

MINUTES

AVRA VALLEY FIRE DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS



Meeting Date: Wednesday July 24, 2013
Meeting Time: 10:00 AM
Location: 15790 W. Silverbell Road, Marana, AZ 85653

RECORDING ON.

1) Call To Order

The meeting was called to order by Chairman Castaneda, Jr. at 10:07 AM.

2) Pledge of Allegiance

The Pledge of Allegiance was recited by all present.

3) Roll Call

The roll was called by Secretary Palmquist. In attendance:

Board

Chairman Castaneda, Jr.
Vice-Chairman Lassen
Director Neilson
Director Horch

Staff

Chief Delfs
Lorrie Palmquist
Counsel Wencker

Resident, James Haffner, was in attendance.

4) Approval of the Minutes from the Regular Meeting and Public Hearing held June 26, 2013

Vice-Chairman Lassen motioned to approve the minutes from the regular meeting and Public Hearing held on June 26, 2013. The motion was seconded by Director Horch. *Motion carried unanimously, 4/0.*

5) Call To The Public

None.

6) Announcements, Current Events & Correspondence

Chief Delfs commented on the outpouring of love and respect from the community for the 19 Granite Mountain Firefighters who were lost. He stated that several people have donated items for the Warneke family. Ms. Palmquist is sending "Thank You" notes on behalf of the District.

7) Chief's Reports

- **Chief Delfs** – training, vehicles, labor relations, personnel, stations, communications, operations and response times

Chief Delfs stated that the firefighters wish to thank those attending services for lost firefighter Billy Warneke. The Chief explained that due to several issues with the current Warneke home, a decision has been made to construct an 1800 square-foot house which will be donated to Mrs. Warneke. He commented that the entire fire service has come together as a united family, opining that this unity is not seen in a lot of other professions.

The Chief stated that we are meeting response times.

Chiefs Delfs gave an update on the small water tender. He explained that within the next week we will be able to inspect and weigh the vehicle again. The Chief summarized that the District bought a great piece of apparatus for outlying areas, explaining that the tender has been used as a type-1 tactical wildland tender. He further explained that when our Fleet Manager first took it to for inspection, it was found to be overweight. Therefore, we took out 200 gallons to keep it within compliance. The vehicle was sent back to Truckworks in Phoenix, where they are taking off steel components and replacing them with aluminum components. The District has been assured that the truck will not be limited in usefulness even if it has to be downgraded to a 1700 gallon tank. The Chief stated that whereas an option would be to buy another large water tender, his recommendation is to downgrade this current vehicle to a 1700 gallon tank and keep the truck because of its' usefulness in the outlying areas. Chairman Castaneda inquired about whether downgrading the tender will limit the use as a wildland vehicle. Chief Delfs responded that as long as it carries over 1500 gallons, it can still be used as a type-1 tactical tender.

Chief Delfs commented on the *Affordable Care Act* employer mandate which has been postponed for another year. The *Act* requires that if a company has 50+ employees and offers a health plan, then the company must cover all employees who work 30+ hours/week. As a result, the District must address the pool of reserve employees, possibly pulling them from reserves into full-time status. The Chief explained that the existing benefit plan has remained unchanged from previous years under a grandfathered status. Further, since this mandate has been pushed off until 2015, the District may be able to stay under our current grandfathered status and, therefore, may be able to keep our current reserve pool in tact.

The Chief offered an update on Station 194. He explained that the District is still talking with Pulte, Pinal County, and the State. He commented that Pulte also wants the Station constructed as soon as possible. He explained that the permit process coupled with the delay in issuing our bonds has slowed things down a bit.

8) Reports of Board Members and Staff

Chairman Castaneda stated that he attended the recent AFDA conference. Also, he was among those who lined the streets and honored the Warneke family when fallen firefighter Warneke was flown home. The Chairman commented on the overwhelming outpouring of respect from the entire community.

There were no other reports from Board members.

9) **Financial Report – Fiscal Year-End Cash Flow Statement and Budget Performance**

Chief Delfs stated that the financial statement notes presented in the Board packets are extensive and comprehensive, commenting that the 18 points listed offer thorough explanation of financial activity. He commented that we are happy to be in new fiscal. The Chief stated that because we could not sell the bonds prior to the close of last fiscal, we had to make payments out of the operating cash which created a pinch at fiscal year-end. He commented that ambulance revenue is continuing to increase and tax revenue will be coming in October.

10) **Review, Discussion and possible Action regarding the District Bond Issue (recurring item)**

Chief Delfs addressed the Board. He explained that the last couple of months have been completely frustrating. He summarized that the District was successful in getting through the election process and the preliminary steps toward the bond issue, then found out we had to do extensive and complicated submissions to the Bureau of Justice. To give an idea of the complexity, he shared that the bond attorneys submitted a file at a fee of over \$55,000. The filing was submitted and approved, and we gave the bond attorneys authority to continue with the sale. Then, a Federal ruling stated that those filings were no longer required. Therefore, had we been able to sell the bonds earlier, we would have received a lower interest rate. Subsequently, the bond market blew up and we were seeing the worst bond rates since prior to the recession. As a result, we held off on the sale, and, fortunately, we saw yields start to fall. Then, the city of Detroit declared bankruptcy. In response, bond rates went back up about .2%. The Chief commented that rates are not going to come back down for some time, and that although we cannot predict what the market will do, the best guess is a coupon rate around 5.8% in total. One strategy we are looking at is the chance of buying some premium which will serve as an insurance policy toward the District's bond rating. He explained that a higher bond rating will allow the interest rate to come down slightly, and, thus, will give the taxpayer some relief when our bonds are finally issued. He stated that the premium serves as "buying" a higher bond rating. Further, all bond expense will be paid out of the premium. The hope is that buying the premium will allow the District to see \$2.95 million rather than \$2.8 million as a result of the bond levy. He summarized once again, that the premium would serve as insurance toward the bond rating, thereby yielding a slightly lower interest rate. The Chief reported to the Board that he has asked the bond attorneys to secure a bond sale at \$.62 instead of \$.67, commenting that the bond levy rate should continue to come down in the future. Chief Delfs stated that if the attorneys are able to structure the sale in this way, then we can talk to the underwriters immediately. The underwriters will be able to tell us if it is fiscally worth it to expend money for a premium and if it would make financial sense for us to do so. If yes, then the District can count on having the money in our Pima County account in about a month.

Director Horch clarified that the bond levy rate to taxpayer would be \$.62 if we buy premium because we would not have to build in a delinquency rate. Chief Delfs responded that when the District went to Moodys, they gave us a BBB rating, commenting that interest rates correspond to the bond rating. Because we got a slightly higher interest rate in response to the slightly lower Moody rating, buying some premium means we would be buying a higher bond rating. Director Lassen inquired how this relates to the current set levy rate of \$.67. Chief Delfs responded that the \$.67 is not a stable rate, but actually fluctuates, averaging out over the 20-year life of the bond issue, and if we take advantage of the premium and restructure the bond issue, it will average out to the lower rate. Director Neilson inquired about the cost vs benefits of buying premium to achieve a lower interest rate. Chief Delfs responded that the bond attorneys are looking out for the best financial interests of the District, and that buying

premium will push payment of principle out a little so interest will average out to eventually stabilize around \$.57. Counsel Wencker added that an increase in confidence in the governments' ability to pay their bills will help stabilize the current market situation, commenting that market issues are reflected in public response. Counsel Wencker further stated that the bond attorneys have done an admirable job in representing our bond issue. Counsel further commented that the District has done an excellent job in managing the current bond issue which we are paying off now.

11) Review, Discussion and possible Action regarding contracting with an additional Collection Agency

Chief Delfs reported to the Board that *Professional Credit Service*, a collection agency doing work for the City of Tucson and Golder Ranch Fire District, charges a rate of 21% instead of our 35% rate. Chief Delfs recommended that the District leave current Surety accounts with Surety, but send future collections to the new carrier at the much lower rate. The Chief stated that the Board could direct Counsel to write a letter accordingly.

Vice-Chairman Lassen moved to leave the current collections with Surety, and approve starting a new contract with PCS for future accounts turned over to collection. The motion was seconded by Director Horch. Chairman Castaneda added a friendly amendment to the motion to include directing the Chief and Counsel to make this happen. *Motion carried unanimously, 4/0.*

Director Neilson inquired if the District is contractually obligated to leave current collections accounts with Surety. Counsel Wencker responded that the District is obligated to Surety for the 35% on accounts referred to them, regardless of whether the District enters a contract with any other collection agency. Therefore, Counsel recommended leaving current collections accounts at Surety.

12) Review, Discussion and possible Action refurbishment of Engine 217

Chief Delfs reminded the Board that this issue has been approached in prior Board meetings. The Chief shared that the District received a bid from Firetrucks Unlimited (in Nevada) which is higher than the bid from the local company, W.W. Williams. The Chief commented that Fleet Manager, Tom Webb, has high standards and would prefer to monitor the refurbishment being done through the local company rather than incur travel costs back and forth to Nevada. The refurbishment will include LED lighting, pump overhaul, new tires, and probably replacing the tank with another one. One cost not reflected in the bids relates to the stickers and striping which can be done at the correctional facility at a much lower cost. The Chief reminded the Board that this is a quote and could change depending on what they find when they strip the truck. We expect a 90-day turnaround to get the truck back. The Chief commented that currently we have enough trucks in service, but will not have any backup reserve trucks if Station 194 opens before this refurbishment is complete.

Counsel Wencker recommended that if there is a motion, the motion should include the language "an amount not to exceed" so that the Chief does not have to come back to the Board for additional approval, thereby holding up the refurbishment process. Chief Delfs responded with a suggestion of adding the language, "\$160,000 plus taxes". Vice-Chairman Lassen inquiring if Mr. Webb will be involved in the tank assessment process. Chief Delfs responded that the tank assessment will include looking for stress cracks, indentations, rust, holes, leaks, etc. The Chief stated that it will be a judgment call on Tom's part as to whether they make the correct decision, commenting that he trusts Tom's judgment. Chief Delfs affirmed that this estimate is still easily under \$100,000 what a new chassis would cost.

Director Horch motioned to direct the Chief to send Engine 217 to W.W. Williams for refurbishment at a cost not to exceed \$160,000 plus taxes. The motion was seconded by Vice-Chairman Lassen. **Motion carried unanimously, 4/0.**

13) The Board may vote to enter executive session, pursuant to ARS 38-431.03(A)(3), for discussion or consultation for legal advice with the District's attorney regarding the status of a discrimination claim filed by Charleane Boyles.

Counsel Wencker addressed the Board. He explained that Attorney Jeff Matura has submitted a response to the EEOC on behalf of the District. Counsel Wencker stated that attorney Matura made good arguments in that response, and it takes at least 60 days for a return response from the EEOC. Counsel Wencker described that possible EEOC responses include: the District committed no violation, a violation was committed, or the claimant may choose to sue on their own. Director Neilson clarified that if the EEOC rules that the District committed no violation, then the claimant could sue in Civil Court. Chief Delfs stated that he will send a copy of the EEOC report to the Board members. Counsel Wencker explained that because it contains a lot of detail and legal jargon, he can provide a thumbnail analysis of the response, stating that the Board should discuss such an analysis in Executive Session. Chairman Castaneda asked to have attorney Matura's response to the EEOC sent to the Board members. Counsel Wencker reminded the Board that per Open Meeting Law, he cannot respond to individual questions, but will answer questions in a group setting at the next board meeting.

Counsel Wencker reminded the Board that he leaves Tucson on August 27. Director Neilson inquired if another attorney could be available to carry the ball if Counsel Wencker is unavailable to complete this matter. Counsel responded that attorney Matura is the appointed counsel by the District's liability insurance company, further stating that Mr. Matura clearly knows that the District is his client, not the insurance company. Counsel Wencker assured the Board that he will interpret and communicate with attorney Matura until this matter is resolved, stating that he will maintain continuity of representation throughout the case. Counsel Wencker stressed that he is confident that Counsel Matura is looking out for the welfare of the District. Chief Delfs commented that it was an outstanding response from Counsel Matura.

14) Discussion and possible Action regarding the discrimination claim filed by Charleane Boyles.

None.

15) Discussion and possible Action regarding relocation of Counsel Chris Wencker

Chairman Castaneda stated that Counsel Wencker informed the Board at the last meeting that he was moving to Pennsylvania at the end of August. Counsel Wencker stated that it has been his distinct pleasure to serve the District for the past three years, commenting that it has been a rewarding experience. Counsel Wencker expressed his interest in retaining this relationship with Avra Valley Fire District, if it pleases the Board. He commented that he will invest in appropriate technology to appear remotely at the Board meetings, stating that he has really enjoyed working with the District in the past. Chairman Castaneda relayed a message from Clerk Bauer, who was not present for the meeting. Clerk Bauer expressed much appreciation for Counsel Wencker and regrets not being present, but hopes the Board will retain Mr. Wencker as legal counsel. Chairman Castaneda reiterated that sentiment, stating he also has been very satisfied with Counsel Wencker's work on behalf of the District. Vice-Chairman Lassen stated that whoever the legal counsel is, it is imperative that the Chief and Counsel have a good working relationship and this has definitely been the case over the past three years with Mr. Wencker.

Chief Delfs commented that Mr. Wencker's availability and "spot-on" legal advice have been invaluable to him. Counsel Wencker commented that most of the work is done electronically now and he does not see relocation as a problem. Vice-Chairman Lassen commented that Mr. Wencker's fees are lower than most. Director Neilson inquired if the District needs to add anything else electronically for uninterrupted communication. Chief Delfs responded that wifi has been installed at the Halberg center since the inception of the Pima College classes and that the District has the ability to use GoTo online meetings which include a video component. Vice-Chairman Lassen moved to approve retaining Counsel Wencker. Director Horch seconded. ***The motion carried unanimously, 4/0.***

Chairman expressed thanks and look forward to a long relationship.

16) Future Agenda Items

Chairman Castaneda reported on behalf of Clerk Bauer, stating that she is looking toward a two-and-a-half day retreat, and has asked the Board members to contact her by this Friday with their suggestions for dates. Clerk Bauer suggests that Chief Klein include a half-day tour of the District. Chief Delfs commented that we need to have a month in mind so we can pick dates. Vice-Chairman Lassen stated that the month of August will be hard for the Lassens and asked if the Board would consider the month of September. Counsel Wencker stated that he is willing to fly out for the retreat.

Director Horch inquired if the Board can address the progress of Engine 217 at the next meeting.

17) Date of Next Board Meeting - August 28, 2013

Chief Delfs asked the Board to consider moving the August meeting to August 21 instead of August 28, stating that Lorrie is attending an Az State Retirement meeting on that day, and that he has other commitments on the 28th as well. Chairman Castaneda queried the Board about August 21st. The Board accepted August 21 for the next Board Meeting.

18) Adjournment

Vice-Chairman Lassen motioned to adjourn the meeting at 11:13 AM. The motion was seconded by Director Horch. ***The motion carried unanimously, 4/0.***

RECORDING OFF.

DATE APPROVED: _____

APPROVED BY: _____

Board Members

Luis Castaneda, Jr. Aleyna Lassen Sara Bauer Eric Neilson Brian Horch

In accordance with the Federal law and the U.S. Department of Agriculture policy, Avra Valley Fire District is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202)720-6382 (TDD).