

**NOTICE OF PUBLIC MEETING
OF THE CITY OF COTTONWOOD
ALTERNATE PENSION AND BENEFIT PLAN BOARD OF DIRECTORS**

Pursuant to A.R.S. §38-431.02 notice is hereby given to the members of the Alternate Pension and Benefit Plan Board of Directors of the City of Cottonwood and to the general public that the Alternate Pension and Benefit Plan Board of Directors of the City of Cottonwood will hold their Annual Meeting, which is open to the public on:

December 16, 2015, 1:00 P.M.
Public Safety Building Fire Department Conference Room
199 S. 6th Street
Cottonwood, Arizona

The amended agenda for the meeting is as follows:

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF THE DECEMBER 19, 2014 MEETING MINUTES
4. NEW BUSINESS:
 - A. DISCUSSION ABOUT THE ALTERNATE PENSION AND BENEFIT TRUST DISSOLUTION
 - B. ANNUAL REPORT ENDING JUNE 30, 2015
5. ADJOURNMENT

A copy of the agenda for the meeting will be available at the Cottonwood City Hall, 827 North Main Street, Cottonwood, Arizona, at least twenty-four (24) hours in advance of the meeting

Dated: December 09, 2015

CITY OF COTTONWOOD

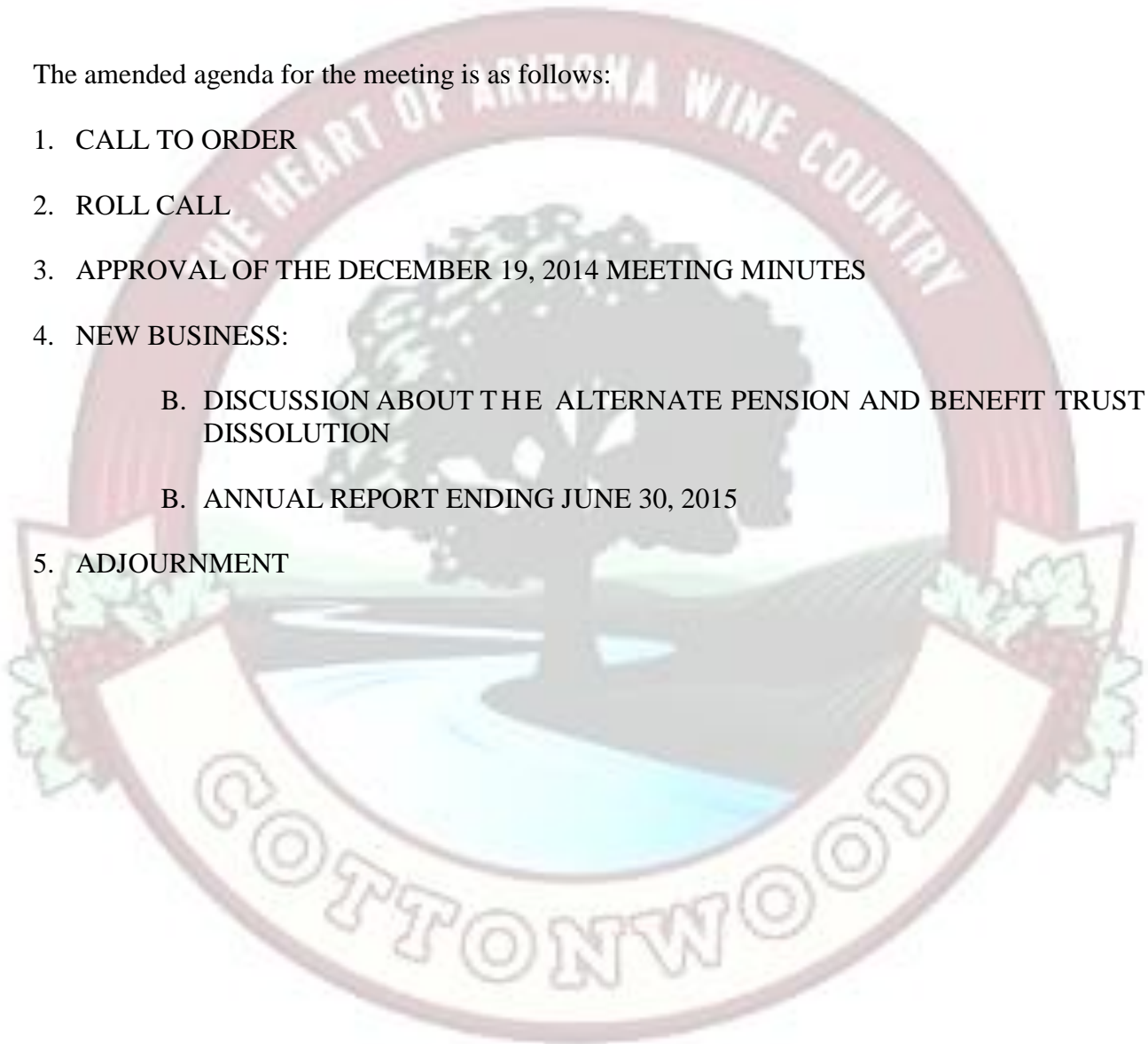

JESUS R. RODRIGUEZ,
ADMINISTRATIVE SERVICES GENERAL MANAGER

**AMENDED
AGENDA**

**ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE
PENSION AND BENEFIT PLAN BOARD, COTTONWOOD, ARIZONA, TO
BE HELD DECEMBER 16, 2015, AT 1:00 P.M. AT THE COTTONWOOD
PUBLIC SAFETY BUILDING - FIRE DEPARTMENT CONFERENCE
ROOM, 199 SOUTH 6TH ST., COTTONWOOD, ARIZONA.**

The amended agenda for the meeting is as follows:

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF THE DECEMBER 19, 2014 MEETING MINUTES
4. NEW BUSINESS:
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 - B. ANNUAL REPORT ENDING JUNE 30, 2015
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MINUTES OF THE ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD HELD DECEMBER 19, 2014 AT 1:00 P.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING FIRE DEPARTMENT CONFERENCE ROOM, 191 SOUTH 6TH ST., COTTONWOOD, ARIZONA

Fire Chief Mike Kuykendall called the meeting to order at 1:18 p.m. Roll call was taken as follows:

Roll Call

<u>Board Members - Present</u>	<u>Board Members - Vacant</u>	<u>Visitors</u>
Mike Kuykendall, Fire Chief	3 Vacancies	None
Diane Joens, Mayor		
Rudy Rodriguez, Board Secretary/Treasurer		

APPROVAL OF THE DECEMBER 19, 2014 MEETING MINUTES – Chief Kuykendall motioned to approve the minutes as presented and Mayor Joens seconded. The motion was approved unanimously.

New Business

DISCUSSION, UPDATE ON THE ALTERNATE PENSION AND BENEFIT TRUST DISSOLUTION - Mr. Rodriguez reported that unfortunately, not much had been done on the dissolution of the trust. Most of the topic of discussion on the agenda were intertwined. Mayor Joens said she wanted the Council to appoint a fourth representative in the next couple of months and that she wanted the dissolution to move forward. The target date is the March 2nd regular City Council meeting.

UPDATE ON THE USE OF TRUST MONIES TO HIRE CONSULTANT TO PROVIDE LEGAL GUIDANCE TO DISSOLVE THE ALTERNATE PENSION AND BENEFIT TRUST – Mr. Rodriguez discussed that the City had already been in talks with attorney David Niederdeppe, Esq. with Ryan Rapp & Underwood, PLC about how best to approach the dissolution. The trust would be able to cover the cost for the services. A copy of the proposed agreement was attached to the agenda

DISCUSS AND POSSIBLE ACTION ON THE ELIMINATION OF CONTRIBUTION FROM THE CITY’S GENERAL FUND TO THE ALTERNATE PENSION AND BENEFIT TRUST FOR THE ANNUAL FIRE INSURANCE PREMIUM – Mr. Rodriguez reported that this had not been accomplished and is a work in progress. We would need to rescind Resolution #2360 eliminating the contribution from the City’s General Fund to the Alternate Pension and Benefit Trust for the annual fire insurance premium, this amount being \$23,000 - \$30,000 annually.

ANNUAL REPORT ENDING JUNE 30, 2014 – Mr. Rodriguez presents the Trust’s Annual Report showing the total market value of the investments at \$216,346.66. The Trust did well this year with overall gains of \$13,667.28. The Board also reviewed the investments and the distributions within the plan.

Treasurer Rodriguez also informed the Board that the state reports would be submitted to the State Fire Marshal’s office before the January 31st deadline.

The Board voted to approve the Annual Report with Mayor Joens making the motion, and a second from Chief Kuykendall. The vote of the board was unanimous.

Adjournment

With no other business at hand, Mayor Joens made a motion to adjourn, and a second came from Chief Kuykendall. The vote of the board was unanimous.

ATTEST:

Jesus R. Rodriguez, Board Secretary/ Treasurer



RYAN RAPP & UNDERWOOD

PLC

3200 North Central Avenue, Suite 1600
Phoenix, Arizona 85012-2424
PHONE 602.280.1000 FAX 602.265.1495

David L. Niederdeppe
dniederdeppe@rrulaw.com

February 6, 2014

Cottonwood Alternative Pension and Benefit Plan
c/o City Attorney Steve Horton
824 Main Street
Cottonwood, Arizona 86326

Re: Engagement and Retainer Agreement

Dear Mr. Horton:

Thank you for the selection of Ryan Rapp & Underwood, P.L.C., to represent the Cottonwood Alternative Pension and Benefit Plan ("the Plan"). We recognize that the Plan has a choice of legal counsel, and appreciate the confidence you have in our firm.

This letter is to confirm our understanding of the representation that Ryan Rapp & Underwood has undertaken on the Plan's behalf, its scope and the terms of our engagement. In addition, under our professional rules of ethics, we have an obligation to inform the Plan of the firm's billing practices. Experience has shown that a letter such as this is useful both to the client and to the firm to express our respective expectations and undertakings.

We ask that you and the Plan representatives carefully review this letter. It is intended to be a formal Retainer and Engagement Agreement. If it meets with the Plan's approval and understanding of our respective responsibilities and duties, please sign where indicated and return it to us. Your signature on this Agreement will confirm the Plan's consent to the terms contained herein.

SCOPE OF REPRESENTATION

We understand that Ryan Rapp and Underwood, P.L.C., has been retained to represent the Plan in connection with its ultimate disposition. The primary attorneys engaged in this representation will be David Niederdeppe and Kenny Kelley.

The attorneys will, as requested, attend meetings relating to the Plan, review materials prior to the meetings and, if necessary, monitor compliance with open meeting law for those meetings attended. The attorneys will, upon referral of a lawsuit or other legal matter by the Plan, provide any necessary legal representation to the Plan and any of its officers, employees, or agents as directed by the Plan. The attorneys agree to perform all necessary legal services,

including but not limited to investigation, legal research, preparation of legal memoranda, pleadings and briefs and making appearances before administrative tribunals and courts, in representing the Plan.

The Plan and its representatives, as our client, agree to cooperate with, and to timely provide assistance and requested documentation and information to us so that we may handle these legal matters on its behalf.

FEES AND COSTS AND RETAINER

All matters undertaken by the firm require that the client agree to terms of payment prior to the commencement of representation. We understand that the City of Cottonwood will front the fee expense in connection with this representation at least until the Plan has a properly constituted Board to authorize Plan expenditures. In consideration of our services in connection with this representation, the Plan agrees to pay Ryan Rapp and Underwood according to the terms set forth in this Agreement. Any litigation necessitated by this representation is, by its very nature, time consuming, uncertain and often expensive. While the firm will work diligently on the Plan's behalf, no predictions can be made as to the outcome of any particular matter. We normally send billings on a periodic basis, usually monthly. The periodic bills are to be paid upon presentation, and the amounts thereof are applied to the total fee. If the bills are not promptly paid, we reserve the right to withdraw from representation.

The normal fee arrangement of the firm is the "reasonable fee" arrangement which is based upon the criteria for reasonableness specified in the Arizona Rules of Professional Conduct. The factors set forth in the rules include the time required for tasks performed; the difficulty, novelty or complexity of the problem presented; the skill required to perform the services properly; the time constraints imposed by the clients or the nature of the matter; the amount involved and the results obtained for the clients; and the experience, reputation and ability of the lawyer or lawyers performing the service. We have established a normal hourly billing rate for each attorney and legal assistant, which is adjusted from time to time. Attorneys David Niederdeppe and Kenny Kelley will be the primary attorney in this matter and their hourly billing rates for this representation are \$230.00 and \$175.00, respectively. If necessary, other attorneys may be involved in the matter and if that occurs, his/her hourly billing rate will be disclosed to you prior to that attorney commencing work on your cases. In addition to attorneys, there may be legal assistants involved in the matter. The firm's legal assistants are typically billed at rates between \$75 and \$150 per hour. In most circumstances, the total fee billed to the clients will be calculated primarily on the basis of the hourly rates and the amount of time expended for all attorneys and legal assistants involved in the matter. Such hourly totals, however, may be adjusted at the end of any particular case (and occasionally on an interim basis) to take account of the various factors described above.

For some cases, the fee arrangement may be a fixed hourly, fixed project, flat, or such other arrangement as is set forth in writing between the clients and the primary attorney

performing the work. In certain instances, modified or hybrid fee calculations may be appropriate as well. For example, in instances where the result achieved is particularly beneficial or advantageous to the clients when viewed against the amount(s) at stake or in controversy, the efforts expended and other like factors, the application of a "value billing" methodology above and beyond the base or customary hourly billing agreement may be appropriate. Of course, any such hybrid or value billing arrangement will be utilized only after prior consultation with, and concurrence of, the clients.

In addition to fees for legal services, the firm may incur various costs and expenses in performing legal services under this Agreement. These expenses will be itemized in our billing statements. Costs and expenses include, without limitation, filing fees, messenger and process services, special mailing expenses, express mail services, copying charges and other reproduction costs charged by an outside agency or vendor, expert fees, Westlaw research, long distance telephone calls, travel expenses and court reporter charges. We may send larger copying jobs to an outside copying service and charge the Plan for such service. We may ask that the Plan pay court reporters' fees, outside copying charges and other large charges directly to the provider of the service.

To aid in the representation, our firm and the Plan may agree that hiring expert witnesses, appraisers, accountants, consultants or investigators is necessary. Our firm will select such outside experts or entities, after consultation with the Plan. The Plan authorizes us to retain and the Plan agrees to pay the fees or charges of these persons or entities hired by us, either directly to the outside person or entity, or to the firm, as appropriate.

In the event that the Plan is involved in litigation, it may be possible to seek an award of the Plan's attorneys' fees and costs from the opposing party. We will pursue such an award if appropriate, but we cannot and will not look to such an award as a source of payment for amounts owed to the firm under this Agreement. The Plan is responsible for paying the fees and costs as set forth in this Agreement. If attorneys' fees and costs are awarded, we will reimburse the Plan for the amount of the award, or apply the award to fees and costs that are still being accrued or owing.

We ask and expect payment of our billings on a current basis because delayed payments add to our overall costs of providing services to all of our clients. To avoid burdening our clients who do pay promptly with these additional overhead costs, we reserve the right to charge interest on any balance which is not paid by the end of the month following the month in which the firm's billing statement is dated. Unless otherwise agreed, payment of each monthly billing statement is due upon receipt.

CORRESPONDENCE, PLEADINGS AND DOCUMENTS

As a matter of course, the firm will forward to the Plan copies of key correspondence, and any court pleadings and documents generated or received by us concerning the legal matter

being handled. This is an inexpensive and routine way to keep our clients advised of important developments and the status of the matter as it progresses. The Plan should review the documents sent to them and contact us with any questions or comments about them. All communications to the Plan are directed to the addresses provided to us. Because communications between the Plan and the firm are critical, we must be kept informed of any changes in address, telephone number, and e-mail as appropriate.

RETENTION OF FILES AND FILE DESTRUCTION

Given the number of client matters the firm handles, the indefinite retention of each client's file is impractical. Therefore, once any particular matter is completed, the file will be marked "closed" by the firm. The Plan has a right to obtain a copy of the files at any time, but given the firm's routine practice of copying clients with correspondence, pleadings and documents, the firm will only copy those documents the Plan has not already been sent. Original documents will be returned to the Plan upon the closing of the file. If the Plan needs another copy of the file after receiving copies from the firm, we will charge for the cost to re-copy the file. By executing this Agreement, you give the firm the Plan's permission to destroy any files once they have remained closed, with no material activity, for a period of seven years.

CONFLICT OF INTEREST

The firm has conducted an internal conflict of interest check based upon the names of the persons and/or entities provided to us by you. No conflict of interest has appeared from this internal conflict check. The Plan agrees to continue to provide any additional information to the firm regarding the names and identities of any other person or entity involved, or which may become involved, in any matters for which we provide representation.

TERMINATION OF REPRESENTATION AND CONCLUSION OF MATTERS

Once the representation of the Plans in the matters described in this Agreement concludes, the firm will have no continuing obligation to represent the Plan in any matter beyond the scope of representation as described herein unless an agreement for continued representation is reached.

The Plan has the right to terminate the firm's representation with or without cause. However, should the Plan determine to terminate our services, it must notify us in writing of the termination. Termination of our services does not negate any fees or costs owed to the firm in the representation.

The firm reserves the right to withdraw as set forth herein if our fees are not paid on a timely basis. The firm also reserves the right to withdraw for any reason permitted or required under the Arizona Code of Professional Responsibility. In the event the firm determines to

terminate the representation, the Plans will be notified in writing as to the termination, and agree to execute an approval of a Motion to Withdraw or Substitution of Counsel, if applicable. In that event, the firm will cooperate in transitioning the matter to another attorney as appropriate.

After the Plan representatives have had an opportunity to review this Agreement, please sign it where indicated and return it to me for our file. The firm's attorneys will generally not proceed to work for a client beyond the initial consultation and initial research until a signed Agreement is received from the Plan. In the event that legal services have been performed and costs expended on the Plan's behalf, it is obligated to the firm for the value of such services and costs.

We recognize that this Agreement has a formal tone, but we believe that a complete understanding of our business relationship helps to assure a mutually beneficial attorney-client relationship. We appreciate this opportunity to be of assistance and look forward to working with the Plan.

Very truly yours,

RYAN RAPP & UNDERWOOD, P.L.C.

 L-[O
-- David L. Niederdeppe

I have read and understand the foregoing terms set forth in the Ryan Rapp & Underwood, P.L.C. Engagement and Retainer Agreement, and approve and agree to them as of the date that Ryan Rapp & Underwood, P.L.C., first provided services to the Plan.

COTTONWOOD ALTERNATIVE PENSION AND BENEFIT PLAN

By: _____ Date: _____

Printed Name: _____

Its: _____

To: Alternate Pension & Benefits Fund Board Members December 11, 2015

From: Rudy Rodriguez, Administrative Services General Manager & Board Secretary

Subject: Annual Report - Alternate Pension & Benefit Fund

Attached for Board approval is the Annual Report for the Alternate Pension & Benefit Fund as of June 30, 2015. The market value of the volunteer's portfolio as on June 30, 2014 was \$216,346.66 and is broken down as depicted below

ITEM DESCRIPTION	@ 06/30/2014	@ 06/30/2015
Fund Balance – Cash & Cash Equivalents	\$115,166.97	\$20,861.01
Investments	101,179.69	192,113.89
Due to City General Fund	-0.00	-0.00
Trust Balance	<u>\$216,346.66</u>	<u>\$212,974.90</u>
Prior Years Unallocated Fire Premium Insurance ¹	0.00	0.00
Adjusted Trust Balance	<u>\$216,346.66</u>	<u>\$212,974.90</u>
Market Value of Account, June 30, 2014		<u>\$216,346.66</u>
Adjustments:		
Premium Tax Contribution ²	500.44	
EE/ER Contributions	-291.59	
457 Def Comp Contributions	0.00	
Distributions	-5,989.00	
Total Adjustments		<u>-5,780.15</u>
Balance		<u>\$210,566.51</u>
Market Value of Account, June 30, 2015		<u>\$212,974.90</u>
Net Change in Value		<u>\$2,408.39</u>

The Trust had interest/dividend income of \$5,759.54 during the course of the year. Fees and IRS taxes totaled \$5,208.43, and gains of \$1,857.28. The total change in net value taking all of these changes into consideration was \$2,408.39. All this activity produced a net market value of the overall portfolio of \$212,974.90.

¹ There is no unallocated Fire Premium Insurance due.

² The amount of fire premium is reflected here for the year ending June 30, 2015.

As a reminder, a couple of years ago, the Board set up a reserve account to be distributed at the board's discretion.

That fund has grown to \$212,974.74 as of June 30, 2015. There were two individuals that retired some time back and continue to be reflected in the plan.

The following disbursements are presented for Board approval:

<u>Individual</u>	<u>Amount</u>	<u>Reason</u>
Eugene Ortiz	\$1,800.00	Retirement Benefits
Terry Tasa	1,800.00	Retirement Benefits
<u>Reimbursements</u>		
Tim Bishop	5.71	Contribution
Judy Boyd	2,090.57	Contribution
Shay O'Neil	32.19	Contribution
Sean Guth	5.00	Contribution
Brandon George	16.80	Contribution
Carson Ramirez	111.69	Contribution
Norman Rice	20.30	Contribution
Craig Yuhas	106.78	Contribution
<u>Total</u>	<u>\$6,923.31</u>	

The currently there are no provisions for submitting an annual report to the Office of the State Fire Marshall's Office or the Department of Library Archives and Public Records as in the past.

Recommendation is that the Board approves the Annual Report as presented.

