

**POLICE PENSION BOARD MEETING
(OLD HIRE)
January 7, 2000 10:00 a.m.
Conference Room B, City Hall, 515 28 Road**

The Old Hire Police Pension Board met on Friday, January 7, 2000, at 10:00 a.m. in Conference Room B at City Hall, 515 28 Road. Present were Derryl Soden (retired Police Officer), Ron Lappi, Administrative Services Director, and Stephanie Nye, City Clerk. Also present was Claudia Hazelhurst, Human Resources Manager, and retirees Bob Cross, Robert Ameland, Bob Brown and his wife Georgia Brown, Meade A. Abbey, and Bob Evers. Mark Achen, City Manager, was absent.

Administrative Services Director Ron Lappi called the meeting to order at 10:04 a.m.

Minutes of Previous Meeting

City Clerk Stephanie Nye moved to approve the minutes of the April 7, 1999 meeting. Derryl Soden seconded. Motion carried.

Prior Years Corrections

Human Resources Manager Hazelhurst distributed the 2000 pension rate schedule along with two other spreadsheets on the 1999 pensions. She explained that there was an error on the Police Chief pensions paid in both 1998 and in 1999, resulting in an overpayment in 1998 and an underpayment in 1999. The 1999 underpayment for former Chief Bob Evers is \$68. The 1999 underpayment for former Chiefs VanderTook and Johnson is \$73.

Administrative Services Director Ron Lappi moved to not retroactively collect the 1998 overpayment. Derryl Soden seconded. Motion carried.

Derryl Soden moved to approve the payments to correct the 1999 underpayments. City Clerk Stephanie Nye seconded. Motion carried.

2000 Pension Rates

HR Manager Hazelhurst advised that the cost-of-living adjustment approved by the Fire and Police Pension Association (FPPA) is only 1.3% for the year 2000 and the law requires that the City use this rate for that portion of a retiree's pension which is subject to limited rank escalation. There are no additions or deletions to the pensioners' list at this time. She asked for approval of the 2000 pension rates as shown on the spreadsheet distributed.

City Clerk Nye moved to approve the 2000 pension rates as presented. Derryl Soden seconded. Motion carried.

Other Business

HR Manager Hazelhurst related that concerning the educational incentive pay, five pensioners were overpaid in 1999. The rank escalation was paid twice. Ms. Hazelhurst advised that all but one overpayment could be recovered by reducing the amount of the proposed pension increase by the rank escalation for year 2000. Retiree Bob Cross' overpayment exceeds his proposed increase so the entire amount cannot be recovered by reducing his increase. Administrative Services Director Lappi recommended that the City recover what it can by reducing the increases for these five pensioners for the year 2000.

Derryl Soden moved to recover the overpayment by reducing the increases and to forgive the additional overpayment on Bob Cross' pension. Clerk Nye seconded. Motion carried.

Retirees present asked what their new pension amounts would be. Ms. Hazelhurst provided those present with the 2000 pension rate she would be submitting to FPPA. She explained that she is not privy to the amount actually paid to retirees due to privacy of the pensions. She would be willing to double check amounts with pensioners if they will call the amount of their pension check into human resources.

Retirees present expressed appreciation of being invited to attend the meeting as that has not occurred in the past. Ms. Hazelhurst said she will continue the practice but explained that unless pensioners advise personnel of their current address they will not have that on file, also due to FPPA privacy rules.

New Business

Retiree Bob Cross told the board that there has been an ongoing dispute with FPPA since 1983 regarding the taxing of pensions. Prior to 1983, if the retirement was a medical retirement due to an on-the-job injury, then it is tax-exempt. Some pensioners have been advised that this exemption no longer applies and that their disability pension is now taxable. Former Chief Evers concurred saying that some retirees are tax exempt and some aren't.

At this time another retiree, James T. (Tommy) Logue entered the meeting (10:40 a.m.).

Administrative Services Director Lappi stated what he knew about the IRS regulation being discussed. He explained that for retirements occurring on or after 1980, retirees had the opportunity to apply with FPPA for an on- or off-the-job medical retirement ruling. Those that retired prior to that did not have that opportunity and are apparently being

impacted. Mr. Evers added that the exemption also was not an option in cities under 50,000 in population, at least according to one IRS source.

HR Manager Hazelhurst offered to check into the situation and see if this board can make those determinations on the retirees prior to the 1980 cut-off time. She will also enlist the assistance of legal staff.

Adjournment

There being no further business, Clerk Nye moved to adjourn. Derryl Soden seconded. The motion carried and the meeting adjourned at 10:52 a.m.

Stephanie Nye, CMC
City Clerk