

## MINUTES

**Central Arizona Fire and Medical Authority  
Central Yavapai Fire District Board of Directors  
CY Regular Meeting  
Monday, January 22, 2018, 5:30 pm - 6:30 pm  
Central Arizona Fire and Medical Authority, Administration,  
8603 E. Eastridge Drive, Prescott Valley**

### In Attendance

Darlene Packard; Dave Tharp; Jeff Wasowicz; Laura Mowrer; Matt Zurcher;  
Nicolas Cornelius; Scott A Freitag; Susanne Dixson; Tom Steele; ViciLee  
Jacobs

### NOTICE OF MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Central Yavapai Fire District Board of Directors and the general public that the **Central Yavapai Fire District** will hold a meeting open to the public on **Monday, January 22, 2018 at 5:30 p.m.** The meeting will be held at **Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive, Prescott Valley, Arizona.** The Board may vote to go into Executive Session on any agenda item, pursuant to A.R.S. §38-431.03(A)(3) for discussion and consultation for legal advice with the District's Attorney on matters as set forth in the agenda item. The following topics and any variables thereto, will be subject to Board consideration, discussion, approval, or other action. All items are set for possible action.

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

**Chair Packard called the Central Yavapai Fire District Board of Director's meeting to order on Monday, January 22, 2018 at 6:39 p.m. at Central Arizona Fire and Medical Authority, 8603 E. Eastridge Drive, Prescott Valley.**

2. PLEDGE OF ALLEGIANCE

**Firefighter Smith led the Pledge of Allegiance.**

**Chair Packard moved the auditor's presentation to the top of the agenda.**

3. CONSENT AGENDA

All matters listed under consent agenda are considered to be routine by the Central Yavapai Fire District Board and will be enacted by one motion. There will be no separate discussion on these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately for discussion and possible action.

- A. Approve Regular Session Minutes - October 23, 2017
- B. Approve Executive Session Minutes - October 23, 2017
- C. Approve Regular Session Minutes - November 27, 2017
- D. Approve Executive Session Minutes - November 27, 2017
- E. Approve Special Session Minutes - December 14, 2017
- F. Approve Special Executive Session Minutes - December 14, 2017
- G. Approve Regular Session Minutes - December 21, 2017
- H. Approve Executive Session Minutes - December 21, 2017
- I. Approve General Fund Financial Statements

- J. Approve Bond Debt Service Financial Statements
- K. Transfer December Revenues from Central Yavapai Fire District to Central Arizona Fire and Medical Authority in the Amount of \$1,012,767.65

**Director Jacobs asked that Items B., I., and K. be removed for further discussion.**

**Motion to approve Items A., C., D., E., F., G., H., J.**

**Move: Jeff Wasowicz Second: Matt Zurcher Status: Passed**

**Yes: Darlene Packard, Jeff Wasowicz, Matt Zurcher**

**Abstain: ViciLee Jacobs, Tom Steele**

#### **Item B. Approve Executive Session minutes of October 23, 2017**

**Director Jacobs stated that she had indicated in the past several times that she objected to the executive session minutes as they were incomplete and often inaccurate. She stated that she sent an email to Chief Freitag and Administrative Chief Tharp and copied Attorney Cornelius and Director Packard on 11/22 stating that the minutes for the October 23 executive session were inaccurate for leaving out the important facts and she stated that her suggestions have not been corrected on the executive session which is very important, because Attorney Cornelius was giving very specific information that needed to be captured. She stated that she will continue to not accept the minutes.**

**Chair Packard confirmed the email address that was used.**

**Director Jacobs stated the email was sent to dpackard@cazfire.org on November 22nd at 12:50 p.m. and that Chief Freitag responded.**

**There was a discussion whether the item could be addressed in executive session and Director Jacobs stated she would forward a copy of the email.**

**Motion to table Item B. for the next meeting and put it on the agenda for the executive session meeting.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed**

**Yes: ViciLee Jacobs, Darlene Packard, Tom Steele, Jeff Wasowicz, Matt Zurcher**

#### **Item I. Approve General Fund Financial Statements**

**Director Jacobs noted that only Debbie Spinglioli (Spingola) approved the check reconciliation. She mentioned that normally Chief Freitag and Chief Tharp has signed off before the Board's approval. She asked if the charges from Kendhammer were for services provided to Chino and CAFMA also.**

**Attorney Cornelius explained that each entity is billed separately.**

**Director Jacobs asked if CYFD was being billed \$5,000 to \$6,000 each month.**

**Attorney Cornelius advised that one charge is for the standard business of the agency such as open meetings and legal reviews. The other is related to the ACE case.**

**Director Jacobs asked who the Klinger Group and Burch and Cracchiolo were.**

**Attorney Cornelius advised that Klinger is one of the experts working on the ACE Hardware case. Burch and Cracchiolo are outside counsel for the agency, and Len Erie is the water expert.**

**Motion to approve Item I.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed**

**Yes: ViciLee Jacobs, Darlene Packard, Tom Steele, Jeff Wasowicz, Matt Zurcher**

**Item K. Transfer December Revenue from Central Yavapai Fire District to Central Arizona Fire and Medical Authority in the Amount of \$1,012,767.65**

**Director Steele stated that he continues to be concerned about the finances provided by CYFD to CAFMA being out of line with the size of our organization and for that reason he stated that he would be voting no to approve the transfer.**

**Director Jacobs stated that she will also be voting no; she will not be transferring funds. She stated that she has been stating that for the past three months.**

**Motion to approve the transfer of December revenues from Central Yavapai Fire District to Central Arizona Fire and Medical Authority in the amount of \$1,012,767.65**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed**

**Yes: Darlene Packard, Jeff Wasowicz, Matt Zurcher**

**No: ViciLee Jacobs, Tom Steele**

#### **4. NEW BUSINESS**

- A. Year End June 30, 2017 Audit - Presentation by HintonBurdick CPAs & Advisors and Board Acceptance**

**Steve Palmer representative with HintonBurdick CPAs & Advisors presented the June 30, 2017 Year End Audit report. He explained that they issue an independent auditor's report which is an opinion on whether the financial statements are materially correct. They issued a clean opinion, meaning they are materially correct. He also stated that there were no material weaknesses or significant deficiencies noted with internal controls. He explained how PSPRS handled the transfer of the net pension liability to CAFMA; the pension income will be amortized over the next 5 - 10 years . He also explained that the bonds remain with CYFD. Mr. Palmer thanked staff for their assistance.**

**Director Jacobs asked for clarification regarding the more specific presentation planned.**

**Chief Tharp explained the auditor's job is to make sure our financials are in order and that we are not doing anything illegal. They have reported a clean audit. Chief Tharp stated that for the benefit of the Board and public, we provide a more detailed explanation of the audit findings and financial standing of the organizations. He stated there have been questions regarding the validity of CAFMA regarding savings, and the audit will show that both agencies have had a decrease in their expenditures and have increased their equity based on the creation of CAFMA. There will be another CPA presentation at the next meeting.**

**Motion to accept the audit.**

**Move: Matt Zurcher Second: Tom Steele Status: Passed**

**Yes: ViciLee Jacobs, Darlene Packard, Tom Steele, Jeff Wasowicz, Matt Zurcher**

#### **5. VOTE TO GO INTO EXECUTIVE SESSION**

- A. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) and Instruction to District Legal Counsel Pursuant to A.R.S. §38-431.03(A)(4) Re: Training Center Drainage**
- B. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Call to the Public**

**Motion to go into Executive Session at 7:00 p.m.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status:**

**Director Steele stated that he is recording the meeting and that he plans on taking the recording into the Executive Session, He stated that he has had communications with the Attorney General's office regarding open meeting law. He had a conversation prior to receiving a letter the following week that he was advised that there was no issue, because the question had never come up before and Attorney Cornelius would easily say it's not a problem because Director Steele is bound by all the laws of releasing information from Executive Session. Director Steele stated he had this issue several months ago.**

**Director Zurcher called Point of Order and stated this was not on the agenda.**

**Chair Packard stated that the motion on the floor was to go into Executive Session at 7:01 p.m.**

**Move: Matt Zurcher Second: Jeff Wasowicz Status: Passed**

**Yes: ViciLee Jacobs, Darlene Packard, Jeff Wasowicz, Matt Zurcher**

**No: Tom Steele**

**6. OLD BUSINESS**

**Chair Packard reconvened in Public Session at 7:43 p.m.**

**A. Discussion and Possible Action Related to Training Center Drainage Issues**

**Chair Packard confirmed that Attorney Cornelius has his direction.**

**7. NEW BUSINESS CONTINUED**

**A. Discussion and Possible Action Regarding Call to the Public**

**Attorney Cornelius advised that Director Steele, who was participating in the Executive Session, left of his own accord, and he did not participate after the first few minutes of Executive Session.**

**Chair Packard asked Attorney Cornelius if he wanted to address the three business day on the agenda. He advised that it was an administrative matter and did not require Board action.**

**8. CALL TO THE PUBLIC**

Those wishing to address the Central Yavapai Fire District Board need not request permission in advance. However, we ask that you complete a Call To Public Form for the record, and if you are reading a written statement to also provide the written statement to staff. The Board is not permitted to discuss or take action on any item raised in the Call to the Public due to restrictions of the Open Meeting Law; however, individual Board members may be permitted to respond to criticism directed to them. Otherwise, the Board may direct the staff to review the matter or the matter may be placed on a future agenda. Individuals will be limited to speak for three (3) minutes with a total of 30 minutes allotted for Call to the Public per meeting.

**Director Packard opened the meeting for public comments.**

**Chris Kuknyo, Citizen Tax Committee (CTC) President, addressed the Board and provided his opinion related to the Chief's Review; He expressed appreciation of the rank and file. He explained their issues are with the policies and some of the Board's and staff's decisions. He stated that they want a transparent Board, a publicly elected representation for the CAFMA Board, and they see some things that they desire to be changed. He stated they are willing to**

work with the Agency to make changes.

Mark Alpert, CTC secretary, California attorney, and CYFD taxpayer, expressed concerns regarding ethical rules and attorneys representing multiple parties in one transaction. He stated that there are instances where you can have a representation where there is a potential or actual conflict of interest. That requires an informed written consent and the attorney has to be in a position to carry out his duties in a capable and consistent way and maintain his ethical obligation. Mr. Alpert voiced concern that the CYFD taxpayers are not being protected. He asked what kind of representation CYFD had on CAFMA. He stated that's a very important, unclear issue that can be advocated in various ways. He expressed concern related to allocations of expense being properly split between Central Yavapai versus Chino so that Central Yavapai is not subsidizing Chino. He expressed concern that the representation began before the joint powers agreement was entered into and Central Yavapai did not have their own attorney looking out for their best interest. He told the Board that they should take the time to hire their own attorney and get advice on their own interest.

Larry Jacobs stated, "Good evening Central Yavapai Fire District Board. Again, my name is Larry Jacobs and I've been a resident of Central Yavapai Fire District for 20 years. I think when I was here last month, I told you that I would be bringing some evidence, direct evidence forward, to show you reference to 4/18/16 forged check which is to be distributed to you today, but I think you need some background information to understand what all transpired in order for me to discover this. On August 16, 2016, 1130 hours five members of the Citizens Tax Committee met with five members of the CAFMA Board at Manzanita Grill to discuss issues concerning the JPA, procurement procedures, and the purchase of the new administration building. During that meeting, I asked Chairman Rutherford if the Board authorized them to open escrow with the \$50,000 check and Chairman Rutherford did not answer my question and stated that escrow is not tied to anything. He related that in order to negotiate the contract on the building, the escrow check was needed, but it did not hold them to purchase the building if it was not approved by the CYFD Board. I then asked Chairman Rutherford that the CYFD checks required two signature system so at least one other board member must have been aware of the transaction. I then asked Chairman Rutherford who was the second Board Member who signed the check. He stated Darlene Packard. Based on visual cues of deception that I picked up over many years of being an instructor in interview and interrogation for Reid, it was quite obvious to me that there was some deception occurring not only on behalf of Mr. Rutherford, but Assistant Chief Tharp and I believe that they were indicating that they were not telling the truth. I submitted a public records request to CAFMA for a copy of the check and was returned about a month later saying that they didn't have a copy of the check on file. A brand new building, \$50,000 escrow check and we don't even have a copy on file. So I went and did the right thing, I went down and took about four months to get it, but I went to the Yavapai County Treasurer and peered through all their records and found a copy of the check. The check was in fact signed by Steve Rutherford and Robert Page and not Darlene Packard as were told by Chairman Rutherford. I contacted Robert Page and showed him a copy of the check and he stated that he did not sign the check or give permission for anyone to use his signature on the check. It was apparent to me that two crimes were committed in the use of Robert Page's signature. They are forgery under A.R.S. §13.2002 which is Class 4 felony and identity theft under A.R.S. §13.2008 which is also a Class 4 felony and if you help facilitate in those crimes it only backs up the offense one. So if someone helped facilitate in that, they could be charged with a Class 5 felony. I enclosed a copy of the affidavit of Robert Page to include a copy of the forged check for the CYFD Board review and would hope that the information rises obviously to some concern. Obviously Mr. Rutherford did not generate the check on his own and several parties come to the forefront at the top of leadership positions in CYFD who could have participated. Unfortunately, using a check writing machine, some office worker could have even unwillingly been tasked to do their dirty deed."

Time limit was reached

Larry Jacobs continued:

"In closing, I want to let you know that I plan on pursuing this whether the Board takes no action at all and I will continue the year and a half long investigation that I've been doing and I

will be going down and meeting with some law enforcement agencies to take a look at this. Thank you very much.

Chris Jensen stated, "As I begin, I'd like to turn around and thank all the rank and file firefighters in this room. Six years ago near Emmanuel Pines Camp you guys saved our neighborhood and our homes. I'll always be in your debt. That doesn't apply to everybody else out here. You see the timeline I prepared with the help of a volunteer. On April 6, 2016 there was a joint special meeting of the CAFMA and CYFD Boards. It was simply to move forward with negotiations and as Chairman Rutherford stated that all that was approved today is to move forward with negotiations. Then twelve days later on April 18, this is an important date, what Larry Jacobs just discussed, the unauthorized \$50,000 check was issued and put into escrow. I say unauthorized, because there was no resolution to authorize it; there was no motion; no second, no vote. CYFD Board Clerk Robert Page disputes the validity of his signature according to his affidavit and the check itself is suspicious, because the name stamps that were used, and by the way, who ever came up with the idea of using name stamps on a \$50,000 check? That invites forgery. But, then why not. This is ... There is something wrong with the check that anybody can see. On April 19, 2016, the CYFD Board met again, no resolution to approve the purchase was done. However, it was discussed in executive session. On May 17, 2016, CAFMA regular meeting, Chief Freitag stated that the Central Yavapai Fire District and CAFMA Boards approved the purchase of the real property at 8603 Eastridge Drive last month. That is not true. There was no such resolution, vote, motion, second, all those things that are required. On May 17 again at the CYFD regular session meeting Chief Freitag mentioned that the Board approved the purchase of the property; however, the title company is requiring a resolution from the Board of Directors. I'm a lawyer, that means to me it wasn't approved, because you have no resolution and it's been acknowledged here as of May 17. Attorney Cornelius stated, this is a quote, Attorney Cornelius stated that he had contact with individuals voicing concerns regarding this purchase. He has seen nothing improper in any of the documents of the due diligence process. He consulted in detail with Chief Tharp and the purchase is in compliance with Arizona Revised Statutes. The resolution specifically states that the Board has reviewed the financials, and"

Time limit was reached.

Chris Jensen continued:

"We have several open Board meetings to allow opportunity for public comments. Let me wrap this up then. In short and sweet. Hold on a second. The um (audible timer beeping) There we go. The rest of my timeline speaks for itself and also shows there was no Board resolution and it was, it had to be unauthorized for the check to have been done and if there is significant indication that it was not approved by one of the people supposedly who is a signer and therefore, it is likely a forgery. But in any case, it is obviously a violation of the Open Meeting Law. So, that being the case, you folks might not want to investigate it. There is an argument that there has been an attempt to cover it up. But, there's going to be an investigation whether this Board approves it or not and there's going to be ongoing investigations on some other things, because there's a leak that this is just the tip of the iceberg. We look forward to working with you in the future. Thanks.

Director Zurcher asked that this item be placed on the February Executive Session agenda as it predates his time; he would like discussion with legal counsel to obtain some background.

## 9. ADJOURNMENT

Motion to adjourn at 8:01 p.m.

Move: Matt Zurcher Second: Tom Steele Status: Passed

Yes: ViciLee Jacobs, Darlene Packard, Tom Steele, Jeff Wasowicz, Matt Zurcher

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Clerk / Date

**Signature indicating approval on next page.**

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Jeff Wasowicz , Board Clerk      02/27/2018