

**POLICE PENSION BOARD MEETING  
(OLD HIRE)  
Tuesday, January 7, 2014, 11:30 a.m.  
Administration Conference Room, City Hall, 250 N. 5<sup>th</sup> St.**

The Old Hire Police Pension Board met on Tuesday, January 7, 2014, at 11:37 a.m. in the Administration Conference Room at City Hall, 250 N. 5<sup>th</sup> St. Board members present were Rich Englehart, City Manager, Jodi Romero, Financial Operations Director, and Stephanie Tuin, City Clerk. Also present were John Shaver, City Attorney, Claudia Hazelhurst, Human Resources Director, Shelly Williams, Benefits Coordinator, and Pensioners Jackie Walsh, Derryl Soden, Juanita Gorby.

Prior to the meeting being convened, a conference call was held with FPPA Finance Officer Kim Collins explaining some changes to the State funding.

She explained that the State made its final payment toward the unfunded liability in May 2013 therefore the State Assistance Plan has ended. Any remaining unfunded liability will now be the City's responsibility. FPPA will be conducting another actuarial study in order to set rates for 2015 and 2016.

Ms. Collins also advised that FPPA has changed its contract with the actuarial firm to only include the annual work (two year full evaluation and annual update). If any entity wants to pursue plan changes, they will be responsible for payment of the additional cost involved.

Ms. Collins said that FPPA is proposing legislation to remove the State Assistance requirement from the Statutes and clarify the affiliation between FPPA and the old hire plans. Lastly, there is a new Governmental Accounting Standard, GASB 68, which will allow old hire funds to purchase annuities but will also make reporting more complex. It will require that any unfunded liability will have to be included in the government entity's financial statements and there will be different assumptions than the amount determined by the actuarial study. The entity will budget the actuarial amount but a different amount will be reported in the financial statements making it difficult to explain to the citizens. It will add additional cost to the reporting as it will require annual actuarial studies and additional audit services.

Regarding the annuities option, that is a plan change option but Grand Junction's Old Hire Plans would have to change the limited rank escalation to a cost of living adjustment and that would require an actuarial study which the fund would have to pay for and then the pensioners would have to vote on the change.

That concluded the conference call. The changes proposed are summarized in the letter from Ms. Collins attached.

City Clerk Stephanie Tuin then called the meeting to order at 11:55 a.m.

### **Minutes of Previous Meeting**

Finance Operations Director Romero moved to approve the minutes of the December 20, 2012. City Manager Englehart seconded. Motion carried.

### **Old Business**

There was none.

### **New Business**

#### **2014 Police Pension Rates**

The 2014 Pension Rates were distributed to those present. Human Resources Director Claudia Hazelhurst explained that the sheets distributed included implementation of a market adjustment of the pension rates, variable dependent on the market. There is also a benefit adjustment (previously described as Cost of Living Adjustment - COLA) of .48%. The market adjustment is the second half of the market adjustment for full rank escalation.

City Manager Englehart moved to approve the 2014 Pension Rates as presented (on the spreadsheet dated 1/7/2014 and titled 2014 Police Pensions). Financial Operations Director Romero seconded. Motion carried.

City Clerk Tuin asked if there was any change to the pensioners. Human Resources Director Hazelhurst advised that Harvey Gorby passed away in 2013 (January 8, 2013). City Clerk Tuin asked for a motion to ratify the spousal benefit.

Financial Operations Director Romero moved to ratify the spousal benefit for Juanita Gorby (as shown on the spreadsheet dated 1/7/2014, line 1, titled 2014 Police Pensions) for 2014 and beyond. City Manager Englehart seconded. Motion carried.

### **Other Business**

There was no further business to come before the Old Hire Police Pension Board.

### **Adjournment**

Financial Operations Director Romero moved to adjourn City Manager Englehart seconded. Motion carried and the meeting adjourned at 12:01 p.m.

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Stephanie Tuin, MMC  
City Clerk

# FPPA

FIRE & POLICE PENSION ASSOCIATION OF COLORADO

June 13, 2013

Shelly L. Williams  
Benefits Coordinator  
City of Grand Junction  
250 N 5<sup>th</sup> St.  
Grand Junction, CO 81501

Sent via email: [ShellyW@GJCity.org](mailto:ShellyW@GJCity.org)

RE: Grand Junction Old Hire Police Pension Plan

Dear Shelly:

This letter is to inform you that the State of Colorado has completed its statutory requirement to fund the Grand Junction Old Hire Police Pension Plan ("Plan"). Senate Bill 13-234 authorized payments that completed the State's obligation. A payment of \$46,172 was made on April 30, 2013, and another payment of \$1,085,492 was made on May 31, 2013, into the Plan. The Plan will receive no further payments from the State of Colorado. Funding for this Plan is now the sole obligation of the City.

With the deposit of the above funds, we requested FPPA's actuarial firm, Gabriel Roeder Smith, to provide an estimate of the unfunded liability remaining in the Plan. The estimate of the unfunded liability is based on the following:

- A roll forward of valuation results as of January 1, 2012, using 7.5% interest, except where otherwise noted;
- Actual investment returns during 2012 on the market value of assets;
- Expected benefit payments;
- Expected City and State contributions during 2012 and 2013, including Plan's portion of the state contributions of \$142 million during 2013;
- The five-year asset smoothing method adopted by the Board for use in actuarial valuations dated January 1, 2013, and later;
- The estimate assumes no contributions from the City for 2013 and 2014.

Plan	Estimated Results as of January 1, 2014		
	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability
Grand Junction Old Hire Police Pension Plan	\$4,346,665	\$4,228,761	\$117,904



Fire & Police Pension Association  
of Colorado

Under the Old Hire statutes, there are two methods used to calculate contributions required to be made to the Old Hire plans by the employer. Plans that have not previously become fully funded and which are still eligible for state funding are required to make the level dollar contribution. Once a plan reaches full funding and state contributions have ceased, as is now the case for the Plan, additional future contributions to the Plan are based on the annual required contribution as determined by the bi-annual actuarial study. The annual required contribution is the amount determined to be the calculated contribution based on the funding policy for Old Hire Plans who no longer receive State assistance. This is the actuarially determined amount that would be sufficient to keep the Plan on a sound funding policy.

The January 1, 2012, actuarial report concluded that the Plan would become fully funded within two years upon payment of the much lower annual required contribution. As such, it was determined that the City is no longer required to contribute the level dollar contribution of \$426,798 as of January 1, 2013.

Within the January 1, 2012, actuarial report, it was reported that the City should remit the annual required contribution of \$116,037 in 2013 and 2014. As determined by the updated study and noted in the table, the total projected unfunded liability for the Grand Junction Old Hire Police Pension Plan is now estimated to be \$117,904 as of January 1, 2014. The annual required contribution calculated as of January 1, 2012, is no longer required to fully fund the Plan. If the City chooses to remit the annual payment of \$116,037 in 2013 and 2014, the payments may result in a small surplus for the Plan.

Projections made by the actuaries are estimates based on experience and currently approved economic and demographic assumptions. Plan experience will differ from that anticipated by the assumptions, and the future actuarial projections may differ significantly from the current projections presented in this report.

If you have any questions regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Collins", is written over a light blue horizontal line.

Kim Collins  
Chief Operations Officer

Cc: Claudia Hazelhurst, Grand Junction HR Director; [ClaudiaH@GJCity.org](mailto:ClaudiaH@GJCity.org)