

**Inter-Canyon Fire Protection District
Pension Board Meeting Agenda
7939 S. Turkey Creek Rd., Morrison, CO 80465
October 10, 2018**

- 1. Call to Order**
 - a. Determination of additions to agenda and sequence
 - b. Approval of Absences
 - c. Acknowledge Guests
 - d. Approval of Pension Board Minutes for the July 12, 2018 meeting.

- 2. New Business**
 - a. None

- 3. Financial Condition of the Fund**
 - a. Review Q2 2018 Report

- 4. Old Business**
 - a. Amend By-Laws – Appeal Process

- 5. Adjournment**

**INTER-CANYON FIRE PROTECTION DISTRICT
PENSION BOARD MEETING
7939 S. Turkey Creek Rd., Morrison, CO 80456 * 303-697-4413
October 10, 2018**

1. Call To Order

ICFPD Pension Board was called to order at 19:46 hours at Fire Station No. 1

Board Members Present:

Karl Firor, Treasurer
Michael Swenson, Director
Ralph Dreher, Director
Randy Rudloff, Secretary
David Logan

Board Members Absent

Jennifer Volkman, President
Kerry Prielipp, Director

Guest:

Chief Skip Shirlaw

1. Approval of Minutes

There was a motion by Karl Firor with a second by Mike Swenson to approve the July 12, 2018 minutes. The motion passed unanimously.

2. New Business

a. Acknowledge of New Director and change of Officers

Mike Swenson is the newly appointed director. Jennifer Volkman will now serve as President in place of Leslie Caimi.

Financial Condition of the Fund

a. Karl Firor reviewed FPPA Q3 Reports showing quarterly expenses and a calculated payment of \$85,398. Karl noted the District continues to contribute additional funds, yet according to the actuarial report, the unfunded liability continues to increase. An additional \$200k in liability was shown on the last actuarial report. Karl noted in the past we received a quarterly reports showing earnings, since the new portal, the report is no longer provided. Karl noted the memorandum on allocations showing today we

are at 1.41 percent per quarter and still expected to make 7 percent in order to be fully funded.

Mike Swenson inquired as to who is covered under the pension plan. Karl responded the pension plan is for volunteers and the FPPA manages the fund. Kelley noted the volunteer pension plan is separate from the paid pension plans. The paid pension consists of a statewide benefit plan for fulltime employees and a money purchase plan for part time employees. Karl advised the District contributes 8% of salary for paid people and unlike the volunteer pension, the District has no further liability for paid employees.

Mike inquired as to how volunteers qualify for pension. Chief Shirlaw noted the volunteer pension was frozen in 2017. For those who still may qualify, the plan requires 5 years of service to be vested, after which there are various factors in training hours, attendance, etc. Payout is a 20 year minimum. The FPPA is the fund administrator. David Logan added you cannot collect pension until you are 50 years of age. The benefit is a fixed amount, the amount increases 5% for each additional year served. Karl advised unlike the paid pensions where there is no District liability, the District has responsibility for the volunteer pension liability. The Pension Board members serve as trustees over the volunteer pension plan and do not oversee or become involved with the paid pension plans. Mike commented he would have thought the pension would be a recruitment and retention incentive. Chief Shirlaw noted it has been his experience most people who have joined had no idea there was a pension. Kelley added there is a trend where people are not staying beyond 5 years.

Karl noted an expectation of a 7% rate of return, continues to cause us grief. Mike asked what is in the budget. Karl responded we receive \$18,500 from the State and we have contributed \$105k for last several years. Mike asked if the liability should decrease. Karl responded it has not but Karl is waiting to see what the next report brings in hopes the liability is going down. Karl stated he does not know the District could afford more. Randy advised 26 to 29 people are currently drawing pension, 6 are at 30 years at \$650 per month as compared to 20 years at \$432 per month. Pensions paid total \$40k per quarter or \$160k per year. Randy added some liability can fall to the District should a volunteer be 6 years vested with ICFPD, leave and go to another volunteer position in Colorado with a 10 years pension. ICFDP would be liable for 6 years of a 10 year pension. Karl advised the unfunded liability is \$600k, the District continues to contribute \$125k in per year. The Actuarial Report shows the District will

be fully funded in 20 years making a contribution of \$80k. There will be another actuarial report in September or October of 2019.

Randy indicated he has submitted the annual request for matching funds to the State, and has confirmation it is under review. Mike asked if the State normally matches funds. Randy responded yes, the amount used to be \$35k, however, due to rule changes, the matching contribution dropped to \$18,500.

3. Old Business

a. Amend By-Laws – Update Appeals Process


Karl asked if David had had time to review the updated draft of the amendment of the Pension By-Laws. David indicated he had not. Karl stated he would be happy to table until the next meeting. In addition, 2 board members could not be present this evening. All agreed the updated draft of the amendment will be reviewed at the January Pension Board Meeting.

Adjournment

There being no further business before the Board, the meeting was adjourned at 2003 hours.

Meeting Minutes by Kelley D. Wood, District Administrator

Submitted by:


Randy Rudloff
Secretary

Approved by:


Karl Firor
Treasurer

Attachments:

**Fire and Police Pension Association
 Direct Expense Allocation Summary
 Inter-Canyon FPD Volunteers 7187-5
 For the Six Months Ending June 30, 2018**

Type of Expense	2018 Budget	Year-to-Date Expenses	Payment of 2018 Expenses
Actuarial Expenses	\$292.68	\$121.95	
Audit Expenses	\$138.08	\$138.08	
Total Direct Allocated Expenses & Payments	\$430.76	\$260.03	

Contact Dalan Raffaghello at 720-479-2345 to obtain a detailed expense listing.

Fire and Police Pension Association

Volunteer Fire Pension Plan Contributions INTER-CANYON FPD 7187-5

For the Reporting Period: 01/01/2018 through 06/30/2018

Deposit Date	Employer Contributions	State Matching Funds	Total Remittance
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No deposits received for the reporting period

Total Remittance			\$0.00
Calculated Contribution per the 01/01/2017 Actuarial Study			\$85,398.00
Difference Over/(Under)			\$(85,398.00)

Note: The Calculated Contribution amount is due to FPPA before 12/31/2018

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MEMORANDUM

To: Affiliated FPPA Old Hire and Volunteer Pension Plan Employers
From: Dalan Raffaghello, Senior Accountant
Re: Second Quarter 2018
 Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary
Date: July 25, 2018

Allocation Report

Investment Performance

Your plan assets are commingled for investment purposes in the Members' Benefit Investment Fund ("Fund"). Returns for the Fund are as follows (returns for periods longer than one year are annualized):

As of 06/30/2018	Quarter	Year to Date	1 Year	3 Years	5 Years
Total Fund Net of Investment Expense*	1.41%	1.55%	9.65%	6.89%	8.07%

*FPPA Administrative Expenses are not included in the Total Fund Net of Investment Expense percentages.

The table below summarizes expenses as a percentage of net assets for the Fund (all defined benefit plans combined):

Year	FPPA Administrative Expense*	Investment Management Expense	Total Expense Ratio
2018 YTD	0.08%	0.35%	0.43%
2017	0.23%	0.89%	1.12%
2016	0.24%	0.79%	1.03%
2015	0.22%	0.76%	0.98%

How to Calculate Your Plan Specific Expense Ratio

Your Allocation Report may reflect expenses specific to your plan such as actuarial expense and legal fees as well as expenses you directed FPPA to pay from your plan assets. These expenses are reflected in the line items *Plan Directed Expenses* and *Direct Expense Allocation*. As such, your plan's administrative expenses may differ from the Fund. In order to calculate your plan's administrative expense ratio, you will need to add the line items *Plan Directed Expenses*, *Direct Expense Allocation* and *Allocated Fees & Expenses* and divide by the *Ending Balance*.

Allocation Methodology

Investment Expenses and *Allocated Fees & Expenses* are separately allocated and separately reported in the Allocation Report. The *Investment Expenses* are allocated to each plan based on the plan's proportion of total assets. The *Allocated Fees & Expenses* are allocated based on the plan's proportion of total membership, including active, inactive and retired members as of December 31 of the prior year as defined by the guidelines within the Comprehensive Annual Financial Report. Member counts may be adjusted during the year for plan affiliation, disaffiliation, or reentry.

Review of the Report

Review the items *Member Contributions*, *Employer Contributions*, *Refunds*, *Affiliations*, *Net Benefits*, *Plan Directed Expenses* and *State Funding* and confirm that these amounts are correct year-to-date. **If any**

amount is not correct, please send a written response to FPPA by August 9th, 2018. If FPPA does not receive a response by August 9th, you are confirming that these report items are correct.

Annual Contributions Received

FPPA provides a schedule of your 2018 contributions received by FPPA year to date. This schedule compares contributions received in the current year to the actuarial required contributions for 2018. **Please be aware that this report shows contributions based on the date received by FPPA and does not consider if contributions relate to a prior year.** All required contributions are due to FPPA before December 31, 2018.

Direct Expense Allocation Summary

Direct Expense Allocation

FPPA provides a summary of expenses directly allocated to your plan, payments received related to these expenses and the related annual budgeted amounts. These costs are identified as direct plan expenses and are charged directly to the plan as a reduction of plan assets. They are reflected in the *Direct Expense Allocation* row of your Allocation Report. You may contact me to request a detailed summary of these allocated expenses.

The direct expense allocation is comprised of costs for audit and actuarial services. The audit services relate to the SOC 1 Type 2 report over the operating effectiveness of FPPA’s controls for processing data and transactions related to your plan. The SOC 1 Type 2 report has been provided since 2014 to assist employers in reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. Actuarial services include the biennial funding valuation report (issued in odd years for Volunteer Firefighter plans and even years for Old Hire plans) and the annual GASB 68 report. Actuarial services are provided by Gabriel Roeder Smith & Co. Audit services are provided by Eide Bailly LLP.

The Colorado Revised Statutes allow FPPA to allocate expenses that are directly related to the administration of the local affiliated plans from those plan’s assets. For additional information, please see C.R.S. 31-31-701(7)(a)(VI) for old hire plans and C.R.S. 31-31-705(2)(f) for volunteer fire plans.

Payment of Settlor Expenses

Please discuss these direct plan expenses with your legal counsel to determine if they are a “settlor” expense. The Department of Labor believes that the employer should bear the cost of settlor expenses. If you agree, you should reimburse the plan for these expenses. This payment is in addition to any employer contributions made to the plan or as determined by the actuary (the actuarially determined contribution).

To reimburse the plan for these costs, please send payment via ACH or wire to FPPA. These payments need to be identified separately from your actuarial required contribution in order to net out the expense.

	<u>Wire Instructions</u>	<u>ACH Instructions</u>
Bank Name	Wells Fargo	Wells Fargo
Bank Address	420 Montgomery St. San Francisco, CA 94104	420 Montgomery St. San Francisco, CA 94104
ABA#	121000248	102000076
Account #	1010956578	1010956578
FBO	Fire and Police Pension Association	Fire and Police Pension Association
Reference	Direct expense payment	Direct expense payment

If you have any questions regarding your allocation report or the direct allocated plan expenses, please call me at 303-770-3772 in Metro Denver or 800-332-3772 or email me at draffaghhello@fppaco.org.

Allocation Report Descriptions

This report provides the beginning of year plan balance, year-to-date totals, and an ending plan balance as of the report date

<p>Beginning Balance</p> <p>Plan Direct Inflows and Outflows</p> <p>Member Contributions</p> <p>Employer Contributions</p> <p>Contributions from the SWDD Plan</p> <p>Refunds</p> <p>Affiliations</p> <p>Net Benefits</p> <p>Plan Directed Expenses</p> <p>State Funding</p> <p>Plan Direct Inflows and Outflows Sub-Total</p> <p>Allocated Income and Expense</p> <p>Interest*</p> <p>Dividends*</p> <p>Other Income*</p> <p>Net Change Accrued Income*</p> <p>Unrealized Gain/Loss*</p> <p>Realized Gain/Loss*</p> <p>Defined Contribution Earnings (Net)</p> <p>Investment Expenses</p> <p>Direct Expense Allocation</p> <p>Other Expenses</p> <p>Allocated Income and Expense Sub-Total</p> <p>Ending Balance</p>	<p>Plan assets at the beginning of the year</p> <p>Member Contributions made to the plan</p> <p>Employer Contributions made to the plan</p> <p>Contributions received for a member on disability rolling to a normal retirement</p> <p>Member withdrawal of funds from the plan</p> <p>Plan affiliation or disaffiliation (typically a Volunteer Fire Plan matter)</p> <p>Benefits paid to retired members</p> <p>Payments from plan assets directed by the department Examples: legal, actuarial, and insurance expense</p> <p>State funding for volunteer plans</p> <p>Sub-Total of the above activity</p> <p>Interest on investments</p> <p>Dividends on investments</p> <p>Other investment income</p> <p>Change in accrued earnings for interest and dividends</p> <p>Unrealized Gain/Loss on investments</p> <p>Realized Gain/Loss on investments</p> <p>Not applicable for Defined Benefit plans</p> <p>Allocated share of FPPA investment expense</p> <p>Expenses directly allocated to the plan Examples: actuarial and audit fees</p> <p>Allocated share of FPPA administrative expense</p> <p>Sub-Total of the above activity</p> <p>Plan assets at period end</p>
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* Allocated from the Fire & Police Members' Benefit Investment Fund