

**Cortez Fire Protection District
Pension Board meeting minutes
April 11, 2012**

Call to order

President Nic McDonald called the meeting to order at 6:43 p.m. in the meeting room at Station #1. The roll was taken and the board members present were Nic McDonald, Jim Bridgewater, Patricia DeGagne-Rule, Keenan Ertel, Kent Lindsay and Hal Shepherd. Administrative assistant Wendy Mimiaga and Chief Vandevoorde were also present for the meeting. Matt Lindsay was absent.

Jim Bridgewater made a motion to excuse Matt Lindsay from the Cortez Fire Protection District Pension Board Meeting, Hal Shepherd seconded. The motion passed on the following vote:

Bridgewater	DeGagne-Rule	Ertel	Lindsay, K.	Lindsay, M.	Shepherd	McDonald
yes	yes	yes	yes	absent	yes	yes

Approval of the minutes

The minutes of the meeting held on January 11, 2012 were brought before the board for approval. After reading and review, Kent Lindsay made a motion to approve the minutes, Patricia DeGagne-Rule seconded. The minutes were approved on the following vote:

Bridgewater	DeGagne-Rule	Ertel	Lindsay, K.	Lindsay, M.	Shepherd	McDonald
yes	yes	yes	yes	excused	yes	yes

Public Comment

There was no public comment.

Correspondence

Included in the packet was a letter sent to Mrs. Chloris Coppinger, from Chief Vandevoorde, expressing sympathy for the passing of her husband, Hurschel, who served on the department for 21 years, and included a check for the \$600.00 death benefit. Mrs. Coppinger will continue to receive half of Hurschels pension, or \$247.50 each month.

Mr. Ertel inquired if retired volunteers still received free water and sewer from the City of Cortez. Mr. McDonald explained that it was only water and those volunteers that are still in the grandfather clause do still receive free water. Mr. Lindsay said that the privilege ended back in 1986 when the district was formed.

Administrative assistants report

Wendy Mimiaga reported the balance in the Edward Jones Investment account on January 31, 2012, \$1,839,434.36 and Income earned of \$8,750.58, on February 29, 2012, \$1,855,815.82 and income earned of \$2,494.58 and March 31, 2012, \$1,844,576.52 with income earned of negative -\$11,239.30. Ms. Mimiaga spoke with Mike McAndrew, the financial advisor, who explained the decrease in the bond markets was due to market fluctuation, the stock market had been very strong lately, and hence, bonds were being sold off.

The balance, as of March 31, 2012, in the First National Bank account was \$150,457.52. The current interest rate is 0.10% with interest earned year to date of \$36.32.

\$106,000 in bonds were called on January 17, 2012, \$30,000 Fed Home Loan at 5% and \$76,000 Fed Home Loan at 3.5%. Mr. McAndrew suggested reinvesting the proceeds, \$105,796.90, into Federal Farm Credit Bank bonds at 3.28%, due on January 29, 2029.

On March 14, 2012, \$30,000 Tennessee Valley Authority bonds were paid off. Mr. McAndrew recommended investing in new Tennessee Valley Authority bonds at 3.625% due March 15, 2042. Both recommendations were executed, as these were the best rates of return available.

Mr. Hurschel Coppinger passed away on Tuesday, March 27, 2012. The \$600 funeral benefit was sent to his wife, Chloris, and she will begin receiving the 50% spousal benefit of \$247.50 beginning in April, 2012.

Mr. McDonald inquired where the money for the pension fund is coming from. Do we transfer money out of the Edward Jones account, or do we just deposit the state matching funds and the distributions from the District, to the First National Bank account. It was explained that some income and dividends, around \$2000 +or- a month, are paid out and deposited to the First National Bank account. Otherwise, the Edward Jones account is left untouched and allowed to grow.

Old business

There was no old business.

New Business

A. Letter of resignation – Gloria Balfour submitted a letter of resignation from the Volunteer Fire Department. Ms. Balfour has been a volunteer since 2/1/2002. She served for 10 years and has met all requirements to be eligible to collect a pension. Ms. Balfour date of birth is 9/9/1956 so she will be able to start collecting her pension immediately. Ms. Balfour will stay on as a reserve fire fighter.

Keenan Ertel made a motion to accept the letter of resignation for Gloria Ann Balfour contingent upon training hours and commitments that pertain to retirement are up to date, Patricia DeGagne-Rule seconded. The motion passed on the following vote:

Bridgewater	DeGagne-Rule	Ertel	Lindsay, K.	Lindsay, M.	Shepherd	McDonald
yes	yes	yes	yes	excused	yes	yes.

The board extended a thank you for her service.

B. Actuarial report – A copy of the new 2012 Actuarial Report was included in the packet. The fund is doing very well. According to the review for the \$300 benefit, which is what the state looks at, we are fully vested. Based on the number of current retirees and the number of upcoming retirees, this account would not need any further contributions to maintain the \$300 maximum payout. Based on the amount that we pay out, \$495 maximum benefit, we still have a required contribution of \$90,000 per year. Ms. Mimiaga did talk to the State, and we will still qualify for the same state contribution this year of \$41,791.

Mr. Bridgewater brought up the fact that the death benefit is stated in the by-laws as \$100.00. The death benefit was increased from \$100 to \$600 back in 2006, but was probably not updated in the by-laws.

Mr. Lindsay inquired if the line of duty death at 50% of firefighter earned pension is standard. Chief Vandevorde explained that the insurance benefit for a line of duty death is \$300,000, plus we have a \$100,000 benefit, so the survivor would receive \$400,000. If the firefighter did qualify for pension benefits, ten plus years, then the surviving spouse would receive 50% of the pension benefit. Mr. Lindsay suggested that if the individual had less than ten years of service, they could be brought up to the ten year level in the event of a death on duty, and then pay the 50% benefit to the surviving spouse. This would affect the actuarial study. This is something to look into for the next meeting, and there should be a policy in place.

Mr. Ertel had a question on the summary of the 2012 Actuarial Review. It stated that the fund is actuarially sound based on the current level of funding as long as the investments have a 5% average annual return. The Edward Jones account has earned about 4.4% over the past seven (7) years, however, the return has been about 7.8% over the past two (2) years with the diversified investments Mr. McAndrew has done for the account.

Mr. McDonald inquired about the life insurance policy and if it is only effective while a member of the department. It covers everyone who works and volunteers for the district, while on duty.

“Covered Activity means any activity, which is normal for an Insured Person and includes travel directly to and from such activity. This includes all calls to active duty (as an Insured Person of the organization) that requires immediate action in the field of public safety as well as at the scene of an emergency regardless of the organizations involvement. Covered Activity also means all athletic events sponsored by the organization with the exception of Organized League Athletics unless such coverage is purchased.” – Provident Accident and Health Policy

Mr. Lindsay said “at one time the Board had a \$50,000 policy on members. We need to look at this policy to see where we stand. It was through the Colorado State Firefighters Association. They signed up a few people for additional benefits, many at no extra charge. They didn’t sign that many up, the guys were a little hesitant, they didn’t want to talk to an insurance guy.” Ms. Mimiaga stated that we are not paying for or have on file, any other insurance policy other than the Provident, Pinnacle and WGI. Mr. Lindsay said that he didn’t think we had to pay for it. We

just had to give Colorado State the names of the guys. Check with the Colorado Firefighters Association.

C. Jeff Cunningham, VFIS – Mr. Cunningham gave a presentation for an alternative option for a pension plan for new members. This is a Length of Service Awards Program. It would be \$15/month/year of service with 20 years as the maximum years of service, and a \$300 maximum per month benefit. They would be 100% vested at ten (10) years. The short term is used due to the shorter time span of a volunteer. The death benefit would still be 50%. There is also a \$10,000 life insurance policy on each participant through the age of 65. The assumption is based on 4.75%. This plan would not take the place of the current plan, but would just be for the current volunteers. It is time to start looking at alternatives for the pension benefits. This year the state matching funds are in place, but there has been talk in the legislature of decreasing or eliminating in the future. It is not what anyone wants to do, however it could be through necessity based on the states' budget. The Board will look over the information presented by Mr. Cunningham and make a decision at a latter date.

Executive Session

There was no executive session.

Adjournment

Having no further business to come before the board, Jim Bridgewater made a motion to adjourn the meeting at 7:30 p.m., Hal Shepherd seconded. The motion passed as follows:

Bridgewater	DeGagne-Rule	Ertel	Lindsay, K	Lindsay, M.	Shepherd	McDonald
Yes	yes	yes	yes	excused	yes	yes

Nic McDonald – President

Attest:

Keenan Ertel – Secretary / Treasurer