

**Cortez Fire Protection District
Pension Board meeting minutes
January 14, 2015**

Call to order

President Sharp was not present, Kent Lindsay called the meeting to order at 6:02 p.m. in the meeting room at Station #1. The roll was taken and the board members present were Orly Lucero, Lori Johnson, Gene Gustafson, Kent Lindsay and Diane Fox, Larry Sharp and Sherri Wright were absent. Administrative assistant Wendy Mimiaga, Asst. Chief Charles Balke and Chief Jeff Vandevorde were also present for the meeting.

Kent Lindsay made a motion to excuse Sherri Wright and Larry Sharp, Lori Johnson seconded. The motion passed as follows:

Fox	Johnson	Wright	Lindsay, K.	Lucero	Gustafson	Sharp
yes	yes	absent	yes	yes	yes	absent

(Larry Sharp arrived shortly after the vote at 6:07 p.m.)

Approval of the minutes

The minutes of the meeting held on October 8, 2014 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 October 8, 2014, Gene Gustafson seconded. The minutes were approved on the following vote:

Fox	Johnson	Wright	Lindsay, K.	Lucero	Gustafson	Sharp
yes	yes	excused	yes	yes	yes	yes

Public Comment

There was no public comment.

Correspondence

There was no correspondence.

Administrative assistants report

Administrative Assistant Wendy Mimiaga went over her report that was included in the packet. It was reported that the value of the Edward Jones account on October 31, 2014 was

\$2,104,795.76 with an income for the month of \$255.58, on November 28, 2014 was \$2,132,050.67 with an income for the month of \$13,920.02 and December 31, 2014 was \$2,156,358.64 with an income of \$33,642.88. The year to date income as of December 31, 2014 is \$95,733.34. The income for December, \$33,642.88 includes the capital gains distribution of \$28,357.77 from the mutual funds. This amount is reinvested into the mutual funds making the reportable income for December, 2014 \$5,285.11, and thus the actual year to date income is \$67,375.57, excluding the gains from the mutual funds.

At the last Pension Board Meeting, Mike McAndrew, our account executive with Edward Jones, discussed liquidating the profits in the mutual funds, which are more volatile investments, and reinvesting into safer income generating investments. This allows us to keep our profits in the event of a market correction. At the direction of the board the profit were sold in the five (5) mutual funds held in the pension account for a total in revenue of \$301,038.14, the original investments remain. This was subsequently reinvested into two (2) bonds; 180K Federal Farm Credit Bonds, 2.8% due 11/07/28 with a yield to maturity of 2.896% at \$98.89286 for a total transaction of \$180,154.10 and 120K Denver City & County CO Board of Water Commissioners Revenue Refunding series 2014A Bonds, 3.5% due 12/15/38 with a yield to maturity of 3.463% at \$100.58674 for a total transaction of \$120,884.04.

We had a 40K Federal Farm Credit Bank Bond, 09/2025 at 3.55% called on October 16, 2014. On Mr. McAndrew's recommendation, this was reinvested into 35K Gunnison Co School District General Obligation Bond due 12/01/2029 with a yield of maturity of 2.863% at \$101.65817 for a total of \$35,585.31. The remaining \$4,414.69 was deposited into the First National Bank account. This will go toward paying the pension benefits.

The balance for the First National Bank, as of October 31, 2014, was \$70,009.78 with interest earned of \$3.23; November 30, 2014, was \$74,213.31 with interest earned of \$3.02; December 31, 2014, was \$117,928.77 with interest earned of \$3.61. The interest earned for 2014 was \$84.01. The interest rate remained at 0.05%. Mr. Lindsay inquired if there was any way we could look for a better interest rate, perhaps First Southwest Bank. President Sharp asked if we could put the money in an Edward Jones Money Market account that checks could be written on. Ms. Mimiaga said she would look into it, however, most brokerage accounts have a fee associated with it, and you are usually only allowed a certain number of withdrawals per month. It is hard to find an interest bearing checking account, without a fee, especially one that does not require a large balance be maintained. She will look into it.

The fourth quarter pension payment from the District of \$10,000.00 was made on December 10, 2014. The Pension fund has received the total budgeted allocation of \$40,000 from the District.

Mr. Gustafson asked if the \$10,000 the pension account received each quarter came from the mill levy. Ms. Mimiaga explained that the \$40,000 contribution comes from the District, and the District receives its income from the mill levy. In addition, the money received from the State, the State Volunteer Firefighter Contribution, is also tax money, but from the State coffers.

The 2014 State Volunteer Firefighter contribution to the pension fund was received on December 8, 2014 for \$41,791.00 and deposited into the First National Bank account.

President Sharp asked about the new investments at Edward Jones, and if there was a report on how they were doing in the first three months. Ms. Mimiaga went over the two new investments that were purchased with the proceeds of the mutual funds, explaining that these are good highly rated insured government investments, one purchased slightly under par, and one just over par. The prices of the bonds will fluctuate depending on the market, hence the reason for the value fluctuations of the Edward Jones account, however, we will most likely hold our investments until maturity, or called, both of which will be at par. We still also have investments in the five (5) mutual funds. We only took the profits out of these investments, but still have the original investments in these funds. These will hopefully continue to grow and afford us additional profits.

New Business

Mr. Lindsay stated that he would like to add to New Business at the next scheduled Pension Board meeting, April 8, 2015, a discussion on a proposed \$50 increase on the monthly pension payment, beginning with the next quarter, with a long term goal of going to \$600 per month. The current payment is \$495 per month for a twenty (20) year retirement.

President Sharp pointed out that the current actuarial study show that the account is actuarially sound based on the current payment, and that in the past the actuary has been asked if the account could handle a higher payment.

Mr. Lindsay then added that he would not want to see this take effect until the first of 2016. The Actuarial report will be done the first part of the year, 2016, and completed in time for the April, 2016 Pension Board meeting.

Ms. Fox asked if this is to see what it will cost the Board (meaning the District Board of Directors), to which the reply by Mr. Lindsay was 'yes.'

Ms. Johnson asked if it would be in the best interest of the Pension Board to do the actuarial earlier if the goal was to implement the increase at the beginning of the year. President Sharp added that the cost of the actuarial study would be prohibitive to add an extra one prior to when it will have to be done.

Mr. Lindsay added that this is just a goal. He would just like to see the Pension Board pursue that line of thought.

President Sharp added that the retirees he has spoken to would like to see an increase in the pension payment. We are higher, by \$195, than what the State recommends, \$300, per month.

Ms. Fox asked for clarification on the amount the State requires the retirees are paid. It was explained that you are not required to pay anything, but that the State matching funds are determined based on what you do pay. The State Statues require that if you pay \$100 or more per month for a twenty (20) year retirement, you must have an actuarial report done every other year. The State recommended maximum payment is \$300 per month for a twenty (20) year retirement, but, you can pay out whatever your retirement account can bear. The State matching funds are tied to the \$300 limit, and if you pay out more than \$300, you receive less matching funds from the State. The Actuarial report is figured on both, our actual payment,

\$495, and the \$300 payment. This is done to determine the contribution levels required for the pension account. Currently, the total contribution required to maintain the \$495 payout is around \$90,000, for the \$300 payout it is \$0.00, to cover everyone included in the pension account, current recipients, those retired and waiting to receive their benefit, and those still working toward retirement, until the very last person receives their last pension payment.

Mr. Lindsay reiterated that this will probably not be voted on for another year, but that he just wants to start the discussion.

President Sharp stated that it will all come down to the actuarial study done in 2016. Increases in the past have never been done without first checking with the actuarial, and have always been done cautiously so that the benefit would not subsequently have to be cut.

Mr. Lindsay further stated that he is looking at the big pool of money at the end with no one left to collect. It was explained that there is no such thing as a large pot of money that will be left over as has been rumored. The actuarial report is done to calculate what contribution is necessary to pay everyone who receives the pension benefit, at the current payout, through to the very last person. All the money in the account will be utilized.

President Sharp asked when we will start seeing the Edward Jones account being drawn down. This will be dependent on our annual payout. We currently payout about \$160,000, and we have \$80,000, plus the income from the investment account as income. The difference will have to start coming from the principle in the investment account. We have already started taking some money from the Edward Jones account. When the last \$40K in bonds was called, we only reinvested \$35K+ and deposited the difference into the bank account to help pay the pension benefits.

This will be put on the agenda for the April 8, 2015 meeting.

Old business

Asst. Chief Balke presented the Board with the chart of the 2014 Pension Members Hours and B-Tone Responses. Each member needs to complete thirty-six (36) hours of training, and respond to 20% of the b-tone calls for the year to qualify and be counted towards their total number of years for retirement. Of all of the members, only Lori Mott and Troy Mott met the pension requirements.

Lori Johnson made a motion to certify Lori Mott and Troy Mott as meeting the requirements for the pension for 2014, Kent Lindsay seconded. The motion was approved on the following vote:

Fox	Johnson	Wright	Lindsay, K.	Lucero	Gustafson	Sharp
yes	yes	excused	yes	yes	yes	yes

Ms. Johnson inquired about how the retirement will work for both Lori and Troy Mott as part of their time was spent in Dolores. They each have about eight (8) years with the Dolores Volunteer Fire Department, who only has a twenty (20) year retirement. For those years to count toward their retirement, they will have to volunteer for a total of twenty (20) years, eight (8) will be paid by Dolores, based on a \$300 payout, and twelve (12) will be paid by Cortez,

based on a \$496 payout. Or they could retire with then (10) years in Cortez, but they would lose the eight (8) years with Dolores.

Executive Session

There was no executive session.

Adjournment

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

Fox	Johnson	Wright	Lindsay, K.	Lucero	Gustafson	Sharp
yes	yes	excused	yes	yes	yes	yes

The meeting adjourned at 6:42 p.m.

Larry Sharp – President

Attest:

Kent Lindsay – Secretary / Treasurer