

**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 21, 2009, 1:00 P.M.
Public Safety Building Fire Department Conference Room
199 S. 6th Street
Cottonwood, Arizona

The agenda for the meeting is as follows:

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF THE MINUTES – DECEMBER 18, 2008
4. NEW BUSINESS:
 - a. CONSIDERATION AND APPROVAL TO RESTRUCTURE THE ALTERNATE PENSION AND BENEFITS PLANS BOARD OF DIRECTORS
 - b. CONSIDERATION AND APPROVAL TO ELIMINATE THE \$3,600 CONTRIBUTION FROM THE GENERAL FUND TO THE ALTERNATE PENSION AND BENEFITS PLAN FOR RETIRED INDIVIDUALS
 - c. PRESENTATION OF ANNUAL REPORT – PENSION FUND
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 17, 2009

CITY OF COTTONWOOD

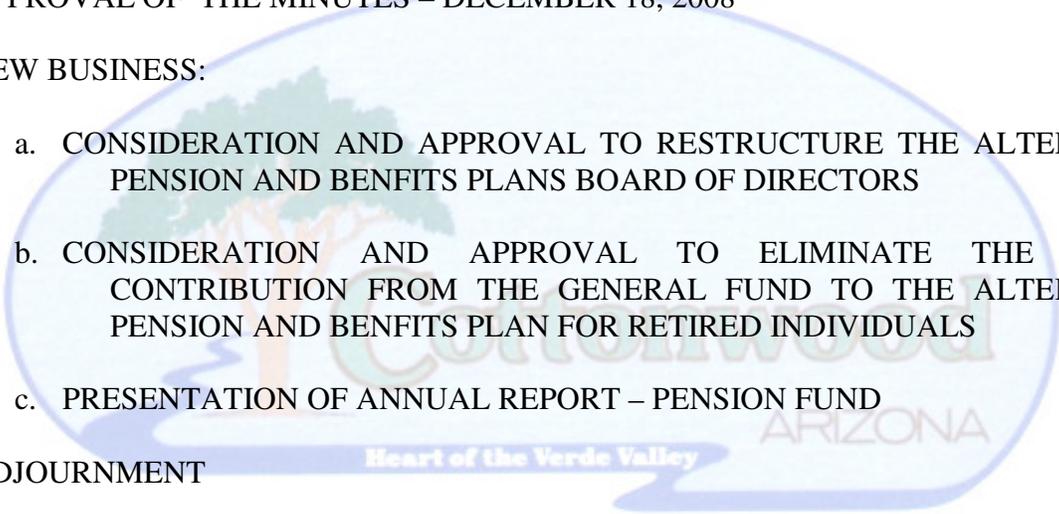


JESUS R.RODRIGUEZ, ADMINISTRATIVE SERVICES GENERAL MANAGER

AGENDA

ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD, COTTONWOOD, ARIZONA, TO BE HELD DECEMBER 21, 2009 AT 1:00 P.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING - FIRE DEPARTMENT CONFERENCE ROOM, 199 SOUTH 6TH ST., COTTONWOOD, ARIZONA.

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MINUTES OF THE ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD HELD DECEMBER 18, 2008 AT 11:30 A.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING FIRE DEPARTMENT CONFERENCE ROOM, 191 SOUTH 6TH ST., COTTONWOOD, ARIZONA

Chief Casson started the meeting at 11:37 a.m. Roll call was taken as follows:

Board Members Present

Mike Casson, Fire Chief
Diane Joens, Mayor
Rudy Rodriguez, Board Secretary/Treasurer
Ian James, Firefighter
Pete Bailey, Firefighter
Brady Casson, Firefighter

Board Members Absent

Dave Vogel, Firefighter

Visitors

Approval of the Board Minutes of October 27, 2008

Board member Bailey motioned to approve the minutes as presented. Secretary Rodriguez seconded the motion and it was approved unanimously.

Letter from Larry Innes, Jr. MBA

Secretary Rodriguez briefly talked about an enclosed letter from our Investment Manager, which states that the Trust is in relatively well positioned despite the economic pressures. The letter also mentions the Fire Premium Tax issue, which Cottonwood dealt with about six months ago.

Old Business

None

New Business

ACCEPTANCE OR REJECTION OF BRADY CASSON'S RESIGNATION FROM THE BOARD – The Board accepted the resignation of Brady Casson. His resignation was due to being hired on as a Firefighter with the City of Cottonwood. Chief Casson motioned to approve the resignation and was seconded by Mayor Joens. The motion was approved unanimously.

The question was posed by Secretary Rodriguez about when an election was planned for Brady's replacement. Chief Casson did not see it as an urgent matter, however, planned to conduct an election just after the New Year.

PRESENTATION OF ANNUAL REPORT – PENSION FUND - Board Secretary Rodriguez presents the Funds Annual report showing an increase in the Trust assets of \$291.32 over last year to \$162,949.75. The actual value of the Trust assets decreased by \$14,419.15 for this year. The contribution from members and the Fire Insurance Premium allowed it to break even.

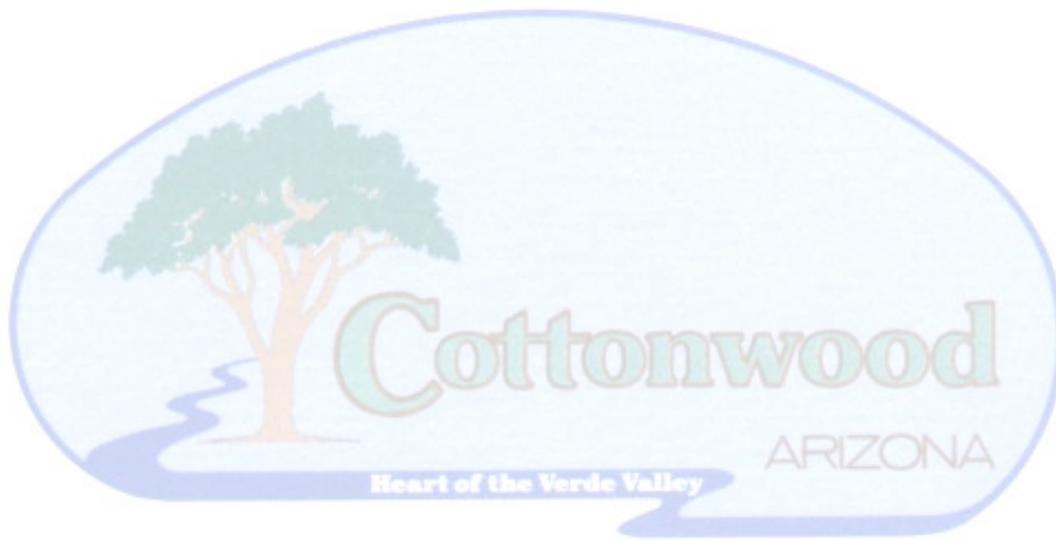
The City continues to contribute \$3,600 to the Trust to cover retirement costs for two retired firefighters. Chief Casson motioned to approve the Annual Report with Mayor Joens seconding the motion. The board approved the annual report unanimously.

Adjournment

With no other business at hand, Secretary Rodriguez moved that the meeting be adjourned. This was seconded by Mayor Joens and a unanimous vote ensued.

ATTEST:

Jesus R. Rodriguez, Board Secretary/ Treasurer



TO: Alternate Pension and Benefit Plan Board members

FROM: Rudy Rodriguez, CGFM, Administrative Services General Manager

SUBJECT: Consideration and approval to restructure the Alternate Pension and Benefits Plan Board of Directors

DATE: December 21, 2009

With the addition of another engine company to the Cottonwood Fire Department, there are fewer volunteers available to serve alongside our regular firefighters. That also means that we have an opportunity to make changes to the membership eligibility of the Board of Directors to accommodate the current shortage in the volunteer pool and protect the viability of the Trust going into the future.

The one recommendation is that we make one of the volunteer firefighter positions into a regular firefighter position to ensure that we have a quorum for our meetings. Every year we are looking for members to place into service due to volunteers getting jobs with the City of Cottonwood and other surrounding entities.

After talking to Larry Innes, our Trust Investment Manager, it was determined that substituting a regular for a volunteer firefighter as a member of the Trust was a possibility in order to continue the viability of the Trust. What will be necessary is that we, as a board recommendation, take a resolution to the City Council referencing the change and obtain their approval.

We are fortunate to have the Mayor on the Board to support this Trust's effort to continue the Alternate Pension and Benefit Plan. I believe that a volunteer pool is essential to the future of this fire department, both to supplement the regular firefighters as well as being a farm for providing the entire Verde Valley with future experienced firefighters. The viability of this Trust is a vital component to accomplishing both the goals.

It is staff recommendation that the Board of Trustees restructured to permanently replace a volunteer firefighter board member with a regular firefighter board member and change any necessary documents to effect the change.

TO: Alternate Pension and Benefit Plan Board members

FROM: Rudy Rodriguez, CGFM, Administrative Services General Manager

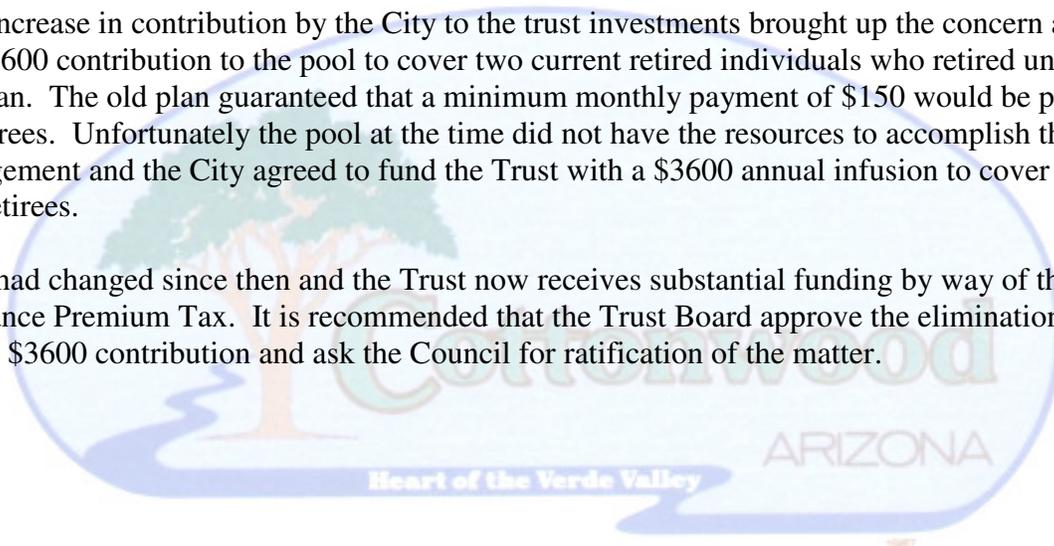
SUBJECT: Consideration and approval to eliminate the \$3,600 contribution from the General Fund to the Alternate Pension and Benefit Plan for retired individuals

DATE: December 21, 2009

Last year the Board of Trustees approved and the City Council ratified that the full amount of the Fire Insurance Premium Tax be forwarded to the Alternate Pension and Benefit Plan for benefits to our volunteer firefighters. That has been a great boost to the investment portfolio, especially during these difficult economic times.

This increase in contribution by the City to the trust investments brought up the concern about the \$3600 contribution to the pool to cover two current retired individuals who retired under the old plan. The old plan guaranteed that a minimum monthly payment of \$150 would be provided to retirees. Unfortunately the pool at the time did not have the resources to accomplish the arrangement and the City agreed to fund the Trust with a \$3600 annual infusion to cover these two retirees.

A lot had changed since then and the Trust now receives substantial funding by way of the Fire Insurance Premium Tax. It is recommended that the Trust Board approve the elimination of the City's \$3600 contribution and ask the Council for ratification of the matter.



To: Alternate Pension & Benefits Fund Board Members December 21, 2009

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, 2009. The market value of the volunteer's portfolio as on June 30, 2009 was \$128,102.53 and is broken down as depicted below

ITEM DESCRIPTION	@ 06/30/2008	@ 06/30/2009
Fund Balance – Volunteers	\$104,467.45	\$109,251.73
Segregated Account for Fred Hayman	32,096.33	26,315.68
Cash & Cash Equivalents ¹	47,864.11	19,699.11
Due to City General Fund	-21,478.14	-27,163.99
Trust Balance	\$162,949.75	\$128,102.53
Prior Years Unallocated Fire Premium Insurance ²	0	0
Adjusted Trust Balance	\$162,949.75	\$128,102.53
Market Value of Account, June 30, 2008		\$162,949.75
Adjustments		
Premium Tax Contribution	25,264.41	
EE/ER Contributions	1,583.12	
457 Def Comp Contributions	3,785.51	
Distributions	-28,914.49	
Total Adjustments		1,718.55
Balance		164,668.30
Market Value of Account, June 30, 2009		<u>128,102.53</u>
Net Change in Value		<u>-36,565.77</u>

The Trust had interest income of \$3,293.40 during the course of the year. Fees totaled \$3,551.56, and losses of \$36,307.61. This activity produced a net market value of -\$36,565.77.

There were two individuals that retired some time back and continue to be reflected in the plan. Eugene L. Ortiz and Terry R. Tasa continue to receive \$150 a month during the plan year totaling \$1,800 each, or \$3,600. The City of Cottonwood General Fund as part of an agreement contributes this amount.

¹ That amount of the prior year's fire premium is reflected in the cash & cash equivalents for the year ending June 30, 2009, hence the large increase in this line.

² There is not unallocated Fire Premium Insurance due.

The next three 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.

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

