



**ARIZONA FIRE & MEDICAL
AUTHORITY
GOVERNING BOARD MEETING
MEETING MINUTES**

Tuesday, April 27, 2021

MINUTES

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS / AFFIRMATION OF QUORUM

Board Chairman Wilson called the meeting to order on Tuesday, April 27, 2021, at 11:03 a.m. The meeting was held telephonically due to social distancing requirements relating to the COVID-19 pandemic.

Members Present: Board Chairman David Wilson, Board Clerk John Crawford, and Board Members Richard Bookie, Karen Gueltzow and Dawn Miller

Members Absent: None

Staff Present: Fire Chief Rob Biscoe, Assistant Chief Chris DeChant, Division Chief Kane Nixon, Division Chief/Fire Marshal Eric Kriwer, Division Chief Brad Puckett, Captain Matt Burry, Acting Finance Manager Coaleen Poland, Management Analyst Deborah Musselman and Authority Clerk Dusty Christopherson, Emergency Manager Kim Campbell, EMS Manager Chris Barden

Legal Counsel: Legal & Intergovernmental Affairs Director Lee Miller

Guests Present: North County Fire & Medical District Board Members Tony Sambol and James Young; South County Fire & Medical District Board Members Jack Arend, Bill Becker, and Diane Price; Stifel, Inc. Representatives Claude Lockhart, Bryan Lundberg, Mark Reader

Media Present: None

2. CALL TO THE PUBLIC

There was no response to the Call to the Public.

3. PRESENTATIONS

A. Presentation by Stifel, Nicolaus & Company, Incorporated regarding the use of Certificates of Participation to assist in managing Public Safety Personnel Retirement System liabilities.

Mary Dalton, Assistant Chief – Business Services, provided the Governing Board with a verbal report and overview of Senate Bill 1298 (SB1298): Fire Districts; Pension Liability. This bill passed and was signed by the governor. It has an Emergency Clause which allows for the potential of utilizing a Certificate of Participation (COP) to refinance the Authority’s Public Safety Personnel Retirement System (PSPRS) unfunded pension liabilities. Ms. Dalton invited Stifel, Nicolaus & Company, Incorporated to present. Stifel representative Claude Lockhart led the presentation with a slideshow titled Fire and Medical Pension Liability Management.

Mr. Lockhart began the presentation stating the primary reason for pension debt was due to a permanent benefit increase instilled in the 1970s. Mr. Lockhart then reviewed the Arizona Tier 1 & 2 PSPRS Unfunded Pension Liabilities for the entire fund noting that Fire and Medical Districts account for 3.2% or \$374,029,612.

Mr. Lockhart presented the AFMA PSPRS Pension Debt Profile for Tier 1 and Tier 2 Legacy Costs. AFMA’s total unfunded liability is currently estimated at \$36,987,915 and if left to amortize at its current accrual rate of 7.3%, would escalate from \$1,815,705 in 2021/22 to \$4,999,562 in 2043/44. Accruing at 7.3%, AFMA’s pension payments are among the fastest escalating costs on the Authority’s budget.

Stifel presented three scenarios for consideration.

In response to inquiries, Mr. Lockhart stated it was possible to refinance if rates drop, but only after 10 years. Mr. Lockhart also stated there is little difference between the first and second scenarios, except the Authority potentially could realize an additional \$500,000 annual savings from scenario one.

Chief Biscoe further explained that staff favors scenario one for all the same reasons while freeing up the collateral needed in scenario two and is not asking for a vote today. Staff recommends waiting for the results from the potential application for a Standard and Poor’s (S&P) Global Rating which would eliminate the need for collateral.

Mr. Lockhart continued the presentation by addressing the potential pension obligation risks. While forecasts are based on expectations, Mr. Lockhart stated the Authority would not be any worse off and bridging the gap between the current 7.3% with the 3.5% is worth the risk. Comparisons over the past five years assisted in establishing forecasts.

Mr. Lockhart further explained that pension liability management carries three distinct types of risks. Market risk is based on changes in market conditions and year-over-year investment return performance. Actuarial risk is associated with PSPRS’s independent actuaries that calculate projections for plan assets and liabilities. Funding target risk is

based on the obligation proceeds amount being calculated to achieve a specified funding target by the issuer.

Mr. Lockhart explained that the Authority can mitigate risks with the contingency reserve fund of \$4.8 million which allows the Authority to apply a portion of the obligations proceeds to create the contingency fund which helps manage market and actuarial risks associated with COPs. Staff recommends using this funding and continuing to add to the contingency reserve fund.

Chief Biscoe asked for Stifel to provide an overview of the S&P process. Mr. Lockhart explained that S&P credit ratings are forward looking opinions about an issuer's relative creditworthiness. They provide a common and transparent global language for investors to form a view on and compare the relative likelihood of whether an issuer will repay its debts on time and in full. Obtaining an S&P rating would provide an independent assessment of the credit quality of the Authority and the specific obligations (COP) that the Authority is contemplating. Many investors rely on these ratings to determine whether or not to purchase a COP, and to determine the price they are willing to pay for them. Investors also expect a rating in the event they want to sell the bonds to someone else prior to maturity. If the COPs were sold unrated, investors would demand a significantly higher interest rate.

In response to inquiries, Mr. Lockhart indicated this rating could save up to \$5 million and that it is not anticipated the Authority would receive an adverse rating especially due to the tax rate being low and under the tax cap. Stifel recommends applying for the S&P rating. Without the rating, collateral alone would not cover the terms amount given that there are three stations tied to the current debt service. Chief Biscoe responded to an inquiry asking if there were any downsides due to the Joint Powers Authority and noted it would be similar to the 2020 debt refinance and would be tied to current partners.

Members of the Governing Board thanked Stifel for the presentation.

4. FINANCIAL SUMMARIES

A. Arizona Fire & Medical Authority Financial Reports for March 2021.

Coaleen Poland, Acting Finance Manager presented the Arizona Fire & Medical Authority Financial Reports for March 2021 and answered any questions from Board Members.

B. Discuss Fiscal Year 2021/22 Budget and Capital Improvement Plan Development updates and Fiscal Year 2020 year-end projections.

Ms. Poland provided a verbal report on the budget and capital improvement plan process for Fiscal Year 2021/22 and year-end projections for 2020/21. Ms. Poland answered any questions from Board Members.

C. Announce the Distinguished Budget Presentation Award for Fiscal Year 2020/21.

Ms. Poland stated the Government Finance Officers Association (GFOA) established the Distinguished Budget Presentation Awards Program in 1984 to encourage and assist state

and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. To earn recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool. The Arizona Fire & Medical Authority Finance Section has achieved this award every year since Fiscal Year 2012/13.

Chairperson Wilson commended the Finance Section for this outstanding accomplishment.

5. CONSENT AGENDA

- A. Approve Monthly Financial Report for March 2021.
- B. Approve Regular Board Meeting Minutes – March 23, 2021.
- C. Accept the South County Fire & Medical District’s property annexations approved at their Governing Board meeting on March 23, 2021.

Board Member Miller moved that the Arizona Fire & Medical Authority Governing Board approve all items on the Consent agenda. Board Clerk Crawford seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

6. CURRENT EVENTS SUMMARIES AND REPORTS

- A. Operations Division (Including Operations/Deployment, Support Services, and Emergency Medical Services/Training) - Current Event Summaries for March 2021.

Chris DeChant, Assistant Chief – Operations/Deployment presented the Operations Division Monthly Report for March 2021 and answered any questions from Board Members.

Assistant Chief DeChant noted that the Operations Division has had an approximate 3% increase in fires but not limited to wildland fires; however, the Authority is anticipating an aggressive wildland season.

In response to an inquiry, Chief DeChant explained that there was no singular reason as to what is attributing to the recent increase in residential structure fires.

Assistant Chief DeChant added that the Authority has increased Fire Company Operations Training and anticipates it will continue to increase next month. Specific training areas

include the ET3 (Emergency Triage, Treat and Transport) Program and Structural Fire Training.

B. Community Risk Management Division – Current Event Summary for March 2021.

1. Stop the Bleed Presentation.

Eric Kriwer, Deputy Chief/Fire Marshal presented the Community Risk Management Division (CRMD) Monthly Report for March 2021 and answered any questions from Board Members.

Deputy Chief/Fire Marshal Kriwer noted that the CRMD is increasing services but will continue virtual education in the future.

Deputy Chief/Fire Marshal Kriwer gave an update on development activities throughout the Authority and noted that Grandview Terrace is near completion.

Deputy Chief/Fire Marshal Kriwer gave a visual presentation of the Stop the Bleed Program. The presentation included background information, program highlights, next steps, and the need for educating the public on how to best address uncontrolled bleeding in catastrophic incidents such as an active shooter event. Generally, and during such events, uncontrolled bleeding is the number one cause of preventable death from trauma.

In response to an inquiry, Deputy Chief/Fire Marshal Kriwer confirmed that the Maricopa County Sheriff's Office does not currently collaborate with the Authority, but an offer would be extended. Other community partnerships will also be explored.

Chairperson Wilson expressed the Governing Board's appreciation for this training opportunity.

C. Business Services Division (including Planning/Tech Services/Emergency Management, Financial Services, Administration, and Human Resources) – Current Event Summary for March 2021.

1. COVID19 Updates, including governing board meeting structure.

Chief Dalton presented the Business Services Division Report for March 2021 and answered any questions from Board Members. Chief Dalton gave updates related to the various areas in the business services division.

Chief Dalton reported that Human Resources has been busy with recruiting for firefighters, EMTs, paramedics and for a Finance Director. The Engineer's Promotional Process is also in progress. Human Resources is preparing for Open Enrollment in May.

Emergency Manager Kim Campbell gave a COVID-19 Pandemic visual presentation update. Ms. Campbell reviewed the daily case trends, cases by zip code, hospitalizations, vaccination administrations, next steps, and the Authority's Recovery Plan which is now entering Phase III. Ms. Campbell emphasized the need to be flexible and continue with wearing masks, physical distancing, and sanitizing our hands and surfaces.

In response to discussion related to the transition to meeting in-person or in a hybrid fashion, it was expressed that the level of vaccinations in the field (25%) is concerning and it is premature to meet again in person with the variants and unknowns of COVID-19. Chief Biscoe suggested adding this item to the board meeting each month for ongoing evaluation. A recent survey was sent to all governing board members and the vast majority was in favor of meeting in person. Ms. Campbell confirmed that meetings could be held in the Sandridge Room safely with 10-12 people socially distanced while the remaining attendees remoting in from home or in offices. It was agreed that a hybrid approach would be taken for May meetings.

- D. Arizona Fire & Medical Authority Chapter of The United Sun Cities Firefighters Association – International Association of Firefighters Local 3573 Updates.

Captain Matt Burry provided a verbal report on behalf of The United Sun Cities Firefighters Charities. The Charities recently donated \$3000 to a displaced family due to a house fire. The Charities recently participated in a fishing tournament and in a golf tournament. The Charities recently concluded the annual MDA Fill the Boot fundraiser. The goal was \$10,000. \$9,300 was raised. The Charities Board has a pending vote to donate the difference to reach the goal.

- E. Correspondence Review – Correspondence received or sent by the Arizona Fire & Medical Authority which would be of interest to the Governing Board will be reviewed by the Board Clerk.

Board Clerk Crawford read the correspondence received or sent for the month of March 2021.

7. REGULAR BUSINESS

- A. Discussion and Possible Action relating to adoption of proclamation declaring the week of May 2-8, 2021 as Public Service Recognition Week.

Deputy Chief/Fire Marshal Kriwer presented the Public Service Recognition Week Proclamation stating May 2-8, 2021 as a time set aside to honor the men and women who serve our nation as federal, state, county and local government employees and their tireless efforts which are especially critical today during the COVID-19 Pandemic. Day in and day out they continue to fulfill their duties during a public health crisis—even at personal risk—to provide the diverse services demanded by the American people of their government with efficiency and integrity. The Governing Board urges all residents to thank a public servant for their dedicated and tireless work in serving the American people.

Board Member Bookie moved that the Arizona Fire & Medical Authority Governing Board adopt a proclamation declaring May 2-8, 2021 as Public Service Recognition Week throughout the Authority and Board Clerk Crawford seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

B. Discussion and Possible Action relating to adoption of proclamation declaring the week of May 16-22, 2021 as National Emergency Medical Services (EMS) Week.

Deputy Chief/Fire Marshal Kriwer presented the National Emergency Medical Services (EMS) Week Proclamation stating May 16-22, 2021 as a time to celebrate EMS practitioners and the vitally important work they do in our nation’s communities; and the members of emergency medical services teams, engage in thousands of hours of specialized training and continuing education to enhance their lifesaving skills; and the members of emergency medical services teams are ready to provide lifesaving care to those in need 24 hours a day, seven days a week. The Governing Board, with the EMS Strong theme, THIS IS EMS: Caring for Our Communities, urges all residents to thank an emergency medical services worker for their dedicated and tireless work in serving all people without hesitation.

In response to an inquiry, Deputy Chief/Fire Marshal Kriwer stated that the proclamations are sent to media outlets and social media outlets.

Board Member Miller moved that the Arizona Fire & Medical Authority Governing Board adopt a proclamation declaring May 16-22, 2021 as National Emergency Services (EMS) Week throughout the Authority and Board Member Bookie seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

C. Discussion and Possible Action relating to adoption of proclamation declaring the month of May, 2021 as Mental Health Awareness Month.

Deputy Chief/Fire Marshal Kriwer presented the Mental Health Awareness Month Proclamation stating May, 2021 to call upon citizens, government agencies, organizations, health care providers and research institutions to raise mental health awareness and continue to help Americans live longer, healthier lives; and first responders are susceptible to cumulative effects of Post-Traumatic Stress Disorder (PTSD) and other job-related exposures. The Governing Board urges all residents, government agencies, public and private institutions, businesses, and schools to commit our community to increasing awareness and understanding of mental health, utilizing the tools available to our employees and our citizens to protect their mental health, and the need for appropriate and accessible services for all people with mental health conditions.

Board Member Miller moved that the Arizona Fire & Medical Authority Governing Board adopt a proclamation declaring May 2021 as National Mental Health Awareness Month and Board Member Gueltzow seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

D. Discussion and Possible Action relating to the external auditing firm bids for financial auditing services.

Ms. Poland presented the Governing Board with the results of a bid process for external auditing services for the next three fiscal years.

Ms. Poland explained that the Authority’s contract with Walker & Armstrong, LLP, expired with the finalization of the Fiscal Year ending June 30, 2020 for North County Fire & Medical District (NCFMD), South County Fire & Medical District (SCFMD), and Arizona Fire & Medical Authority (AFMA) audits and financial statements, including the AFMA Comprehensive Annual Financial Report (CAFR). With the expiration of Walker & Armstrong’s previous three-year contract, Authority staff has requested proposals from qualified Arizona certified public accounting firms for a one to three-year contract period for auditing related services. A bid summary was provided for each firm.

Staff is recommending renewing the auditing services contract with the accounting firm of Walker & Armstrong for an additional 3-years. The Budget & Finance Committee recommended this item be approved by the Governing Board.

In response to an inquiry, Ms. Poland explained that the cost of the audit does not become a percentage of the budget, but costs have increased with the formation of the Joint Powers of Authority and the need for separate entity audits.

Board Member Bookie moved that the Arizona Fire & Medical Authority Governing Board approve the use of Walker & Armstrong, LLP for a period of three years beginning in Fiscal Year 2021/22. Board Clerk Crawford seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

E. Discussion and Possible Action relating to a Maintenance Services Agreement with HME, Inc.

Assistant Chief DeChant presented the Governing Board with the proposed Authorized Service Center Agreement with HME, Inc. for warranty repairs of the new Type 1 Engines.

Chief DeChant explained that the Authority has taken delivery of two new Type 1 Engines from HME. HME does not have a local repair service that can provide any necessary warranty repairs. The Authorized Service Center Agreement allows the Authority to provide warranty repairs in-house by Authority fleet personnel and outsource repairs for items that Authority fleet personnel are unable to make. Under this proposed Agreement, the Authority will be reimbursed for labor at the rate of \$112.50 per hour by HME. Parts covered under warranty will be ordered and delivered by HME, at no cost to the Authority.

Staff is recommending entering this agreement. The Budget & Finance Committee recommended this item be approved by the Governing Board.

Board Clerk Crawford moved that the Arizona Fire & Medical Authority Governing Board approve the HME, Inc. Authorized Service Center Agreement. Board Member Miller seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson

NAYS: None

ABSENT: None

F. Discussion and Possible Action relating to Capital Improvement Plan (CIP) expenditure of Fire Station 231 Swamp Cooler Replacement.

Brad Puckett, Support Services Division Chief, requested the use of Capital Improvement Plan (CIP) funds to replace four swamp coolers on the apparatus bay roof of Fire Station 231.

Chief Puckett explained that swamp coolers provide the crew with cooler working conditions in the apparatus bay during the hotter months of the year. This helps to avoid crew fatigue and the apparatus from preheating prior to calls. Regular preventive maintenance discovered that the four swamp coolers are in poor condition with pans that have rusted through and pads in need of replacement. The cost of repairs is excessive, and replacement is recommended. Staff solicited bids from three vendors. Staff is recommending the work be performed by Kerr's Comfort Zone, Inc. Kerr's bid was the lowest. Kerr's performs most of the Authority's air conditioning work and has completed similar work at the administrative offices as well as Fire Station 232's recent remodel.

The Budget & Finance Committee recommended this item be approved by the Governing Board.

Board Member Bookie moved that Arizona Fire & Medical Authority Governing Board approve the use of CIP funds in an amount not to exceed \$8,500 for the replacement of the four swamp coolers at Fire Station 231. Board Member Miller seconded the motion.

Vote conducted. **MOTION CARRIED.**

AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

G. Discussion and Possible Action relating to obtaining a Standard and Poor’s (S&P) Global Rating.

In response to the discussion about the advantage of obtaining a Standard and Poor’s Global Rating for the future consideration of using use Certificates of Participation to assist in managing Public Safety Personnel Retirement System liabilities as outlined in the Stifel presentation, Chief Dalton requested for the AFMA Governing Board to provide authorization for the Authority to obtain a Standards & Poor Global Rating.

Board Clerk Crawford moved that the Arizona Fire & Medical Authority Governing Board authorize Staff to apply for an S&P Global Rating in an amount not to exceed \$40,000. Board Member Miller seconded the motion.

Vote conducted. **MOTION CARRIED.**


AYES: Bookie, Crawford, Gueltzow, Miller, Wilson
NAYS: None
ABSENT: None

8. **SUGGESTED ITEMS FOR FUTURE BOARD MEETING AGENDAS**

Consideration of future board meetings being held in-person or in a hybrid format.

9. **ADJOURNMENT**

The meeting adjourned at 1:54 p.m.


John Crawford (Jun 2, 2021 14:33 PDT)

John Crawford, Board Clerk




AFMA - April 27, 2021 Final Minutes - Governing Board Meeting

Final Audit Report

2021-06-02

| | |
|-----------------|--|
| Created: | 2021-06-01 |
| By: | Deborah Musselman (dmusselman@afma.az.gov) |
| Status: | Signed |
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-  Document created by Deborah Musselman (dmusselman@afma.az.gov)
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-  Document emailed to John Crawford (jcrawford@afma.az.gov) for signature
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-  Document e-signed by John Crawford (jcrawford@afma.az.gov)
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