Minutes to the Board of Directors Meeting

October 1, 2024

**Chair of the board Chris Johnson calls the meeting to order at 10:29 a.m.**

1. **Roll call and confirmation of Quorum.**

Chris Johnson, Eddie McArthur, Ruth Ann LeFebvre, and Russ Kolsrud are present at the meeting, the Board has a quorum. Bob Garber was not in attendance.

1. **Pledge of Allegiance to the Flag.**
2. **Call to the public.**
	* Members of the public are invited to address the Board and/or submit written comments for inclusion in the minutes. Members of the Board shall not discuss or take legal action on matters raised during an open call to the public, unless the matters are properly noticed on the agenda for discussion and legal action.
	* No members of the public were present.
3. **Review, discussion and possible action - Santa Cruz County litigation timeline Tolling Agreements - Beginning around 2014 and continuing through April 2024,** former Santa Cruz County Treasurer Elizabeth Gutfahr (“Gutfahr”) is alleged to have embezzled approximately $38,712,371 of funds held by the Treasurer (“Gutfahr’s Fraud”). These funds were taken from the County, the Treasurer, and the school and fire districts within the County. The districts, including SEFD, may have legal claims or causes of action against Gutfahr, the County, the Treasurer, the State of Arizona and the Auditor General arising from Gutfahr’s Fraud.

To give all the parties time to investigate and research the legal issues, the parties wish to toll the legal deadlines for filing certain claims and or lawsuits to recover losses from Gutfahr’s Fraud. Presently, SEFD estimates its losses at approximately $40,000 over the ten-year period of Gutfahr’s Fraud. The Board might meet in executive, [closed] session, pursuant to A.R.S. 38-431.03 (A)(3) and (4), for legal advice and to consider its position with respect to litigation and the proposed agreements to toll the applicable litigation timelines. Any legal action will be taken in open session.

The Board previously approved tolling agreements with Gutfahr, the County, the Treasurer, the State of Arizona and the Auditor General arising from Gutfahr’s Fraud. However, the State and Auditor General are requiring changes to their tolling agreement. The Board must determine whether to accept the terms of the revised tolling agreement or proceed with filing a notice of claim against the state parties.

* Thomas Benevidez addresses the Board and explains that during the last meeting we had three separate tolling agreements. One was a tolling agreement with the former Treasurer Gutfahr, one was with the Santa Cruz County and one was with the State of Arizona and the Auditor Generals office. The Santa Cruz County and the Gutfahr tolling agreements are fine and have been signed, however: at the last minute after the Board meeting there was a change to the tolling agreement with the Arizona State and Auditor Generals Office. They added a sentence that stated that nothing in this agreement shall stent, modify or revive any deadline for filing for services, any lawsuit or notice of claim that had already expired prior to the time that we enter into this agreement. This means that if they think we missed the statue of limitations already, they could still raise that as a potential defense. Thomas continues that as a practical matter he feels it would be difficult to prove that there would be any claim that could have expired before entering into this agreement. Thomas wanted the Board to be aware of this change to the agreement, and feels it is still a good thing to do to enter into these tolling agreements and work with the other victims and leverage the legal minds of all the different attorneys representing different victims.
* Russ Kolsrud inquires if this was written by the State of Arizona, and Thomas responds that it was edited by the State of Arizona. Russ remarks about suing the individual in this case and what causes of action do we have against Nogales Fire Department, Thomas comments that there is no causable action against any other fire districts. Russ proceeds to ask about jurisdiction over the Auditor General, Thomas responds that this is a good question about jurisdiction on the case. Russ comments about the County Board of Supervisors and their responsibility in this case. Thomas remarks that the County Board of Supervisors has a statutory duty and that rises to a fiduciary duty to the tax payers and owes us a fiduciary duty to protect our money. Russ disagrees with the tolling agreement and feels that we should send Santa Cruz County a bill and it should be paid.
* Thomas discusses with the Board that the next thing to come before them would be a proposed common interest agreement, which gives us the right to share information between us without waiving the attorney client privilege. This would reduce the cost of recovery.
* Chris Johnson clarifies that the Board approved all three agreements, the other two agreements can be signed by the chairman after this meeting. Chris continues to inquire that by signing the tolling agreements, would the recitals in these tolling agreements come to harm us in the future. Thomas replies that neither himself or any of the other attorneys feel that the recitals would not harm us in the future, it is evident that the county does owe the district money.
* Eddie McArthur asks Thomas about what is going on currently in reference to the tolling agreements. Thomas replies by explaining that the current step everyone is working on is the proposed common interest agreement. Eddie also asks about the accounting by the FBI, and Thomas replies that he is hoping we will see their reports. Eddie also shares that she feels it is important to go through this process to claim our loss and gain more insight into the situation, the alternative may be that we just walk away and not worry about the loss.
* Ruth Ann LeFebvre comments about the numbers and the .03% owed to SEFD by Santa Cruz County and when do we get to the point where we question the amount of money owned. Thomas replies that no one here currently knows exactly how much we lost, and we may have to hire our own expert to look into it. The tolling agreement allows us to share information and acquire information and he explains to the Board that without the agreement Santa Cruz County will not share the data with us. Thomas continues that this tolling agreement will help us avoid the extra cost of litigation at this point in the process.
* Chief Meredith addresses Russ Kolsrud previous question on when did the district first know about this fraud, Chief continues that the first text from May 31st of this year and the meeting with the Treasurer happened in May. Chief continues to explain that documents were literally fabricated, we don’t know what it is yet because what the treasurer was reporting was false. Chief firmly believes that there was a material loss that was incurred but we just don’t know how much yet.

*Eddie McArthur makes a motion to approve the updated tolling agreement between Arizona State and the Auditor General’s Office and authorize the Chairman of the Board to sign it, Ruth Ann LeFebvre seconds the motion and the motion was approved with one opposing vote from Russ Kolsrud.*

1. **Consideration of agenda items for future meetings**
* Chris Johnson requests the presence of the current Santa Cruz County Treasurer to explain the documentation on the process of allocation.

*Russ Kolsrud makes a motion to adjourn the meeting; Eddie McArthur seconds the motion and the motion is carried without opposition.*

Chris Johnson adjourns the meeting at **11:31 a.m.**

A digital copy of this meeting is available to the public at the Sonoita-Elgin Fire District, located at 3137 AZ Highway 83 Sonoita, AZ 85637

**NOTICE: The Sonoita-Elgin Fire District Board of Directors may go into executive session for the purpose of obtaining legal advice from the fire district’s attorney(s) on any of the above agenda items pursuant to A.R.S. 38-431.03(A)(3)**

Minutes approved by\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Board Clerk, on \_\_\_\_­­­­­\_\_\_\_\_\_\_

 Ruth Ann LeFebvre Date