

**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 13, 2013, 12:00 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 20, 2012 MEETING MINUTES
4. NEW BUSINESS:
 - A. DISCUSSION AND POSSIBLE ACTION ON THE FUTURE OF THE ALTERNATE PENSION AND BENEFIT TRUST
 - B. DISCUSS AND POSSIBLE ACTION ON THE USE OF TRUST MONIES TO HIRE CONSULTANT TO PROVIDE LEGAL GUIDANCE TO DISSOLVE THE ALTERNATE PENSION AND BENEFIT TRUST
 - C. 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
 - D. ANNUAL REPORT ENDING JUNE 30, 2013
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 10, 2013

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 13, 2013, AT 12:00 P.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING - FIRE DEPARTMENT CONFERENCE ROOM, 199 SOUTH 6TH ST., COTTONWOOD, ARIZONA.

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5. ADJOURNMENT

MINUTES OF THE ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD HELD DECEMBER 20, 2012 AT 11:30 A.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING FIRE DEPARTMENT CONFERENCE ROOM, 191 SOUTH 6TH ST., COTTONWOOD, ARIZONA

Board Treasurer, Rudy Rodriguez called the meeting to order at 11:36 a.m. Roll call was taken as follows:

Roll Call

Board Members - Present

Mike Kuykendall, Fire Chief
Diane Joens, Mayor
Rudy Rodriguez, Board Secretary/Treasurer
Patrick Wiatrolik

Board Members - Absent

Eric Altheide
Ben Kramer, Firefighter

Visitors

Nick Garcia

New Business

DISCUSSION ON PLAN DOCUMENT REVISIONS - During discussions, Chief Kuykendall requested to meet with Larry Innes, the fund administrator to discuss possible changes. Everyone agreed that a Mid-February meeting would work out best and that a Monday or Thursday would be the most appropriate day of the week.

Chief Kuykendall and Rudy will go talk over some issues before that meeting. Some of those topics include but will not be limited to:

- Issue of undistributed balances
- Issues with recruiting and retaining volunteers
- Is there validity to keeping this program

Patrick Wiatrolik motioned to accept this approach, Mayor Joens seconded and was approved unanimously.

PRESENTATION OF ANNUAL REPORT – PENSION FUND - Board Secretary Rodriguez presents the Trust’s Annual Report showing a decrease \$4,408.28 over last year to \$189,878.71. Trust did not do very well this year with portfolio value decreasing by \$23,037.66. 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 Board member Patrick Wiatrolik making the motion, and a second from Mayor Joens. The vote of the board was unanimous.

FRED HAYMAN REQUEST – The board approved unanimously the request by member Fred Hayman to withdraw all of his funds from the trust.

Adjournment

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

ATTEST:

Jesus R. Rodriguez, Board Secretary/ Treasurer



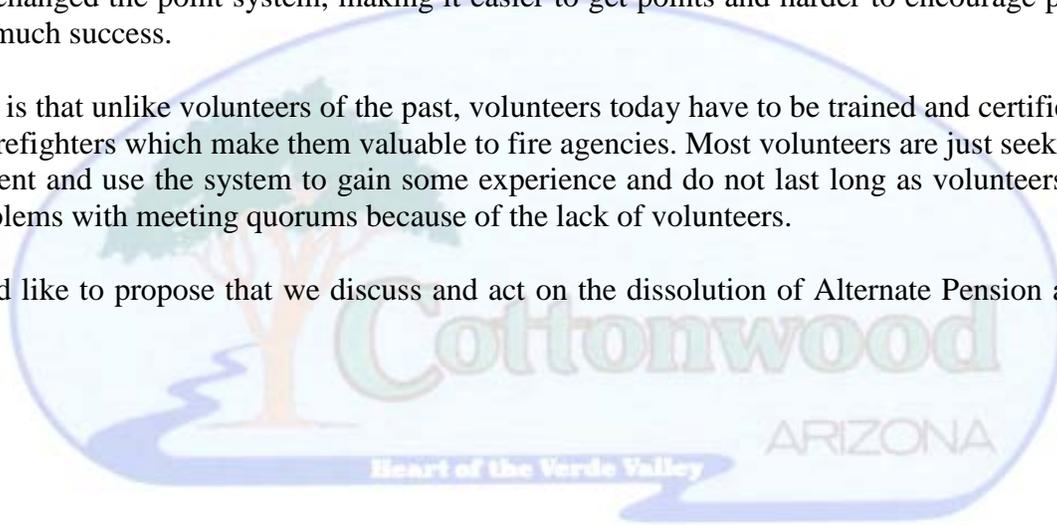
To: Alternate Pension and Benefit Trust Board members December 13, 2013
From: Rudy Rodriguez, Administrative Services General Manager & Board Secretary
Subject: Discussion and possible action on the future on the Alternate Pension & Benefit Trust

Back in 1992, the Cottonwood Fire Department was seeking to assist volunteer firefighter with some retirement benefits and move away from the state retirement system. The result was the Alternate Pension and Benefit Trust. That came to fruition on July 1, 1992 and has been around ever since.

The initial intent of having a retirement program for volunteers was for recruitment purposes. Unfortunately, the program has not been successful for a number of years. Currently we contribute \$20K+ annually to the program to bolster retirement benefits to volunteers, but to no avail. In past years we have changed the point system, making it easier to get points and harder to encourage participation, with not much success.

The issue is that unlike volunteers of the past, volunteers today have to be trained and certified alongside regular firefighters which make them valuable to fire agencies. Most volunteers are just seeking full time employment and use the system to gain some experience and do not last long as volunteers. In fact we have problems with meeting quorums because of the lack of volunteers.

We would like to propose that we discuss and act on the dissolution of Alternate Pension and Benefits Trust.



To: Alternate Pension and Benefit Trust Board members December 13, 2013

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

Subject: Discussion and possible action on the use of trust monies to hire a consultant to provide legal guidance to dissolve the Alternate Pension & Benefit Trust

If the board agrees to dissolve the Alternate Pension & Benefit Trust we are requesting that we use Trust funds to hire outside counsel. The scope of the contract would be to assist in the proper way to unwind this Trust as well as how all remaining funds can be used.

Our City Attorney made the recommendation that we seek outside counsel to ensure that the dissolution of the trust be done correctly. He has also assured us that we can use Trust funds for this purpose.



To: Alternate Pension and Benefit Trust Board members December 13, 2013

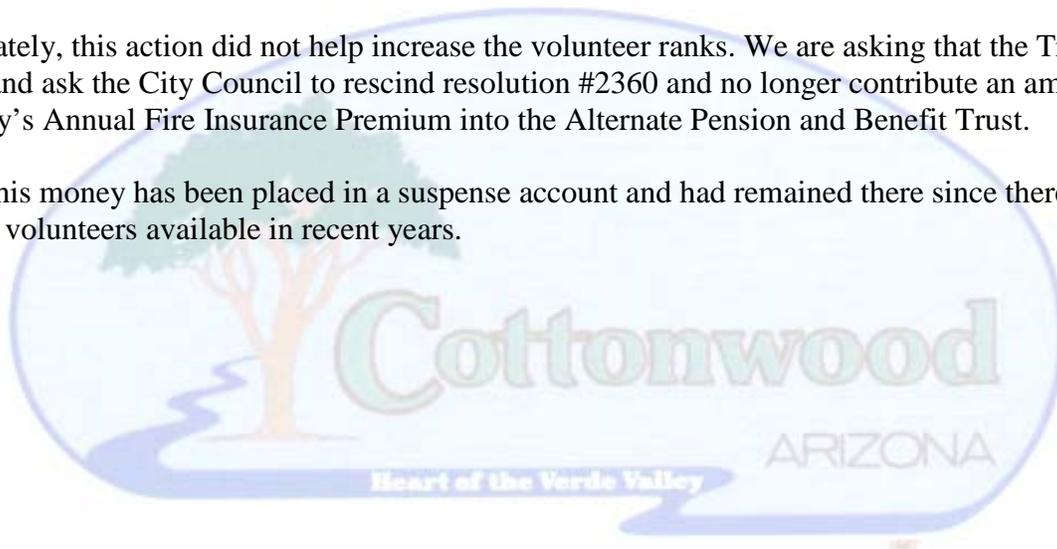
From: Rudy Rodriguez, Administrative Services General Manager & Board Secretary

Subject: Discussion 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

Attached is Resolution #2360 authorizing the City to contribute an amount equal to the City's Annual Fire Insurance Premium into the Alternate Pension and Benefit Trust. This action was taken by the City Council as part of an effort to increase volunteer participation in our Fire Department. There were also some changes to the point system at that time.

Unfortunately, this action did not help increase the volunteer ranks. We are asking that the Trust board approve and ask the City Council to rescind resolution #2360 and no longer contribute an amount equal to the City's Annual Fire Insurance Premium into the Alternate Pension and Benefit Trust.

Most of this money has been placed in a suspense account and had remained there since there have been few to no volunteers available in recent years.



RESOLUTION NUMBER 2360

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AUTHORIZING REGULAR CONTRIBUTIONS TO THE CITY'S ALTERNATE PENSION BENEFITS TRUST IN DIRECT PROPORTION TO ANY AND ALL REFUNDS/CREDITS RECEIVED FROM THE CITY'S FIRE INSURANCE PREMIUM.

WHEREAS, the City receives invaluable service from its Volunteer Firefighters;
and

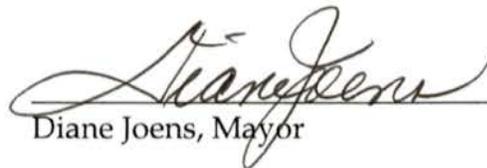
WHEREAS, the Council realizes that having Volunteer Firefighters greatly enhances fire safety within the City, and that enhanced fire safety has a direct and beneficial effect on the City's fire insurance rating and premiums; and

WHEREAS, the City seeks (1) to recognize and reward the service of its Volunteer Firefighters; (2) to encourage its Volunteer Firefighters to remain in the service of the City; and (3) to entice other qualified individuals to serve as Volunteer Firefighters;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Effective July 1, 2007, unless otherwise provided by the City Council, any and all premium refunds/credits received or realized from the City's fire insurance coverage shall be paid into the City's Alternate Benefits Pension Plan or any successor program designated by the City Council for the benefit of the City's Volunteer Firefighters.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 18TH DAY OF MARCH 2008.



Diane Joens, Mayor

APPROVED AS TO FORM:



Steve Horton, Esq., City Attorney
Mangum, Walls, Stoop & Warden, P.L.L.C.

ATTEST:



Marianne Jiménez, City Clerk

To: Alternate Pension & Benefits Fund Board Members December 13, 2013

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, 2013. The market value of the volunteer's portfolio as on June 30, 2013 was \$188,198.31 and is broken down as depicted below

ITEM DESCRIPTION	@ 06/30/2012	@ 06/30/2013
Fund Balance – Volunteers	\$110,333.86	\$105,941.56
Segregated Account for Fred Hayman	35,537.19	0.00
Cash & Cash Equivalents	51,997.22	93,815.17
Due to City General Fund	-7,989.56	-11,561.42
Trust Balance	\$189,878.71	\$188,195.31
Prior Years Unallocated Fire Premium Insurance ¹	0	0
Adjusted Trust Balance	\$189,878.71	\$189,878.71
Market Value of Account, June 30, 2012		\$189,878.71
Adjustments:		
Premium Tax Contribution ²	23,300.68	
EE/ER Contributions	780.05	
457 Def Comp Contributions	2,888.25	
Distributions	-44,037.24	
Total Adjustments		-17,068.26
Balance		\$172,810.45
Market Value of Account, June 30, 2012		\$188,195.31
Net Change in Value		\$15,384.86

The Trust had interest/dividend income of \$2,605.26 during the course of the year. Fees and IRS taxes totaled \$4,375.61, and gains of \$17,155.22. The total change in net value taking all of these changes into consideration was \$15,384.86. All this activity produced a net market value of the overall portfolio of \$188,195.31.

¹ There is no unallocated Fire Premium Insurance due.

² The amount of fire premium is reflected here for the year ending June 30, 2011.

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 from \$150,157.41 on June 30, 2012 to \$171,679.88 as of June 30, 2013.

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:

Payee	Amount	Reason
<u>Retirees</u>		
Eugene Ortiz	\$1,800.00	Retirement Benefits
Terry Tasa	1,800.00	Retirement Benefits
<u>Reimbursements</u>		
	0.00	
Tim Bishop	30.00	Contribution Reimbursement
Craig Yuhas	373.80	Contribution Reimbursement
Matthew Maxwell	48.05	Contribution Reimbursement
Jeffery Pennington	1.09	Contribution Reimbursement
Coby Cook	744.97	Contribution Reimbursement
Ian James	63.50	Contribution Reimbursement
Christopher Villegas	3.67	Contribution Reimbursement
Paul Valean	59.40	Contribution Reimbursement
Carson Ramirez	293.25	Contribution Reimbursement
Bradley Johnson	18.62	Contribution Reimbursement
Robert Matson	29.01	Contribution Reimbursement
<u>Special Account</u>		
	0.00	
Fred Hayman	38,771.83	Investment Account
Total	<u><u>\$44,037.19</u></u>	

The next eight pages are the reports that will be submitted to the Office of the State Fire Marshall's Office and the Department of Library Archives and Public Records, along with the detail of the disbursements and activity of the overall fund.

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