

**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 19, 2018, 3:30 P.M.
Public Safety Building Fire Department Conference Room
199 S. 6th Street
Cottonwood, Arizona

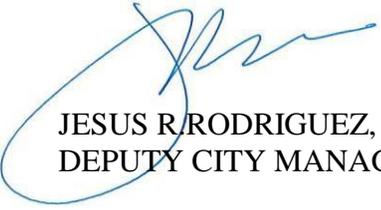
The agenda for the meeting is as follows:

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF THE DECEMBER 28, 2017 MEETING MINUTES
5. NEW BUSINESS:
 - A. UPDATE ON THE ALTERNATE PENSION AND BENEFIT TRUST DISSOLUTION
 - B. ANNUAL REPORT ENDING JUNE 30, 2018
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, 2018

CITY OF COTTONWOOD



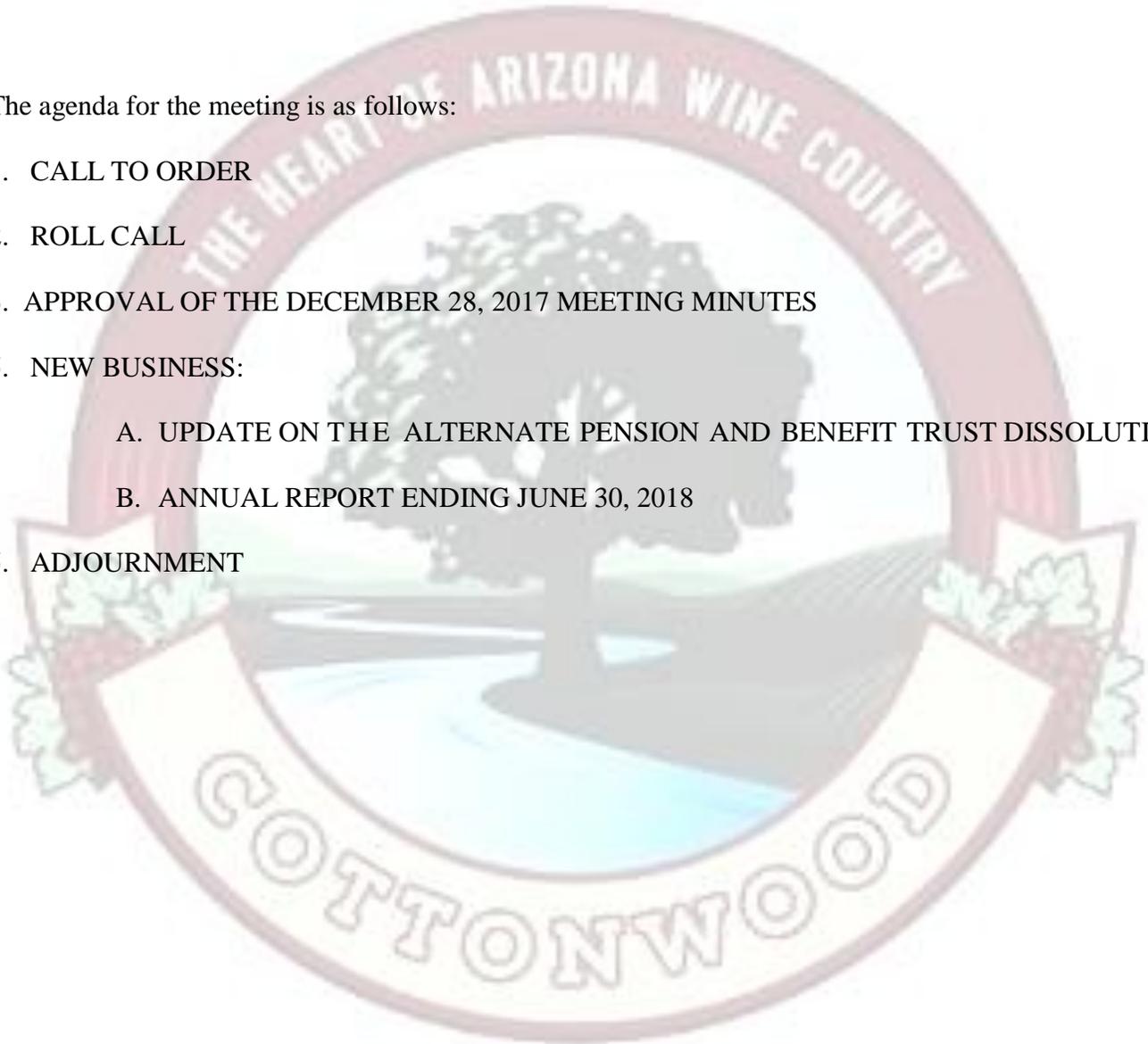
JESUS R. RODRIGUEZ,
DEPUTY CITY MANAGER

AGENDA

ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD, COTTONWOOD, ARIZONA, TO BE HELD DECEMBER 19, 2018, AT 3:30 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:

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2. ROLL CALL
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MINUTES OF THE ANNUAL MEETING OF THE CITY OF COTTONWOOD ALTERNATE PENSION AND BENEFIT PLAN BOARD HELD DECEMBER 28, 2017 AT 11:00 A.M. AT THE COTTONWOOD PUBLIC SAFETY BUILDING FIRE DEPARTMENT CONFERENCE ROOM, 191 SOUTH 6TH ST., COTTONWOOD, ARIZONA

Board Secretary Rodriguez called the meeting to order at 11:00 a.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
Rick Contreras, Firefighter		
Rudy Rodriguez, Board Secretary/Treasurer	<u>Board Members – Absent</u>	
	Tim Elinski, Mayor	

APPROVAL OF THE DECEMBER 22, 2016 MEETING MINUTES

Chief Kuykendall motioned to approve the minutes as presented and Fire Marshall Contreras seconded. The motion was approved unanimously.

NEW BUSINESS

DISCUSSION ABOUT THE ALTERNATE PENSION AND BENEFIT TRUST DISSOLUTION -

Rodriguez reported that there were two pressing concerns about how to deal with in the dissolution of this trust. The first is to how best deal with the two remaining retirees.

The options were:

1. to establish an annuity,
2. to leave monies in the fund for the retirees, or
3. have the General Fund (GF) contribute the \$3,600 annually.

The second issue how best to dispose of the existing funds in the trust. The options here were to:

1. move the funds to the General Fund since most of it was Fire Premium Insurance monies that had been transferred from the GF in the first place, or
2. make a onetime contribution to the fire portion of the Public Safety Personnel Retirement System (PSPRS) liability.

The decision was made that we have the GF contribute \$3600 annually to compensate the current retirees as did in past years. As for the monies in the trust, those monies should go to pay down the PSPRS fire liability if possible. However, should it not be possible to specifically designate it to the fire portion, still make the one-time contribution.

The Board voted to approve the recommendations with Chief Kuykendall making the motion, and a second from Fire Marshall Contreras. The vote of the board was unanimous.

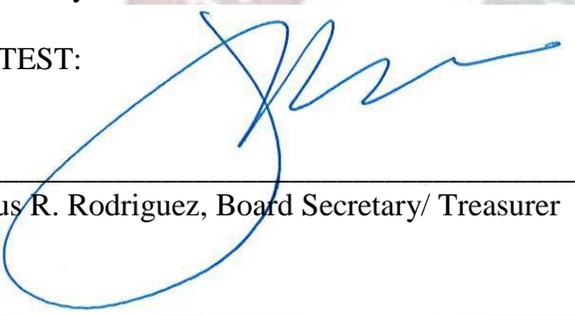
ANNUAL REPORT ENDING JUNE 30, 2017 – Mr. Rodriguez presented the Trust’s Annual Report showing the total market value of the investments at \$229,621.20. There was a correction noted that the 2017 figures were the same as the 2016. The corrected numbers were discussed and a new report will be issued. The Trust had some improvement this year with an overall gain of \$38,383.29 compared to the loss of \$18,571.80 in FY 2016. The Board also reviewed the investments and the distributions within the plan. Treasurer Rodriguez also informed the Board that he would be submitting the report as he has done in the past to the State Fire Marshal as well as the State Library Archives.

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

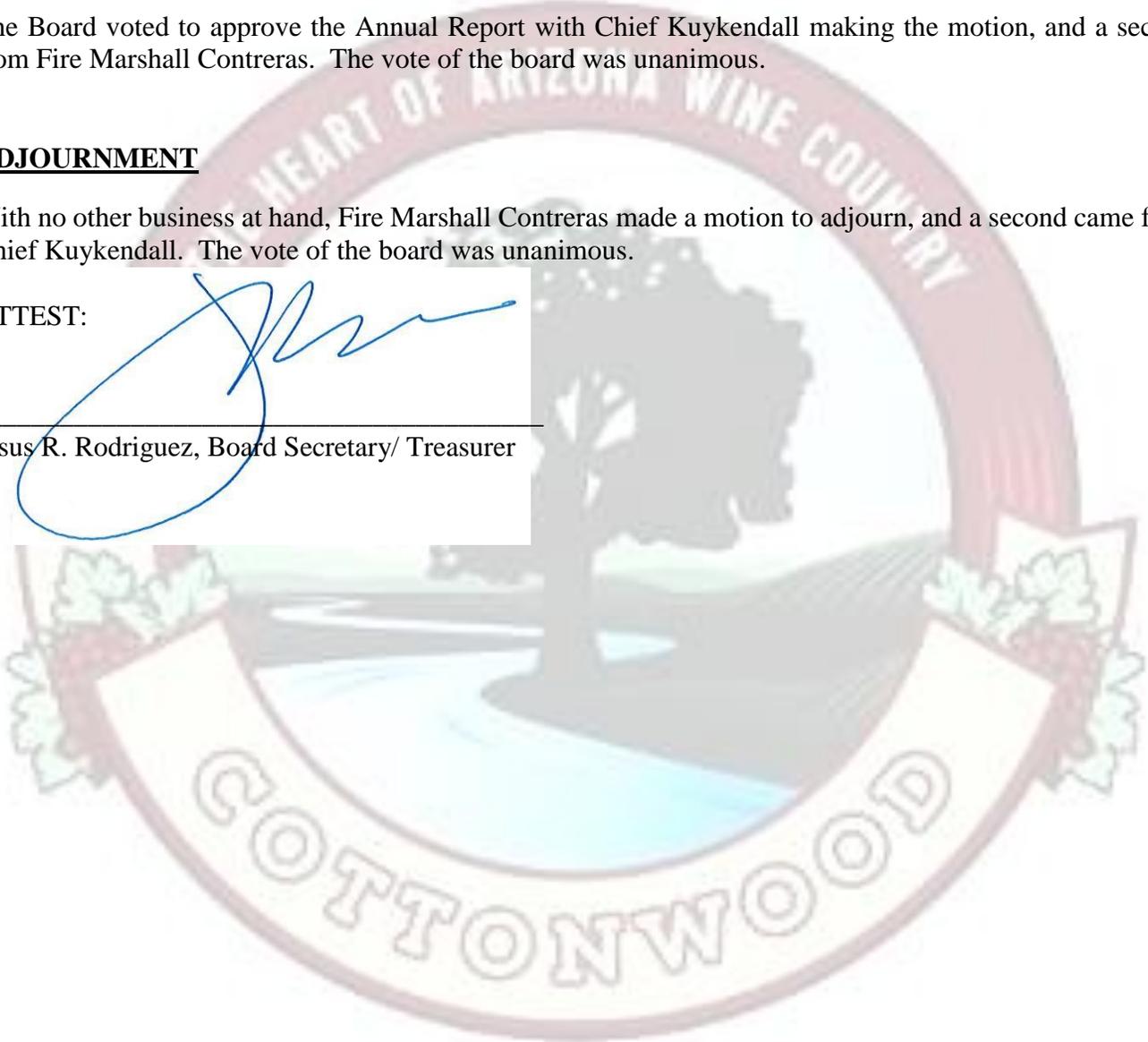
ADJOURNMENT

With no other business at hand, Fire Marshall Contreras 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



To: Alternate Pension & Benefits Fund Board Members December 19, 2018

From: Rudy Rodriguez, Deputy City Manager & Board Secretary

Subject: Update on the dissolution of the Alternate Pension & Benefit Fund

There have been discussions about dissolving the Alternate Pension and Benefits Trust for several years. It has not been a very high priority since the funds are doing well and have continued to grow. Not to mention there have been some issues with what can be done with the reserves in this fund. There have been some changes to the beneficiaries of the fund recently.

As you all may already know, Eugene Ortiz passed away on October 13, 2018. Eugene was one of two retirees receiving benefits from the Alternate Pension & Benefits Fund. He will drop off of the retirement benefits program for most FY 2019. After the month of October, the fund is responsible for only \$1800 annually for the remaining retiree, Terry Tasa.

At our 2017 annual meeting, it was decided that the General Fund would cover the cost of the retirees, however, that did not transpire and seeing that there is only one remaining retiree, I would like the board to consider leaving it the way it is currently. That would mean that the fund continues to cover the \$1800 for Terry Tasa, unless the dissolution takes place at which time the General Fund would take over the pension payments.

The main issue is that of being able to contribute the balance remaining in the fund to our Public Safety Personnel Retirement System fire portion of unfunded liability. To that issue, the League will be introducing a bill during this legislative session that would allow us to take the excess monies in the Alternate Pension and Benefits Trust Fund and pay down some of the unfunded liability. Tim Stratton of Gust Rosenfeld is crafting the bill language. I will keep everyone updated on the status of the bill as it travels through the legislature.

To: Alternate Pension & Benefits Fund Board Members December 19, 2018

From: Rudy Rodriguez, Deputy City 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, 2018. The market value of the volunteer's portfolio as on June 30, 2017 and June 30, 2018 is broken down as depicted below

ITEM DESCRIPTION	@ 06/30/2017	@ 06/30/2018
Fund Balance – Cash & Cash Equivalents	\$3,370.67	\$19,125.94
Investments	226,250.53	231,670.77
Due to City General Fund	-0.00	-0.00
Trust Balance	<u>\$229,621.20</u>	<u>\$250,796.71</u>
Prior Years Unallocated Fire Premium Insurance ¹	0.00	0.00
Adjusted Trust Balance	<u>\$229,621.20</u>	<u>\$250,796.71</u>
<hr/>		
Market Value of Account, June 30, 2017		\$229,621.20
	Adjustments:	
Premium Tax Contribution ²	0.00	
EE/ER Contributions	0.00	
457 Def Comp Contributions	0.00	
Distributions	-3,600.00	
Total Adjustments		<u>-3,600.00</u>
Balance		<u>\$226,021.20</u>
Market Value of Account, June 30, 2018		<u>\$250,796.71</u>
Net Change in Value		<u>\$24,775.51</u>

The Trust had interest/dividend income of \$9,624.09 during the course of the year. Fees for managing the portfolio totaled \$3,576.58, and unrealized gains were \$18,728.01. The total change in net value taking all of these changes into consideration was \$24,775.51. All this activity produced a net market value of the overall portfolio of \$250,796.71.

¹ There is no unallocated Fire Premium Insurance due.

² The fire premium insurance is no longer distributed to this fund.

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 was at \$250,796.71 as of June 30, 2018. There were two individuals that retired some time back and continue to be reflected in the plan.

The following disbursements are presented for Board ratification:

<u>Individual</u>	<u>Amount</u>	<u>Reason</u>
Eugene Ortiz	\$1,800.00	Retirement Benefits
Terry Tasa	1,800.00	Retirement Benefits
Total	<u>\$3,600.00</u>	

This annual report will be submitted Office of the State Fire Marshall and the Department of Library Archives and Public Records as in the past.

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

