

**POLICE PENSION BOARD MEETING
(OLD HIRE)
January 9, 2001 1:00 p.m.
Administrative Services Conference Room, City Hall, 250 N. 5th St.**

The Old Hire Police Pension Board met on Tuesday, January 9, 2001, at 1:00 p.m. in the Administrative Services Conference Room at City Hall, 250 N. 5th St.. 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, John Shaver, Assistant City Attorney and retirees Bob Cross, Robert Amelang, Bob Brown and his wife Georgia Brown, Meade A. Abbey, and Tom Logue.

Administrative Services Director Ron Lappi called the meeting to order at 1:10 p.m.

Minutes of Previous Meeting

City Clerk Stephanie Nye moved to approve the minutes of the January 7, 2000 meeting. Derryl Soden seconded. Motion carried.

2001 Police Pension Rates

Human Resources Manager Hazelhurst distributed the 2001 Pension Rate Schedule. She reminded those present of the overpayments discussed at the previous year's meeting. The board had decided to correct the overpayment by not paying the education incentive pay in 2000 to those pensioners.

Ms. Hazelhurst announced that two pensioners had passed away in 2000: Mike Chesnick died 8-28-00 so his surviving spouse June would be receiving a pension, and Enid Dickey died 8-4-00, with no surviving spouse. Board member Derryl Soden stated that pensioner Larry Walsh had recently passed away, January 4, 2001, and has a surviving spouse, Jackie.

Ms. Hazelhurst stated that City personnel received a 3% pay increase 2001 and that percentage was applied to pensions subject to full rank escalation. Retirees having a portion of their pension subject to limited rank escalation will receive a 2.2% increase on that portion.

Derryl Soden moved to approve the 2001 Police Pension rates. City Clerk Stephanie Nye seconded. Motion carried.

Old Business

HR Manager Hazelhurst said the issue of taxability of disability pensions was discussed at the previous year's meeting and the board agreed to look into it. The board contracted with a tax attorney, Mary Brauer, who reviewed the law and issued an opinion. That opinion is contained within a letter that will be distributed to pensioners and will be accompanied with a disclaimer. Assistant City Attorney John Shaver explained that the disclaimer is included because the pensioners are not Ms. Brauer's clients, the Pension Board is, and the opinion should be shared with individual pensioners attorney's and the pensioners should take the advice of their own attorneys.

Ms. Hazelhurst summarized the legal opinion in that the law is inconsistent in the treatment for cities under 100,000 in population and cities over 100,000. For cities under 100,000, all pensions, both regular and disability, are treated as taxable for police officers. A letter from the IRS on which some retirees may have been relying includes the statement that prior to 1983 disability pensions were tax-free. The statutory citations included in this letter refer to fire employees and police employees in cities over 100,000.

Retirees present argued that the breakpoint was 50,000 not 100,000 and they were told the board could determine the taxability. Mr. Lappi said the board to which they were probably referring was the FPPA board not this board. Mr. Shaver concurred that this board has no authority to grant tax relief for "old hire" pensioners.

Mr. Bob Brown asked if this board would write a letter to the IRS pointing out the conflicting statements being made. Both Mr. Lappi and Mr. Shaver felt that would only draw attention to the inconsistent application of the law and cause those who are currently not being taxed to incur a tax liability. It would not change the tax liability of those pensioners currently paying tax on their disability pension because the law clearly says those should be taxed.

New Business

Retiree Bob Amelang asked about dental insurance coverage not being available in Grand Junction. It was discussed briefly that all dentists in the Grand Junction area have opted out of the plan.

Other Business

Ron Lappi brought to the board's attention an excerpt from the State Statutes (31-30.5-203 C.R.S.) concerning the composition of the Old Hire Police Pension Fund board. It states in part that if no active old hire members of the department are available then the board shall consist of the mayor, the municipal treasurer and the clerk. If there are no "active" members, that is employed members, then none shall serve on the board. Mr. Shaver recommended that Mr. Soden's term end. Mr. Lappi suggested that Mr. Soden could think about it, noting he has been an asset to the board and his willingness to serve has been appreciated.

Adjournment

There being no further business, Derryl Soden moved to adjourn. Clerk Nye seconded. The motion carried and the meeting adjourned at 1:59 p.m.

Stephanie Nye, CMC
City Clerk