the impacts would have been worse without the reform efforts of Prop 124 and SB1428,”*

The 2016 pension reform efforts in SB1428 created a new employee benefit “tier” set for those hired on or after July 1, 2017, which effectively avoids the legal challenges associated with enacting laws that impact currently serving employees. In crafting Prop 124, which voters passed overwhelmingly in May, public safety stakeholders and lawmakers replaced the costly permanent benefit increase formula in the state constitution, as opposed to previous changes made in state law that were overturned in the Hall decision.

Despite the financial impact of the court’s opinion in Hall, PSPRS is still expected to save an estimated \$475 million in long-term costs due to changes to state law and the constitution in 2016. The combined assets of the PSPRS, Corrections Officer Retirement Plan (CORP) and the Elected Officials Retirement Plan (EORP) are currently valued at \$8.7 billion.

The individual actuarial valuations for fiscal 2017-18 expected in the coming weeks will reflect pension reform efforts passed in 2011 and 2016 that mitigate the full effects of Hall but will not

include the impact caused by the return of additional contributions and retroactive benefit increases. Due to the timing of the Hall ruling and the immediate lack of precise refund and benefit increase payment amounts, it is most likely that the smaller, incremental effects of the lawsuit will not be factored into individual employer funding levels and rates until the June 30, 2017, valuations are released next year.

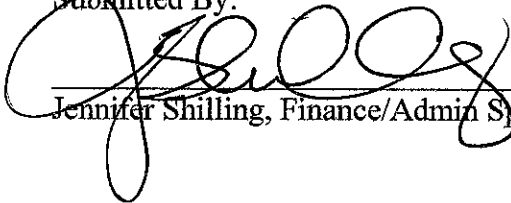
There are still some unknowns until the lower court addresses this ruling between the parties and finalizes its remedies. Therefore, further communication will be forthcoming on the timing and process of those retroactive benefit increases and return of excess contributions. Until then, PSPRS will continue to share ongoing updates on the impacts and implementation of the Hall decision on members, retirees and employers.

FUTURE AGENDA ITEMS – A listing of items to be placed on a future agenda.

- The Board requested that the PSPRS agenda item appear on future agendas in order to review the progress of the changes.

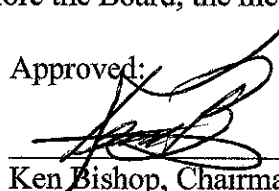
ADJOURNMENT. With no further business before the Board, the meeting adjourned at 11:10 a.m.

Submitted By:



Jennifer Shilling, Finance/Admin Specialist

Approved:



Ken Bishop, Chairman

Attest:



Don Eberle, Board Clerk