



Rio Verde Fire District
25608 North Forest Road
Rio Verde, AZ 85263
Phone: (480) 471-2304
Fax: (480) 471-1821

**MINUTES OF THE
RIO VERDE FIRE DISTRICT
BOARD OF DIRECTORS SPECIAL SESSION**

May 9, 2018

TABLE OF CONTENTS

I. CALL TO ORDER.....	2
II. ROLL CALL OF BOARD MEMBERS.....	2
III. CERTIFICATE OF POSTING	2
IV. CALL TO THE PUBLIC.....	2
V. FINANCIAL REPORT.....	3
VI. BUDGET DISCUSSION FY 2018/2019.....	4
VII. UNFINISHED BUSINESS.....	5
VIII. BOARD COMMENTS.....	5
IX. CHAIRPERSON COMMENTS	6
X. ADJOURNMENT	6



Rio Verde Fire District
25608 North Forest Road
Rio Verde, AZ 85263
Phone: (480) 471-2304
Fax: (480) 471-1821

MINUTES OF THE RIO VERDE FIRE DISTRICT BOARD OF DIRECTORS SPECIAL SESSION

May 9, 2018

COMMISSIONERS PRESENT: Marty Bowin, Jerry Fickes, Jeanne Finney, George Kattermann, and Nancy Sewell

COMMISSIONERS ABSENT: None

ALSO PRESENT: Chief Jay Ducote, Deputy Chief Eric Merrill, and Administrative Manager Jo Lewis, Rio Verde Fire District

I. CALL TO ORDER

The Wednesday, May 9, 2018, Special Session of the Board of Directors was called to order by Chairperson George Kattermann at 10:04 a.m. in the Rio Verde Community Center Conference Room, Rio Verde, Arizona 85263.

II. ROLL CALL OF BOARD MEMBERS

All commissioners were present.

III. CERTIFICATE OF POSTING

The District's Certificate of Posting was presented, certifying that the meeting's agenda had been posted at least twenty-four hours prior to the meeting. This certificate was posted at the fire station, Rio Verde Post Office, Rio Verde Community Center, the Tonto Verde Community Center, and on the District and Trilogy websites.

IV. CALL TO THE PUBLIC

There was no response to the Call to the Public.

V. FINANCIAL REPORT

Due to administrative changes at the Maricopa County Treasurer's Office, Commissioner Bowin was unable to submit the March financial report at the Board's last meeting (4-30-18). Information has since been acquired, and Commissioner Bowin thus submitted the following for March 2018:

Financial Report – March 2018	
Revenue	\$176,472.63
Expenses	\$212,054.25
Other Income (Expense)	\$406.56
Net Income (Loss)	(\$35,175.06)
Transfers to/from Capital Fund	-0-
Adjusted Net Income	(\$35,175.06)
Monthly Budgeted Net Income (Loss)	(\$10,699.81)
YTD Actual Net Income (Loss)	\$219,439.80
Borrowing from Capital Fund	-0-
YTD Adjusted Net Income	\$219,439.80
YTD Budgeted Net Income	(\$6,213.01)
General Fund Operating Cash	\$312,697.66
Capital Fund Cash	\$1,018,524.66
Capital Fund Advances to General Account	-0-
Capital Fund Equity	\$1,018,524.66

Commissioner Bowin thanked Jo Lewis for her diligence in preparing the financial report in time for the special meeting.

A P&L comment was made regarding the over budget figures for personal protective equipment (PPE). Chief Ducote responded that new employee turnouts had not been included in the FY 2017/2018 budget.

Commissioner Bowin also noted that due to the administrative changes at the Maricopa County Treasurer's Office, the monthly transaction shows various transactions out of the norm but correct.

Commissioner Bowin moved that the Board accept the March 2018 Financial Report as presented. That motion was seconded by Commissioner Fickes and passed unanimously.

Commissioner Bowin moved that the Board accept the March 2018 Monthly Transaction Report. That motion was seconded by Commissioner Sewell and passed unanimously.

Commissioner Bowin moved that the Board accept the March 2018 bank reconciliations as submitted. That motion was seconded by Commissioner Finney and passed unanimously.

Commissioner Bowin noted that there was no need for a funds transfer between the Capital and General Funds in the current month and most likely through the rest of the fiscal year. In preparation for the June meeting, he will project a percentage transfer of available funds (possibly 80%) to the Capital Fund. This transfer is to be made prior to the closing of the books at fiscal year-end.

VI. BUDGET DISCUSSION FY 2018/2019

Proposed Fee Schedule

Chief Ducote indicated that staff was proposing a new fee schedule for inspections, and that increase was reflected in the budget. The increase reflects industry standards and would be a revenue increase of \$15,700 from this fiscal year.

Commissioner Bowin moved that the Board adopt the new fee schedule for inspections, effective July 1, 2018. The motion was seconded by Commissioner Fickes and passed unanimously.

Health Insurance Rates

Health insurance figures had been received from the District's broker, and Jo Lewis explained that a change in age banding in children had been made in the Affordable Care Act. This change affects children's ages 15—20, resulting in higher premiums for our younger staff members. The District itself will see approximately a 12% increase in health insurance costs. After further investigation, staff will most likely recommend that the District stay with a plan similar to its current age-related plan.

Pension Contributions

Commissioner Fickes recommended that the District:

- Keep the basic Tiers 1 & 2 as originally calculated in the actuarial report. (There are no newcomers on these tiers.)
- Eight (8) firefighters are now retired. The pension payments of over \$300,000 per year are being made. Four (4) more firefighters could retire within the next five (5) years.
- Low interest rates have contributed to the pension deficit.
- An interest adjustment of approximately \$100,000 (due to the seven-year interest smoothing) needs to be considered as an expense in this coming year.

Fickes recommended that the District pay the larger of the required percentage of salary or the amount of \$410,458 as the minimum pension contribution for 2018/2019. This amount includes the legacy payment, Tiers 1 through 3, the alternate contribution, but

not the 401(a) contributions for Tiers 2 and 3. The 401(a) contributions should be budgeted at \$4,570 for the fiscal year.

Pension Requirements on Websites

Commissioner Fickes advised that a directive from the AZ PSPRS was previously reported regarding website pension information posting requirements. The AZ PSPRS has since removed the line on their website which states that all districts must post their pension funding ratios to their websites. However, Fickes had received a letter from one of his personal pensioners noting its funding amount, when it would be paid off, and how the account stood. This notification, mandated by federal law, may have been the reason for the original comments on requiring posting information on the website.

Fickes then discussed that a bill had been passed in Arizona requiring fire district websites to show: (1) how the governing body would maintain stability to the contributions, (2) how and when the funding requirements would be met, (3) the funding ratio target and a timeline for reaching it, and (4) a formal acceptance of the employer's share of assets and liabilities based upon the actuarial valuation reports of PSPRS-managed plans. It is believed that these requirements have been placed on local pension boards in order to keep local responsibility for the (unfunded portions of the) pension. Fickes noted that there is no way to confirm whether or not all District contributions are going into the actuarial report. All that is provided is the minimum contribution required, not what has actually been paid.

If the District could obtain the exact amount the AZ PSPRS has collected (a history), when the funds began earning interest, and at what interest rate, the District could then determine the total pension asset and liability figures. Essentially, it was felt that the government was placing the burden on the local pension boards – but the boards are not receiving the proper information in order to comply with the directive.

Miscellaneous

Commissioner Finney noticed that there was no "Interest Earned General" budget number. Administrative Manager Jo Lewis will check those figures.

Chairperson Kattermann asked all Board members to submit comments on Chief Ducote's performance as fire chief. He will then return to the May meeting to discuss his upcoming salary figures.

VII. UNFINISHED BUSINESS

There was no Unfinished Business.

VIII. BOARD COMMENTS

There were no additional comments from Board members.

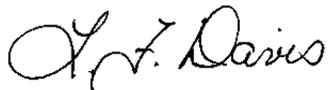
IX. CHAIRPERSON COMMENTS

There were no additional comments from Chairperson Kattermann.

X. ADJOURNMENT

Commissioner Bowin moved that the meeting adjourn at 11:15 a.m. That motion was seconded by Commissioner Sewell and passed unanimously.

Respectfully submitted,



Libby Floyd Davis
My Personal Secretary
(From Voice Recording)