



January 30, 2010

Office of the State Fire Marshal
1110 W. Washington, Suite #100
Phoenix, AZ 85007-2935

RE: Annual Report for the City of Cottonwood Fire Department Alternate Pension & Benefit Plan Fund

Enclosed are the required annual reports for the Alternate Pension and Benefit Plan Fund for the City of Cottonwood Fire Department and the Annual Meeting information.

Our Annual Audit has been completed; however, the Comprehensive Annual Financial Report will not be ready until late March, and will be posted on the City's website at www.ci.cottonwood.az.us. If there is anything missing from these submitted reports, please call me at (928) 634-0060, ext 202.

Best regards,

A handwritten signature in black ink, appearing to read 'Jesus R. Rodriguez', is written over a horizontal line.

Jesus R. Rodriguez, CGFM
Administrative Services General Manager, Board Secretary

xc: Mike Casson, Cottonwood Fire Chief
Department of Library Achives



January 30, 2010

Department of Library
Archives & Public Records
State Capital, 1700 W. Washington
Phoenix, AZ 85007

RE: Annual Report for the City of Cottonwood Fire Department Alternate Pension & Benefit Plan Fund

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Administrative Services General Manager, Board Secretary

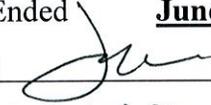
xc: Mike Casson, Cottonwood Fire Chief
Office of the Fire Marshall

SECRETARY'S REPORT OF FIRE FIGHTERS RELIEF AND PENSION FUND

Page 1

Name of Department or District **Cottonwood Fire District Alternate Pension/Benefit Plan**

Report of Fund Year Ended **June 30, 2009**

Signature of Secretary  Printed Name **Jesus R. Rodriguez**

Business Address **816 N. Main St** City: **Cottonwood** Arizona Zip Code **86324**

Business Hours Telephone Number **(928) 634-0060** Email Address **rrodriguez@cottonwoodaz.gov**

Type of Fund: A.R.S. Title 9, Chapter 8, Article 3 Volunteer Fund Investments managed by FFRPF Treasurer h
 A.R.S. Title 9, Chapter 8, Article 4 Volunteer Fund Investments managed by Purchased Alternate Pension Planu u
 A.R.S. Title 38, Chapter 5, Article 4 Public Safety Personnel Retirement System (Checked Box(es))

Revenues:

Monies received from 2% premium	
Tax distribution/Company	<u>25,264.41</u>
Interest earnings	<u>-33,014.21</u>
Employer Contributions	<u>1,583.12</u>
457 Deferred Comp Plan Contributions	<u>3,785.51</u>

Total Revenues..... -2,381.17

Expenditures:

Refund payments	_____
Relief payments	_____
Disability payments	_____
Death Benefit payments	_____
Article 3 Pension payments	_____
Article 4 Pension payments (paid/volunteer)	_____
(paid/volunteer)	<u>-28,914.49</u>
Payment to Private Fire Company	_____
Which covers pension liability	_____
Professional Services (legal, auditing, etc.)	<u>-3,551.56</u>

Total Expenditures..... -32,466.05

Excess of Revenue over/under Expenditures..... -34,847.22
 Year's Beginning Balance..... 162,949.75
 Year's Ending Balance..... \$ 128,102.53

"Notwithstanding the provisions of Subsection A and C of this Section, if the board of trustees of a fire district assumes the responsibility for investing and reinvesting the funds pursuant to Section 9-957, Subsection B, the duties of the treasurer may be performed by a member of the board elected by the board. If the duties of the treasurer are performed by a member of the board, he shall be bonded for an amount determined by the board which amount shall not be less than the maximum amount of funds in the account at any one time during the previous year."

If a member of the board of trustees is treasurer of the fund, you must attach current PROOF OF BOND A.R.S. 9-955.D

If a member of the board of trustees is treasurer of the of the fund, you must attach current **PROOF OF BOND**.
A.R.S. § 9-955.D

(Page 2)

FUND DISTRIBUTIONS AUTHORIZED DURING FISCAL YEAR 06/30/2009

Types of distribution include REFUND, RELIEF, DISABILITY, DEATH BENEFIT, ARTICLE 3 PENSION, OR ARTICLE 4 PENSION. You **must** list name of each beneficiary and amount distributed to each account. A.R.S. § Title 9, Chapter 8,
Please make sufficient copies to meet your needs or attach a separate list (report).

<u>TYPE OF DISTRIBUTION</u>	<u>NAME OF BENEFICIARY</u>	<u>AMOUNT DISTRIBUTED</u>
Retirement Benefits	Eugene L. Ortiz	# 1,800.00
Retirement Benefits	Terry R. Tasa	1,800.00
Refund	Pete Bailey	18,050.50
Refund	Louis Newell	5,231.62
Refund	Aaron Wilder	236.25
Refund	Ramon Bell	121.64
Refund	Lans Romig	289.44
Refund	John Bouwman	1,301.36
Refund	Dave Vogel	83.68
	Total	<u><u># 28,914.49</u></u>

ANNUAL AUDIT. The board shall cause an annual audit and report of the fund. (A.R.S. § 9-956, Subsection A.)

The law no longer requires an audit by a certified public accountant; however, the audit cannot be done by a member of the Pension Fund Board of Trustees nor by a potential beneficiary of the pension fund. It must be done by an outside source.

REPORTING REQUIREMENTS

A COPY OF THIS REPORT AND A COPY OF THE ANNUAL AUDIT SHALL BE SENT TO:
(A.R.S. 9-956, Subsection C).

Office of the State Fire Marshal, 1110 West Washington, Suite #100, Phoenix, Arizona 85007
AND

Department of Library, Archives and Public Records, State Capitol, 1700 West Washington, Phoenix, AZ 85007.

If the annual pension fund report is not received by the state fire marshal by the CLOSE OF BUSINESS on January 31, 2008 the participating fire district is not eligible to receive its share of fire insurance premium tax monies under section 9-952. A.R.S. 9-956, (D).

**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

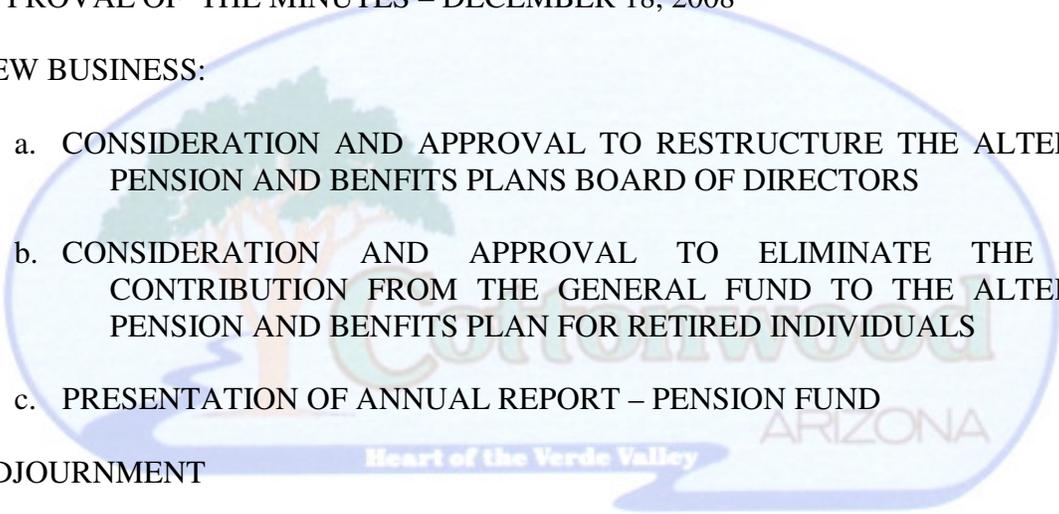


JESUS R.RODRIGUEZ, ADMINISTRATIVE SERVICES GENERAL MANAGER

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.

The agenda for the meeting is as follows:

1. CALL TO ORDER
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 3. APPROVAL OF THE MINUTES – DECEMBER 18, 2008
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 - a. CONSIDERATION AND APPROVAL TO RESTRUCTURE THE ALTERNATE PENSION AND BENEFITS PLANS BOARD OF DIRECTORS
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 - c. PRESENTATION OF ANNUAL REPORT – PENSION FUND
 5. ADJOURNMENT
- 

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.

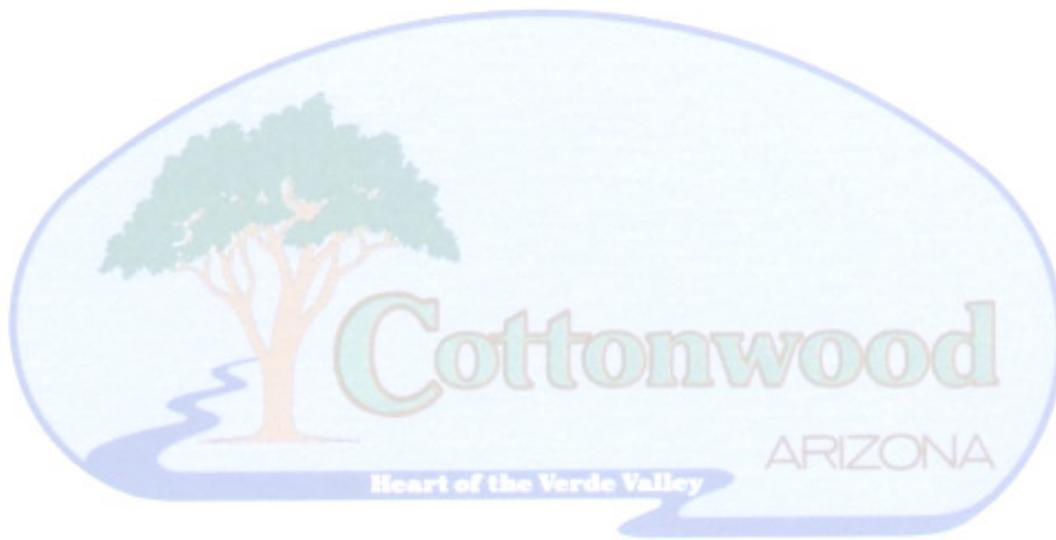
The City continues to contribute \$3,600 to the Trust to cover retirement costs for two retired firefighters. Chief Casson motioned to approve the Annual Report with Mayor Joens seconding the motion. The board approved the annual report unanimously.

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

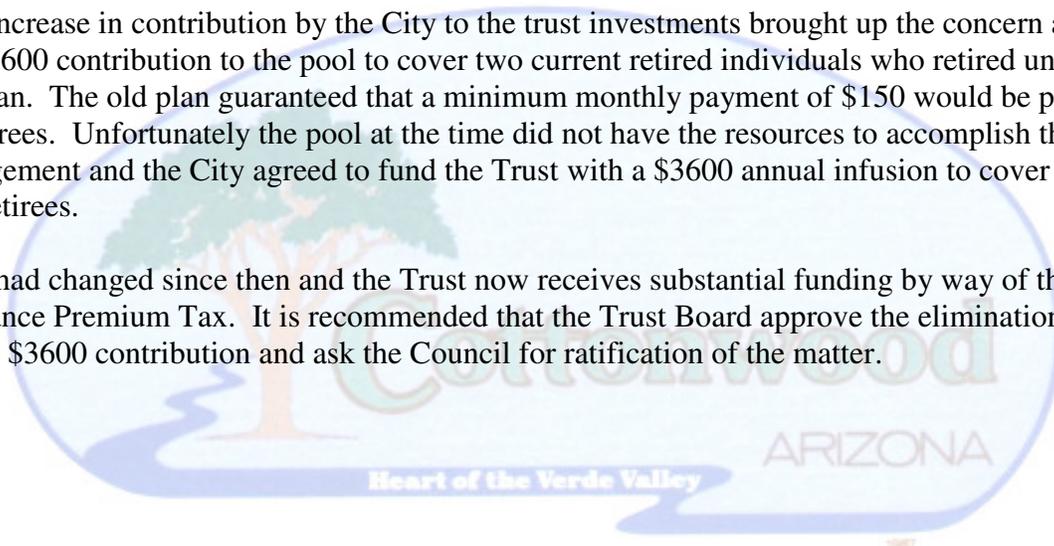
SUBJECT: Consideration and approval to eliminate the \$3,600 contribution from the General Fund to the Alternate Pension and Benefit Plan for retired individuals

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.

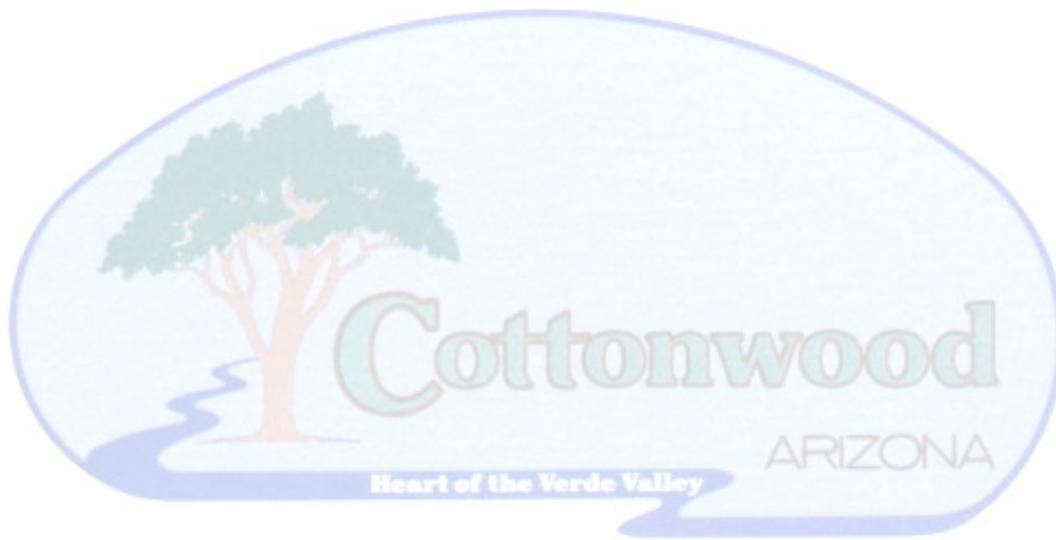
There were two individuals that retired some time back and continue to be reflected in the plan. Eugene L. Ortiz and Terry R. Tasa continue to receive \$150 a month during the plan year totaling \$1,800 each, or \$3,600. The City of Cottonwood General Fund as part of an agreement contributes this amount.

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.



MINUTES OF THE ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD HELD DECEMBER 21, 2009 AT 1:00 P.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING FIRE DEPARTMENT CONFERENCE ROOM, 191 SOUTH 6TH ST., COTTONWOOD, ARIZONA

Chief Casson started the meeting at 1:07 p.m. Roll call was taken as follows:

Board Members Present

Mike Casson, Fire Chief
Diane Joens, Mayor
Rudy Rodriguez, Board Secretary/Treasurer

Board Members Absent

No Volunteer Firefighter Members

Approval of the Board Minutes of December 18, 2008

Mayor Joens motioned to approve the minutes as presented. Secretary Rodriguez seconded the motion and it was approved unanimously.

New Business

CONSIDERATION AND APPROVAL TO RESTRUCTURE THE ALTERNATE PENSION AND BENEFIT PLAN BOARD OF DIRECTORS - This discussion was brought up by Treasurer Rodriguez referring to an opportunity to make one of the volunteer firefighter board members positions into a regular firefighter board member position. This came about because of the lack of eligible volunteers to serve on the Board. There was some discussion about the bylaws not being specific as to volunteer vs. regular firefighters being board members. Treasurer Rodriguez mentioned to the board members that the Trust's advisor, Larry Innes, mentioned that other Trust had already made this move in order to ensure that the Trust always had a quorum available for board meetings. It was decided that this issue did not need any changes to the bylaws, however, Fire Chief Casson would make recommendation at a future board meeting as to the new board members.

CONSIDERATION AND APPROVAL TO ELIMINATE THE \$3,600 CONTRIBUTION FROM THE GENERAL FUND TO THE ALTERNATE PENSION AND BENEFIT PLAN FOR RETIRED INDIVIDUALS - Treasurer Rodriguez made a recommendation to eliminate the \$3,600 contribution from the General Fund to the Alternate Pension and Benefits Plan, which funds two retirees from a previous plan. The Board voted to eliminate the contribution with Mayor Joens making the motion, and a second from Treasurer Rodriguez. The vote of the board was unanimous. The Board instructed Treasurer Rodriguez to review the initial documentation that initiated this contribution and make arrangements to get it before City Council for ratification.

PRESENTATION OF ANNUAL REPORT – PENSION FUND - Board Treasurer Rodriguez presents the Funds Annual report showing a decrease in the Trust assets of -\$36,565.77 over last year to \$128,102.53. It was a rough year with several members leaving the Trust and taking large sums of money with them.

The City continues to contribute \$3,600 to the Trust to cover retirement costs for two retired firefighters. The Board voted to approve the Annual Report with Mayor Joens making the motion, and a second from Treasurer Rodriguez. 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 Treasurer Rodriguez. The vote of the board was unanimous.

ATTEST:

Jesus R. Rodriguez, Board Secretary/ Treasurer

DRAFT