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ELIZABETH FIRE PROTECTION DISTRICT VOLUNTEER PENSION BOARD MEETING AGENDA December 13th, 2022, at 5:45 pm

1. Call to Order
2. Roll Call
3. Additions/Deletions to Agenda
4. Approval of Minutes
5. Treasurer's Report
6. New Business
 - Discussion and Possible Approval of 2023 Volunteer Budget
7. Adjournment

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE PENSION FUND BOARD OF TRUSTEES OF THE ELIZABETH FIRE PROTECTION DISTRICT

Held: Tuesday, June 14, 2022, 5:30 p.m.

Attendance

The regular meeting of the Pension Fund Board of Trustees of the Elizabeth Fire Protection District ("District") was called and held in accordance with the laws of the State of Colorado.

The following Trustees were in attendance:

Chad Toney, President
George Berry, Vice President (via Zoom)
Rick Young, Trustee
Scott Christensen, Trustee (via Zoom)
Wayne Austgen, Secretary
Don Means, Treasurer
Stacey Collis, Trustee (via Zoom)

Also present were:

T.J. Steck, Fire Chief
Kara Gerczynski, Division Chief Fire Prevention and
Administration
Sarah Fischer, Director of Finance and HR
Taylor Clark, Executive Administrative Assistant
Michelle Ferguson, District Legal Counsel

Pam Feely, Consultant at Feely Consulting, LLC

Call to Order

President Toney called the meeting to order at 5:36 p.m.

Roll Call

President Toney stated for the record that all Board members were in attendance.

RECORD OF PROCEEDINGS

Addition/Deletions to Agenda President Toney asked if there were any additions or deletions to the Agenda. There were no additions or deletions to the Agenda.

Approval of Minutes President Toney called for a motion to forgo the reading of the April 12, 2022, regular Pension Board minutes and approve them, as presented. Trustee Austgen made the motion. Trustee Means seconded the motion. All in favor.

Treasurer's Report President Toney stated the Board has been provided with the Treasurer's Report.

Director of Finance and HR Fischer stated that the details of the actuarial study would be discussed in Old Business.

President Toney asked if there were any questions or comments on the Treasurer's Report. There were no questions or comments.

President Toney called for a motion to approve the Treasurer's Report. Trustee Austgen made the motion. Trustee Means seconded the motion. All in favor.

Old Business

- *Review of Actuarial Study with Pam Feely* President Toney stated that the next order of business was Review of Actuarial Study with Pam Feely.

Ms. Feely introduced herself and explained how the results of the actuarial study are developed.

Ms. Feely reviewed the results of the Pension Fund's most recent actuarial study provided by FPPA.

Discussion followed.

Attorney Ferguson asked about the procedure of determining FPPA expenses to the District, as this was a concern previously raised by the Board. For example, are those expenses allocated among all pension funds depending on size of fund or number of participants or allocated equally among all FPPA pension funds?

RECORD OF PROCEEDINGS

Ms. Feely indicated that it was her recollection that expenses are allocated based on a formula, and that she would do some research and get back to the Board with specifics on how the FPPA expenses are determined.

Discussion followed.

President Toney asked if there were any more questions regarding Old Business. There were no more questions.

Adjournment

President Toney called for a motion to adjourn the meeting. Trustee Austgen made the motion. Trustee Young seconded the motion. All in favor. President Toney adjourned the meeting at 6:13 p.m.

Meeting Schedule

The next Pension Board meeting is scheduled for Tuesday, September 13, 2022, at 5:45 p.m. at 155 West Kiowa Ave, Elizabeth, Colorado.

_____ Date: December 13, 2022

Chad Toney, President

_____ Date: December 13, 2022

Wayne Austgen, Secretary

MEMORANDUM

To: Affiliated Volunteer Pension Plan Employers
From: Peggy Job, Senior Accountant
Re: Nine Months ending September 30, 2022
 Allocation Report, Annual Contributions Received & Direct Expense Allocation Summary
Date: October 31, 2022

Allocation Report

Investment Performance

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

As of 09/30/2022	Quarter	Year to Date	1 Year	3 Years	5 Years
Total Pool Net of Investment Expense*	(3.02)%	(12.38)%	(9.35)%	6.14%	6.58%

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

The table below summarizes expenses as a percentage of net assets for the Pool:

Year	FPPA Administrative Expense*	Investment Management Expense	Total Expense Ratio
Q3-2022	0.10%	0.52%	0.62%
2021	0.12%	0.81%	0.93%
2020	0.13%	0.79%	0.92%
2019	0.13%	0.80%	0.93%
2018	0.16%	0.88%	1.04%
2017	0.23%	0.89%	1.12%
2016	0.24%	0.79%	1.03%

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 Pool. 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 Annual Comprehensive 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 December 15, 2022. If FPPA does not receive a response by December 15, 2022, you are confirming that these report items are correct.

Annual Contributions Received

FPPA provides a schedule of your 2022 contributions received by FPPA year to date. This schedule compares contributions received in the current year to the actuarial required contributions for 2022. **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.**

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. 31-31-705(2)(f).

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. Please contact FPPA for ACH or wire Instructions.

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 pjob@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

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

** Allocated from the Fire & Police Members' Benefit Investment Fund – Long Term Pool.*

**Fire and Police Pension Association
Elizabeth FPD Volunteers 515-5
For the Nine Months Ending September 30, 2022**

Beginning Balance	\$1,062,718.45
Plan Direct Inflows and Outflows	
Member Contributions	
Employer Contributions	
Contributions from the SWDD Plan	
Refunds	
Affiliations/(Disaffiliations)	
Plan Transfers	
Net Benefits	(\$116,943.75)
Plan Directed Expenses	
State Funding	
Plan Direct Inflows and Outflows Sub-Total	<u>(\$116,943.75)</u>
Allocated Income and Expense	
Interest	\$2,229.35
Dividends	\$3,252.95
Other Income	\$585.06
Net Change Accrued Income	\$321.19
Unrealized Gain/Loss	(\$142,575.34)
Realized Gain/Loss	\$16,901.95
Defined Contribution Earnings (Net)	
Investment Expenses	(\$4,789.67)
Direct Expense Allocation	(\$358.59)
Other Expenses	(\$5,050.55)
Allocated Income and Expense Sub-Total	<u>(\$129,483.65)</u>
Ending Balance	<u><u>\$816,291.05</u></u>

Fire and Police Pension Association

Volunteer Fire Pension Plan Contributions ELIZABETH FPD 515-5

For the Reporting Period: 01/01/2022 through 09/30/2022

Deposit Date	Employer Contributions	State Matching Funds	Total Remittance
No deposits received for the reporting period			
Total Remittance			\$0.00
Calculated Contribution per the 01/01/2021 Actuarial Study			\$78,276.00
Difference Over/(Under)			\$(78,276.00)

Note: The Calculated Contribution amount is due to FPPA before 12/31/2022

**Fire and Police Pension Association
Direct Expense Allocation Summary
Elizabeth FPD Volunteers 515-5
For the Nine Months Ending September 30, 2022**

Type of Expense	2022 Budget	Year-to-Date Expenses	Payment of 2022 Expenses
Actuarial Expenses	\$313.56	\$209.04	
Audit Expenses	\$149.55	\$168.24	(\$18.69)
Other Asset Allocation Study Expenses			
Total Direct Allocated Expenses & Payments	\$463.11	\$377.28	(\$18.69)

Actuarial expenses may exceed the budget related to asset allocation studies and implementation.

Contact Peggy Job at 720-479-2345 to obtain a detailed expense listing.

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12/06/22

Accrual Basis

FPPA Volunteer Pension Fund
Balance Sheet
As of December 31, 2022

	<u>Mar 31, 22</u>	<u>Jun 30, 22</u>	<u>Sep 30, 22</u>	<u>Dec 31, 22</u>
ASSETS				
Current Assets				
Checking/Savings				
FPPA Pension Fund	978,940.77	882,392.12	816,291.05	816,291.05
Total Checking/Savings	<u>978,940.77</u>	<u>882,392.12</u>	<u>816,291.05</u>	<u>816,291.05</u>
Total Current Assets	<u>978,940.77</u>	<u>882,392.12</u>	<u>816,291.05</u>	<u>816,291.05</u>
TOTAL ASSETS	<u>978,940.77</u>	<u>882,392.12</u>	<u>816,291.05</u>	<u>816,291.05</u>
LIABILITIES & EQUITY				
Equity				
Retained Earnings	1,062,718.45	1,062,718.45	1,062,718.45	1,062,718.45
Net Income	<u>-83,777.68</u>	<u>-180,326.33</u>	<u>-246,427.40</u>	<u>-246,427.40</u>
Total Equity	<u>978,940.77</u>	<u>882,392.12</u>	<u>816,291.05</u>	<u>816,291.05</u>
TOTAL LIABILITIES & EQUITY	<u>978,940.77</u>	<u>882,392.12</u>	<u>816,291.05</u>	<u>816,291.05</u>

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12/06/22

Accrual Basis

FPPA Volunteer Pension Fund
Income Statement
January through December 2022

	<u>Jan - Mar 22</u>	<u>Apr - Jun 22</u>	<u>Jul - Sep 22</u>	<u>Oct - Dec 22</u>	<u>TOTAL</u>
Income					
Dividends	749.90	1,562.80	940.25	0.00	3,252.95
Interest Income	677.38	657.47	894.50	0.00	2,229.35
Net Change Accrued Income	249.95	19.83	51.41	0.00	321.19
Other Income	-299.14	-21.54	905.74	0.00	585.06
Realized Gain/Loss	6,241.77	6,441.76	4,218.42	0.00	16,901.95
Unrealized Gain/Loss	-49,316.94	-62,568.07	-30,690.33	0.00	-142,575.34
Total Income	-41,697.08	-53,907.75	-23,680.01	0.00	-119,284.84
Expense					
Direct Expense Allocation	197.58	82.62	78.39	0.00	358.59
Investment Expense	1,411.54	1,809.11	1,569.02	0.00	4,789.67
Other Expenses	1,490.23	1,767.92	1,792.40	0.00	5,050.55
Retiree Payout	38,981.25	38,981.25	38,981.25	0.00	116,943.75
Total Expense	42,080.60	42,640.90	42,421.06	0.00	127,142.56
Net Income	<u><u>-83,777.68</u></u>	<u><u>-96,548.65</u></u>	<u><u>-66,101.07</u></u>	<u><u>0.00</u></u>	<u><u>-246,427.40</u></u>

**ELIZABETH FIRE PROTECTION DISTRICT
VOLUNTEER PENSION FUND BUDGET 2023**

DESCRIPTION	ACTUAL 2021	ESTIMATED CURRENT 2022	BUDGET 2023
BEGINNING FUND BALANCE JANUARY 1	994,335.26	1,062,718.45	990,851.83
FUND ADDITIONS			
DISTRICT CONTRIBUTION	64,477.00	64,477.00	64,477.00
STATE MATCHING FUNDS	36,440.00	18,220.00	18,220.00
NET INVESTMENT INCOME	147,901.86	15,000.00	94,000.00
TOTAL FUND CHANGES	248,818.86	97,697.00	176,697.00
ESTIMATED EXPENDITURES			
ADMINISTRATION FEE	16,860.67	13,638.62	13,638.62
PENSION BENEFITS	163,575.00	155,925.00	155,925.00
BENEFIT CONTINGENCY	0.00	0.00	0.00
TOTAL EXPENDITURES	180,435.67	169,563.62	169,563.62
VOLUNTEER PENSION ENDING BALANCE	1,062,718.45	990,851.83	997,985.21