

**Cortez Fire Protection District
Pension Board meeting minutes
July 10, 2013**

Call to order

Nick McDonald called the meeting to order at 7:22 p.m. in the meeting room at Station #1. The roll was taken and the board members present were Jim Bridgewater, Lori Johnson, Orly Lucero and Nick McDonald. Matt Lindsay, Kent Lindsay and Keenan Ertel were absent. Administrative assistant Wendy Mimiaga, Asst. Chief Charles Balke and Chief Jeff Vandevoorde were also present for the meeting.

Lori Johnson made a motion to excuse Keenan Ertel and Kent Lindsay from the Cortez Fire Protection District Pension Board Meeting as they had called in their regrets, Jim Bridgewater seconded. The motion passed on the following vote:

| | | | | | | |
|-------------|---------|--------|-------------|-------------|--------|----------|
| Bridgewater | Johnson | Ertel | Lindsay, K. | Lindsay, M. | Lucero | McDonald |
| yes | yes | absent | absent | absent | yes | yes |

Approval of the minutes

The minutes of the meeting held on April 10, 2013 were brought before the board for approval.

After reading and review, Orly Lucero made a motion to approve the minutes from the meeting held on July 10, 2013, Lori Johnson seconded. The minutes were approved on the following vote:

| | | | | | | |
|-------------|---------|---------|-------------|-------------|--------|----------|
| Bridgewater | Johnson | Ertel | Lindsay, K. | Lindsay, M. | Lucero | McDonald |
| yes | yes | excused | excused | absent | yes | yes |

Public Comment

There was no public comment.

Correspondence

President McDonald received a letter from Justin Lindsay requesting his reinstatement as a volunteer member, and to retain his years of service as a volunteer member for accrual toward his pension. Mr. Lindsay, J. has resigned from full time status as of June 4, 2013, and would like to be reinstated as a volunteer as of June 5, 2013. Ms. Johnson inquired if this is something that has been done before. President McDonald explained that we have never been in this situation regarding full time employees, but have had volunteers resign and come back. Mr. Lindsay, J. had resigned as a volunteer less than a year ago.

Lori Johnson made a motion to reinstate Justin Lindsay as a volunteer as of June 4, 2013, Orly Lucero seconded. The motion was approved on the following vote:

| | | | | | | |
|-------------|---------|---------|-------------|-------------|--------|----------|
| Bridgewater | Johnson | Ertel | Lindsay, K. | Lindsay, M. | Lucero | McDonald |
| yes | yes | excused | excused | absent | yes | yes |

Administrative assistants report

Wendy Mimiaga reported the balance in the Edward Jones Investment account on April 26, 2013, \$1,996,708.27 with an income for the month of \$4,069.44, on May 31, 2013, \$1,966,107.05 with an income for the month of \$7,168.25 and June 28, 2013, \$1,893,952.58 with an income for the month of \$5,797.64. The year to date income for 2013 is \$33,356.07.

Two bonds from the Edward Jones portfolio were paid off. On April 15, 2013 \$51,000 bond was paid off and re-invested in \$50,000 Colorado Springs Colorado Utilities Revenue Refunding Series A, 3.25% due 11/15/2031 at \$100.12 for a total of \$50,085.51. On May 15, 2013 \$25,000 bond was paid off and re-invested in \$25,000 Colorado Mesa University Colorado Enterprise Revenue Refunding, 3.625% due 05/15/2038 at \$99.98 for a total of \$24,999.95. They are both A rated bonds. Both of the re-investments were based on Mike McAndrew's recommendation. These are the best interest rates currently available. We are lucky to be able to invest in Colorado Municipal Bonds in the pension fund.

In the First National Bank account, the balance, as of April 30, 2013, was \$91,956.57 with interest earned of \$7.88; May 31, 2013, was \$87,852.97 with interest earned of \$7.74; June 30, 2013, was \$99,989.70 with interest earned of \$7.99. The year to date interest earned in 2013 for this account was \$47.86. The interest rate has remained at 0.10%. This is the account from which we make the monthly pension payments and therefore need to keep a substantial cash balance. At the end of 2012 we withdrew \$75,000 to re-invest in the Edward Jones account to earn a higher interest rate. This is something we may look into doing again at the end of the year. The ending balance in the First National Bank account includes the second quarter pension payment from the district of \$17,500.00 that was made on June 12, 2013.

An update on the current pension statistics was given. We currently have twenty-nine pension recipients and six spousal recipients for a total of thirty-five pension recipients we pay out to each month, for a total monthly payout of \$13,142.25, and yearly \$157,707.00.

We currently have seven individuals who have retired, but are not yet eligible to collect due to the age requirement of fifty years of age. The average number of years these seven individuals have served is 11.14 years. Three of these individuals will be eligible to collect in 2017. The monthly payout for these three will be \$841.50 and yearly will be \$10,098.00.

We only have nine active volunteers who are currently working toward receiving a volunteer pension. Of the nine, three already have ten or more years and are eligible to retire. One more of the active volunteers will have his ten years completed at the end of this year, 2013, and will also be eligible to begin collecting his pension. At the last Pension Board meeting we discussed having an alternative type of pension benefit for the new upcoming volunteers. People do not have the time commitment to volunteer ten to twenty years any more.

President McDonald inquired where the Districts quarterly payments were deposited. Ms. Mimiaga explained that all income is deposited into the First National Bank account. This is the account from which all payments are made. At the end of last year there was a sufficient balance that we were able to transfer \$75,000 to the Edward Jones investment account, and still be able to make our projected monthly pension payments. We will again reevaluate the account to see if we can again transfer money to the Edward Jones account at the end of this year. We have only made the first and second quarter District contributions, so we still have two more contributions from the District, \$17,500.00 each, and the State contribution, around \$41,000.00, in November, for a total of about \$76,000.00.

President McDonald asked if the income that is made on the Edward Jones account is re-invested. Ms. Mimiaga explained that the income is deposited into the First National Bank account and used for pension payments. Based on the Actuarial Report, the required contribution to the pension account for it to remain actuarially sound at the current payout is \$90,021. The contribution to the account this year will consist of the \$70,000 from the District, \$41,000 from the State and the income generated by the Edward Jones account, budgeted this year to be \$55,000, (2012 actual income was \$63,500) for a total of \$166,000 contribution. All of these contributions pass through the First National Bank account so that we have enough liquidity to make the monthly pension payments.

Old business

Alternative retirement benefit for volunteers – This was discussed at the previous Pension Board meeting on April 10, 2013. Ms. Johnson commented that she has not since been able to contact any other fire departments that may have a program in place that we could look into. It had been suggested to put aside \$1,000 per year per volunteer that they could collect after a predetermined number of years of service. Ms. Johnson thought \$1,200 per year would be a better number as it would be \$100 per month. It was discussed how this money would be separated and could be invested. Ms. Mimiaga reiterated that we will need to consult an attorney that is familiar with fire districts and fire district pension and retirement funds. The traditional pension fund that we have in place is regulated through the Colorado Revised Statutes. If we choose to do a separate more non-traditional retirement benefit, we will need to know what kind of latitude we have when investing the money appropriated to the fund, as it is still public money. Ms. Johnson explained that she was thinking each volunteer would have an account set up in their name that the District would invest into. They would then have control over the types of investments in their account. The question was brought up what would happen if the individual did not make the requirements to qualify for the benefit. Ms. Johnson explained that this one type of benefit was used by a District that did not require a certain amount of time to be vested, it was started as soon as you became a volunteer. We would need to see if a retirement benefit like this would have to go through FPPA, or if we could administer it on our own. Ms. Johnson will look into other examples that have been done and we can then see what will work for our District. If we decide to do something for next year we will need to have it begin on the first of the year and include it in the budget. Ms. Johnson continued that we need to do something if we want our volunteers to move up into the full time positions. We need to have something in place to keep them here. They deserve to get something for their time and the training and other requirements that are placed on them. Ms. Johnson also commented that even though the members are allowed to receive credit for training done outside of the department, it is better to train with the people you work with. Chief Vandevor explained the firefighters are only allowed credit for ten hours of outside training.

Lori Johnson made a motion to table the discussion on the retirement benefit to the next meeting on October 9, 2013, Orly Lucero seconded. The motion was approved on the following vote:

| | | | | | | |
|-------------|---------|---------|-------------|-------------|--------|----------|
| Bridgewater | Johnson | Ertel | Lindsay, K. | Lindsay, M. | Lucero | McDonald |
| yes | yes | excused | excused | absent | yes | yes |

New Business

Discussion ensued on individuals who might be interested in taking over the two volunteer positions on the Pension Board. President McDonald stated that none of the active volunteers are interested in taking over. It was brought up that maybe some of the retired volunteers may be interested. It was questioned if this could create a conflict of interest. The State Statues state that a retired member could also be a member of the Pension Board. The Pension Board is made up of the District Board of Directors and two individuals appointed by the volunteers. After more discussion it was concluded that a conflict could arise if a retired member who is receiving a pension or who is slated to receive a pension instigated and voted on an increase in the pension payment. These individuals should recuse themselves from a vote of such.

It was brought up that Gene Gustafson would probably be interested in the position.

Asst. Chief Balke presented the previously requested mid-point training hours and B-tone response numbers. Ms. Johnson asked if the volunteers are aware of the training hours and responses they each have, or will we have another issue when we certify the hours at the end of the year, and some volunteers do not make the required numbers. Ms. Johnson expressed that she thought the Board let the volunteers get away with not making the requirements last year.

Executive Session

There was no executive session.

Adjournment

Having no further business to come before the board, Lori Johnson made a motion to adjourn the meeting, Orly Lucero seconded. The motion passed as follows:

| | | | | | | |
|-------------|---------|---------|-------------|-------------|--------|----------|
| Bridgewater | Johnson | Ertel | Lindsay, K. | Lindsay, M. | Lucero | McDonald |
| yes | yes | excused | excused | absent | yes | yes |

The meeting adjourned at 8:06 p.m.

Nic McDonald – President

Attest:

Kent Lindsay – Secretary / Treasurer