

**Cortez Fire Protection District  
Pension Board meeting minutes  
October 9, 2013**

**Call to order**

Nick McDonald called the meeting to order at 6:45 p.m. in the meeting room at Station #1. The roll was taken and the board members present were Jim Bridgewater, Orly Lucero, Keenan Ertel and Nick McDonald. Matt Lindsay, Kent Lindsay and Lori Johnson were absent. Administrative assistant Wendy Mimiaga, Asst. Chief Charles Balke , Chief Jeff Vandevoorde and Mike McAndrew were also present for the meeting.

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

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

**Approval of the minutes**

The minutes of the meeting held on July 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, Jim Bridgewater seconded. The minutes were approved on the following vote:

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

**Public Comment**

There was no public comment.

**Correspondence**

There was no correspondence.

**Administrative assistants report**

Wendy Mimiaga reported the balance in the Edward Jones Investment account on July 26, 2013, \$1,900,058.27 with an income for the month of \$7,380.56, on August 30, 2013, \$1,855,882.22 with an income for the month of \$2,957.52 and September 30, 2013, \$1,900,065.84 with an income for the month of \$5,064.59. The year to date income for 2013 is \$48,758.74.

In the First National Bank account, the balance, as of July 31, 2013, was \$97,506.53 with interest earned of \$8.39; August 31, 2013, was \$87,267.94 with interest earned of \$7.91; and the statement for Septemer, 2013, was not received by the time of the Board meeting and will be reported at the next Board meeting on January 8, 2014. The year to date interest earned through August, 2013 for

this account was \$64.16. The interest rate has remained at 0.10%. The third quarter pension payment from the district of \$17,500.00 that was made on September 11, 2013.

The application for the State Contribution to the Volunteer Firefighter Pension Funds was submitted to DOLA on August 28, 2013. We anticipate receiving the same contribution as we have for the past several years of \$41,791.00, sometime in late November, 2013.

### **Old business**

Alternative retirement benefit for volunteers – The previous discussion at the last Pension Board meeting on July 10, 2013, was tabled by Ms. Johnson, and to be continued at the October 9, 2013 meeting. Ms. Mimiaga explained that both she and Ms. Johnson tried to talk to several people at the SDA conference in September to try and find other pension or retirement alternatives that some other fire departments might utilize. Mostly all they found out was that we will need to employ an attorney that specializes in fire departments and such pension alternatives. Ms. Mimiaga spoke with an associate of Dino Ross who said they could assist us with this when we were ready. Ms. Mimiaga commented that we are not at the point where we should seek legal counsel, that the Board should discuss and pinpoint what it is they are looking to do. Hiring professional services will cost some money, so we need to have the ground work set before we proceed.

Mr. Bridgewater commented that he did not think we would have another ten year volunteer. Chief Vandevoorde continued that he understood this alternative pension has been brought up to try to draw people to become volunteers, however, of the seven or so volunteers we do currently have, not one of them wants to continue as a volunteer, they all would like to be full or part time firefighters, either here or somewhere else. Some departments, based on an article handed out to the Board members, are paying up to \$40 per call, and still cannot retain volunteers.

Mr. Ertel clarified that the volunteers are coming on to get the training to then continue on to become career full or part time paid firefighters.

The Chief continued that our volunteers really want to become part time firefighters here. Once they move up, they can no longer be a volunteer, they cannot be both. And we do not have the people to draw from within the community. We have tried by advertising and recruiting, and we mostly get the people we have through the high school.

President McDonald interjected that on the volunteer side that we will probably not have many, if any, ten year volunteers, and definitely will not have any twenty year volunteers. We will be lucky to have a volunteer for five years.

The Chief encouraged the Board to really think about what they want to do as it will cost some money to set it up, and it will cost the District as they will have to fund the total amount of the contribution. Is this something we want to pursue, is it fiscally responsible and will it really benefit the District.

Asst. Chief Balke clarified that the actual seven volunteers that we currently have, none of them are participating in the current pension as they are still in their probationary year. Then we have the active ten or so volunteers that are participating in the pension, of which only about five will make the requirements for this year. It would be a good idea to have something, but it is something the District should decide how much they want to invest in it, and it should not be something that is over invested in. The current pension will not be affected, the participants in it are covered until there is no one else left to draw from it.

President McDonald further explained that the current pension fund will very soon be self-sufficient, and the District will no longer be needed to contribute to it.

Mr. Bridgewater mentioned that he has spoken with Gene Gustafson, and Mr. Gustafson is willing and looking forward to taking on the responsibility of filling one of the appointed seats on the Pension Board. Unfortunately he had prior obligations and was not able to attend this meeting. Mr. Bridgewater also stated that Larry Sharp would also like to be considered for the other appointed seat on the Pension Board.

President McDonald stated that he is willing to continue on the Board till January, 2014, but would like to find someone to take over his seat. The two appointed seats on the Pension Board are supposed to be elected by the volunteers of the District. When President McDonald asked the few volunteers that are left, none of them were interested in sitting on the Board. That is when President McDonald started asking some of the retired members if they would be interested.

Ms. Mimiaga explained that the Pension Board will then need to elect a new President of the Pension Board, but, based on the state statues, the Secretary/Treasurer will remain Mr. Kent Lindsay, as he is the Secretary/Treasurer for the District Board. It was also further explained that the President of the Pension Board really works in the capacity as the "Chairman", as one of the appointed volunteers can be the President of the Pension Board. When anything officially needs to be done for the Pension Board, i.e. with DOLA and the state contribution, they require the signatures of the President of the District Board, as the District Board are all elected officials.

Discussion continued that in the past the Pension Board was told that the District Board President and Secretary/Treasurer could not be the same for the Pension Board, that it was a conflict of interest. Ms. Mimiaga will look into this.

### **New Business**

A. Mike McAndrew from Edward Jones presented his annual overview of the Pension Fund investment account. Mr. McAndrew handed out a current, October 9, 2013, asset analysis of the portfolio, and proceeded to highlight the more pertinent information. The income section lists all the bonds in the portfolio. It was explained that when looking at the value of the bond, it reflects the amount of principle that has been returned form the bond. The amount of principle returned from the bond is shown in the "amount withdrawn" column. Bonds are currently under pressure, therefore the value of the bonds in the portfolio is lower. This will not affect the Pension account, as we are not looking to sell the holdings, we are invested to collect income from them to pay the pension benefits. The total current value of all the bond holdings is \$1,236,781, the amount invested is \$1,736,353, therefore, \$430,678 is the amount of principle that has been returned. The value of the bonds, if for some reason we had to sell them today, is down \$68,893; and we earn an annual income from the bonds of \$54,661, regardless of the value.

We do not have anything invested in aggressive income, and a current value of \$441,344 in growth and income, with the amount invested of \$314,103. All of the stock investments, mutual funds, are currently up in value. Under growth we have a value of \$207,412 with the amount invested of \$144,416.

The current value of the portfolio is \$1,885,537, the amount invested is \$2,194,872 and \$430,678 has been returned showing the portfolio is up \$121,344 or 5.53%. This is due to the diversification of the portfolio between the bonds and the mutual fund investments.

When looking at the performance analysis for the growth and income investments, the annualized return for the three investments averages 7.52%, for the growth fund, the return for the two investments averages 8.04%. These investments have done very well for the portfolio. The primary objective for the portfolio is balanced toward income. The stock investments are outperforming the bonds, the bonds are falling in value, so this shows an increased percentage in the stock investments. Mr. McAndrew does not recommend that anything be moved around in the account, the percentages

within the investments are where we need to be to generate the income needed for the pension benefits. Ms. Mimiaga expressed her thanks on behalf of the Board for all of the work Mr. McAndrew does for this account, and stated that the account performs exactly as needed for the pension benefits.

B. The 2014 Pension budget was presented to the Board. Under fund revenue, the amount for the State contribution has been lowered to \$25,000 based on the decrease of the District contribution to \$40,000. The State contribution is a percentage based on the Districts contribution. The amount can be up to 90% of the Districts contribution, however, we pay out more than the State recommended \$300 maximum benefit, so we will receive less in the State contribution. The total fund revenue for 2014 is budgeted at \$120,075.

We will need to do a new actuarial report in 2014, so that was budgeted at \$2,500. The death benefit was increased to \$2,400 based on the dates of birth for the pension recipients, and the pension payments were increased to \$160,677 for 2014 knowing that we have one volunteer eligible to retire in January with ten years, and is also eligible to begin receiving the pension benefit.

Mr. Ertel commented that for the first time we are looking at a net decrease of \$48,802. Ms. Mimiaga explained that this is the difference in the expected fund revenue and the budgeted expenditures. We should not need to withdraw any money from the Edward Jones investments this next year, 2014, as we still have a substantial balance in the First National Bank account, which, along with the 2014 revenue, should cover all of the expenses. Based on the last actuarial report, we only need to contribute \$90,000 for the account to remain actuarially sound, we are showing fund revenue for 2014 of \$120,075. The amount required could change when the new report is done in 2014. Discussion ensued and the Board agreed that the proposed budget looked good. The pension budget will be voted on and approved by the District Board at the December meeting.

**Executive Session**

There was no executive session.

**Adjournment**

Having no further business to come before the board, Keenan Ertel 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	excused	yes	excused	excused	yes	yes

The meeting adjourned at 7:40 p.m.

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Nic McDonald – President

Attest:

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Kent Lindsay – Secretary / Treasurer