

**VERSION 1.0**  
**VERSION 2.0**  
Updated 5/16/17



# **BOARD OF DIRECTORS MEETING**

MAY 26, 2017

## **SUPERSTITION FIRE & MEDICAL DISTRICT BOARD**

JEFF CROSS, BOARD CHAIRMAN  
GENE GEHRT, BOARD CLERK  
TODD HOUSE, BOARD DIRECTOR  
JASON MOELLER, BOARD DIRECTOR  
LARRY STRAND, BOARD DIRECTOR

**Superstition Fire & Medical District  
Board of Directors Special Board Meeting Agenda  
May 26, 2017**

---

**Mission Statement  
Preserve Life ~ Protect Property ~ Add Value to OUR Community**

---

**PURSUANT TO A.R.S. §38-431.02**

Notice is hereby given to the general public that the Superstition Fire & Medical District Governing Board will hold a special board meeting on Friday, May 26, 2017. The meeting will be held at the Superstition Fire & Medical District's Administrative Office, located at 565 N. Idaho Road, Apache Junction, Arizona. The meeting will be open to the public and will begin at 4:30 p.m. local time.

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call

The following agenda items are schedule for discussion at the board meeting. The Governing Board may or may not decide to take action on any or all items. The order of the agenda items may or may not be taken in the order listed.

- 1. Discussion, presentation, and possible action regarding the lengthening of the amortization period for the SFMD's Public Safety Personnel Retirement System (PSPRS) plan. (BOD #2017-05-12)**
- 2. Executive Session for Legal Advice. The Board may vote to go into executive session pursuant to §ARS 38-431.03(A)(3) and/or §ARS 38-431.03(A)(4) for discussion or consultation for legal advice with an attorney for the District in order to consider the Board's position regarding contracts that are subject of negotiations, in contemplated litigation, or in settlement discussions to avoid or resolve litigation as related to the Fire Chief's employment contract, District's By-Laws, and May 24, 2017 letter from Fire Chief's attorney regarding breach of contract.**

**Note: Executive Sessions are confidential pursuant to ARS §38-431.03(C).**

**Note: Legal action involving a final vote or decision shall not be taken at an executive session, except that the public body may instruct its attorney as provided in ARS §38-431.03(A)(4).**

- 3. Adjourn (BOD #2017-05-14)**

NOTICE: The governing board may go into executive session for the purpose of obtaining legal advice form the fire district's attorney(s) on any of the above agenda items pursuant to ARS 38-431.03(A)(3). One or more members of the governing board may attend the meeting telephonically. Governing Board meeting agenda dates and posted (at least 24 hours before the scheduled meeting date and time):

Original Posted on May 25, 2017  
At: 1730 Hours  
By: Roger Wood

The Superstition Fire & Medical District (SFMD) Administrative Office Board Meeting Room is accessible to the handicapped. In compliance with the American with Disabilities Act (ADA), those with special needs, such as large-type face print and other reasonable accommodations may request those through the SFMD Administration Office (480-982-4440) at least twenty-four hours before the board meeting.

**Governing Board Meeting – May 26, 2017**

**Agenda Item: 1**

**BOD#: 2017-05-12**

**Agenda Item Title:**

Discussion, presentation and possible action regarding the lengthening of the amortization period for the District's Public Safety Personnel Retirement System (PSPRS) plan.

**Submitted By:**

Fire Chief Paul Bourgeois

Finance Director Roger Wood

**Background/Discussion:**

One of the largest expense challenges faced within the development of the Tentative Fiscal Year 2017 / 2018 Revenue and Expenditure Budget is the unexpected increase in the District's Employer (ER) PSPRS contributions rate. The District was informed in late December 2016 that its ER contribution rate was increasing from 20.88% to 29.1%, or a 39.37% increase. The PSPRS ER contribution rate increase created an additional expense burden on the District in FY 2017 / 2018 of an estimated \$576,000.

Late on Friday, May 9, Jared Smout, PSPRS Administrator, responded to an email sent by Staff asking for insight into the possible impact and timing of H2485 that was signed by the Governor on May 3. The bill would allow agencies like the District to elect to change the actuarial years for PSPRS from 20 to 30 years to lower employer contribution costs.

Subsection B of H2485 states "an Employer may make a one-time election to request that the Board use a closed period of not more than thirty years if the Employer meets both of the following requirements:

1. House Bill 2485, which was signed by the Governor on May 3, provides the District with the option to lengthen the amortization period for its PSPRS plan from the current 20 years up to a maximum of 30 years. The Governing Body of the District must adopt a Resolution requesting the longer amortization period and specifying the actuarial valuation date for which the new amortization period is to begin. The actuarial valuation date chosen must be the system's fiscal year end either immediately before or immediately after the date of the Resolution.
2. The Employer submits a written request for the longer amortization period along with the adopted Resolution to the Administrator of the (PSPRS) Board.

**In order for the District's fiscal year 2017 / 2018 PSPRS employer rate to be revised (lowered), the District must complete these steps above and deliver the documents to Mr. Jared Smout, PSPRS Administrator, no later than June 21, 2017.**

PSPRS has informed the District that lengthening the amortization period for the District's PSPRS plan to 30 years from the current 20 years will reduce the employer contribution rate from 29.1% to 25.88%. This reduction will thereby lower the District's PSPRS contribution expense in FY 2017 / 2018 by an estimated \$216,230.

PSPRS also communicated that due to the short period of time between the passage of H2485 and the potential July 1, 2017, implementation date, they are will not be able the rate for a period different than 30 years or make individual presentations to the governing bodies in their effort to decide.

**Financial Impact(s)/Budget Line Item(s):**

Reduction of the District's FY2017 / 2018 PSPRS contribution expense by an estimated \$216,230. Accounts 100-10-53710-10 and 150-10-53710-10.

**Enclosure(s):**

Resolution 2017-02: Resolution to Request Increased Amortization Period

Written request to PSPRS Administrator requesting increased Amortization Period

**Recommended Motion:**

**"Motion to approve the lengthening of the District's PSPRS amortization period to 30 years effective July 1, 2017."**



**RESOLUTION 2017-02**  
**Superstition Fire & Medical District**  
**RESOLUTION TO REQUEST INCREASED AMORTIZATION PERIOD**

**WHEREAS** the Superstition Fire & Medical District (148) employs members (“Members”) of the Public Safety Personnel Retirement System (“System”);

**WHEREAS** the System’s enabling legislation, A.R.S. §§ 38-841 *et seq.*, requires Employer to make contributions sufficient under actuarial valuations to meet both the normal cost for its Members hired before July 1, 2017 plus the actuarially determined amount required to amortize the unfunded accrued liability on a level percent of compensation basis for its Members (or participants as defined in § 38-865(7)(a)) over a closed period of not more than 20 years beginning July 1, 2017, as established by the System’s board of trustees (“Board”), *except* in the event Employer makes a one-time election (an “Election”) to request that the Board use a closed period of not more than 30 years, so long as certain conditions are satisfied;

**WHEREAS** to make a one-time Election to request that the Board apply a closed period of up to 30 years for the amortization of liability attributable to its Members, the Employer must (i) adopt a resolution (“Resolution”) requesting the longer amortization period and (ii) specify the actuarial valuation date for which the new amortization period is to begin, which date shall commence, at Employer’s election, on the System’s fiscal year end (June 30) immediately before or immediately after the date of such Resolution;

**WHEREAS** it is understood by the Employer that the employer contribution rate reflecting the chosen amortization period will be effective July 1 in the year following the chosen actuarial valuation date.

**WHEREAS** as a further condition to make the one-time Election, the Employer must submit a written request for the longer amortization period, along with its adopted Resolution, to the Board’s administrator (“Administrator”);

**WHEREAS** Employer wishes to make an Election to increase its amortization period for its Members under the System to 30 years;

**WHEREAS** Employer has elected to specify that the actuarial valuation date for which its new amortization period shall begin shall be the System’s fiscal year end (June 30) immediately **BEFORE** the date of this Resolution;

**WHEREAS** Employer believes that, increasing the amortization period for its Members under the System, is in the public interest and the interest of its Members,

**NOW THEREFORE, BE IT RESOLVED**, that:

1. The period for amortizing the liability attributable to the Employer’s Members under the System shall be increased to 30 years;
2. The aforesaid increase in said amortization period shall begin as of the System’s fiscal year end (June 30) immediately **BEFORE** the date of this Resolution, which increase will be reflected in the employer contribution rate to begin July 1 of the year following the chosen actuarial valuation date; and
3. Employer shall submit a written request for the above specified longer amortization period to the Board’s

Administrator. As adopted by the majority vote of Employer at its open meeting held on \_\_\_\_\_, 2017.

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_



## ***Superstition Fire & Medical District***

***Administration Office***  
565 North Idaho Road  
Apache Junction, AZ 85119  
Fax (480) 982-0183



May 26, 2017

Mr. Jared Smout, Administrator  
Public Safety Personnel Retirement System  
3010 E. Camelback Road  
Suite 200  
Phoenix, AZ 85016-4416

**RE: Superstition Fire & Medical District (148) Request to Increase PSPRS Plan Amortization Period**

Mr. Smout,

Please accept this written request from the Governing Board of the Superstition Fire & Medical District ("SFMD") to increase the amortization period for the District's Public Safety Personnel Retirement System (PSPRS) Plan to 30 years with an effective date of July 1, 2017.

Attached is the Resolution to Request Increased Amortization Period – Resolution 2017-02 approved by a majority of the District's Governing Board, and signed by the Chairman of the Governing Board.

Please contact the District's Finance Director, Roger Wood, if you have any questions regarding this request.

Sincerely,

Jeff Cross, Chairman  
SFMD Governing Board

Enclosure: Resolution to Request Increased Amortization Period

**Governing Board Meeting – May 26, 2017**

**Agenda Item: 2**

**BOD#: 2017-05-13**

**Agenda Item Title:**

Executive Session for Legal Advice. The Board may vote to go into executive session pursuant to §ARS 38-431.03(A)(3) and/or §ARS 38-431.03(A)(4) for discussion or consultation for legal advice with an attorney for the District in order to consider the Board's position regarding contracts that are subject of negotiations, in contemplated litigation, or in settlement discussions to avoid or resolve litigation as related to the Fire Chief's employment contract, District's By-Laws, and May 24, 2017 letter from Fire Chief's attorney regarding breach of contract.

**Note: Executive Sessions are confidential pursuant to ARS §38-431.03(C).**

**Note: Legal action involving a final vote or decision shall not be taken at an executive session, except that the public body may instruct its attorney as provided in ARS §38-431.03(A)(4).**

**Submitted By:**

Fire Chief Paul Bourgeois

**Background/Discussion:**

N/A

**Financial Impact(s)/Budget Line Item(s):**

N/A

**Enclosure(s):**

N/A

**Recommended Motion:**

**"Motion to go into Executive Session pursuant to §ARS 38-431.03(A)(3) and/or §ARS 38-431.03(A)(4) for discussion or consultation for legal advice with an attorney for the District in order to consider the Board's position regarding contracts that are the subject of negotiations, in contemplated litigation, or in settlement discussions to avoid or resolve litigation as related to the Fire Chief's employment contract, District's By-Laws, and the May 24, 2017 letter from Fire Chief's attorney regarding breach of contract."**



Governing Board Meeting – May 26, 2017

Agenda Item: 3

BOD#: 2017-05-14

**Agenda Item Title:**

Adjournment.

**Recommended Motion:**

“Motion to adjourn the board meeting.”

