

Police Pension Board Minutes
December 16, 1976


The Police Pension Board met at 8:30 a.m., December 16, 1976, in the City Manager's Office at City Hall. Members present were Police Representative Harvey Gorby, City Manager Jim Wysocki, Acting Finance Director John Tasker, and City Clerk Neva Lockhart. Acting Personnel Director Claudia Smith was also present.

Submitted to Board Members for review was the 1976 Actuarial Study of the City of Grand Junction Police Pension Fund. It was proposed that early in January a joint Police/Fire Pension Board meeting be arranged with Mr. Mazanec of the firm of A. S. Hansen, Inc., to discuss the Actuarial Study and recommendations. Chairman Wysocki noted that January 1, 1976, the Police Pension Fund was a negative \$2,564,692.00.

The purpose of the meeting was to set the "detectives" classification for Pension purposes. Retired detectives John F. Becker, John H. Dickey, Fred Landry and widow Marilyn Johnson were affected when the "detective" classification was dropped one and one-half years ago.

It was moved by Harvey Gorby and seconded by Neva Lockhart that these people be upgraded to the category of "Special Assignment" with a differential of 5% effective January 1, 1977, said classification to include school liaison officer, and tactical units. Motion carried.

It was moved by Neva Lockhart and seconded by John Tasker that the meeting be adjourned. Motion carried.


Neva B. Lockhart
Secretary

COLORADO MUNICIPAL LEAGUE

POLICE AND FIRE CONSOLIDATED PENSION FUND
OUTLINE OF KEY ELEMENTS

1. Title

The fund will be known as THE LOCAL GOVERNMENT CONSOLIDATED POLICE AND FIRE PENSION FUND and is referred to herein as the CPFPP or consolidated fund.

2. Program Description

The CPFPP fund concept provides a long-term solution to police and fire pension problems through natural attrition. Employees covered by local pension programs are free to remain in their local plan providing they do not change employers. If they change employers, they then move into the consolidated fund. New employees of police and fire departments after the effective date of the act will mandatorily participate in the consolidated fund. Within about 30 years, all active police and fire personnel will be members of the CPFPP fund. Contributions to the CPFPP fund must fully fund the pension program on an actuarial basis. Local governments have the option to exceed the basic benefit plan providing they pay increased local contributions to cover the costs of such benefits. The consolidated fund would provide identical benefits to both police and fire personnel regardless of the size of the jurisdiction. Local pension plans would continue to operate in order to service existing employees and retired personnel. Furthermore, the local pension board would decide all disability retirements for existing employees and new personnel covered under the CPFPP fund. The CPFPP fund would be controlled by local officials and employees. The consolidated fund is not simply one large central fund where all employers and employees contribute the same amount and are locked in to the same benefits. Rather, the CPFPP fund is merely a grouping of separately administered accounts. Each employer is responsible for providing retirement benefits to its own employees. The contribution rates of one city are not affected by the bad experiences of another.

3. Participation

- a. After the effective date of the act, all newly-hired police and fire personnel would be required to participate in the CPFPP fund.
- b. All police and fire personnel changing employers after the effective date of the act would be treated as new employees by their new employer and would consequently participate in the CPFPP fund. Prior years of service would be credited to the employee towards retirement under the CPFPP fund.
- c. Municipalities or fire districts wishing to bring all of their employees under the CPFPP fund could do so providing unfunded liabilities on

grandfathered employees are paid for by the employer in addition to the normal costs. Employers could take up to forty years to amortize their actuarially determined unfunded liabilities. Assets of local pension plans would be transferred to the employer's account in the CPFPP fund to help offset unfunded liabilities.

4. Special Features

- a. Portability or transferability of pension benefits is greatly improved. All personnel covered by the CPFPP fund have complete portability of accrued benefits whenever they change participating employers and as often as they change employers.
- b. Current employees who change employment after the effective date will be treated as new hires and will consequently be under the CPFPP fund. Such employees will have their years of previous service credited towards retirement. The employer who hires employees with prior service shall be liable for funding such service, similar to present law.
- c. Vesting is an added feature that is not currently available under existing statutes. The CPFPP program vesting provision meets the federal ERISA standards. After 10 years of service the employee would be fully vested. If an employee terminates prior to serving 10 years, the employee would receive a full refund on employee contributions plus 5% simple interest after a 90-day waiting period. Should the employee become eligible for participation within two years of termination and if such employee had withdrawn his contributions, the employee would have to buy back into the program by returning an amount equivalent to the refunded contributions plus 5% interest. After a break in active service beyond 2 years, the employee could not be credited with any prior service time towards retirement, but would enter the consolidated fund as a new employee.

5. CPFPP Fund Basic Benefits

(The benefit decisions were made on a tentative basis only, pending a cost analysis. If the analysis indicates cost of these benefits are excessive, modification of benefit levels will be necessary.)

- a. Retirement benefits shall be accrued at the rate of 2% of final average salary for each full year of service for the first 25 years with an additional 1% of salary for each year of service thereafter to a maximum of 65% of final average salary. Employees must be 55 years of age to receive benefits. Final average salary means the average monthly salary for the 36 consecutive months immediately preceding retirement or termination of employment.
- b. The survivor's benefit for a job-related death shall equal 35% of the employee's salary at time of death. Survivor means spouse or children. In the event there is no surviving spouse, the children, if any, shall each receive an equal share of the survivor's benefit. Each child's share shall continue until marriage, death, or age of 19, whichever occurs first. If a surviving spouse remarries, the benefit is terminated for both the spouse and the children.

- c. The survivor's benefit upon death of a retired member shall equal 70% of the actual benefit being paid to the deceased prior to death. The benefit shall be paid or terminated as provided in paragraph 5.b.
- d. The benefit payable for a non duty-related death of an active employee shall not exceed 70% of what the individual would be entitled to receive had he been eligible for retirement at his time of death. To be eligible for the 70% benefit, the individual must have 10 years of service. For periods less than 10 years, the individual accrues a vested non duty-related death benefit at the rate of 10% a year. For example, the non duty-related death of an employee who served 5 years would equal 50% of the 70% maximum benefit or 35% of the pension the individual would have been entitled to receive had he been eligible for retirement.
- e. Duty-related disability shall be compensated at 50% of salary after a 6-month waiting period. The employer would be morally but not statutorily responsible for providing income replacement during the waiting period in the form of short-term disability insurance, sick leave accumulations, or through self-insurance. The central fund would carry the individual after 6 months until his recovery as determined by the local board. After 2 years, the local pension board would be given authority to determine if the employee could be educated or trained to perform some other occupation, which would yield at least the same level of income the employee would receive as a police officer or fire fighter were it not for the disability. Upon attaining acceptable employment the board would have the discretion to reduce or discontinue disability payments. During the time of disability, CPFPP fund benefits would be coordinated with other employer sponsored programs such as social security, workmen's compensation, or income replacement plans so that pension funds would not be used to provide more than 100% of actual salary.
- f. Non duty-related disabilities shall be compensated at a rate not exceeding 35% of salary after 10 years of service. Vesting for the benefit will accrue at the rate of 10% per year just as the benefit for non duty-related death in paragraph 5.d. A waiting period of 6 months is required before benefits become payable. As with on the job disabilities, the CPFPP fund will coordinate other city-sponsored benefits to insure that pension funds are not used to provide more than 70% of salary.
- g. The CPFPP fund will not mandate that local governments provide escalation benefits. However, the option to provide a cost of living escalator under the CPFPP fund will be permitted. The maximum annual cost of living increase allowed would be 4-1/2%. Unlike all other local option benefits, the costs for this one benefit shall be borne equally by the state, the employer and the employee. All other local option supplemental or augmented benefits shall be funded entirely from local employer and employee contributions.

6. Contribution Rates

- a. Contributions to the CPFPP fund shall be actuarially determined at least every three years for each employer.

- b. The contributions required to provide the basic CPFPP benefits shall be divided equally between the state, municipality or district, and the participating employees. Said costs shall be determined and assessed as a percentage of pay. The payment of state contributions shall occur annually in the month of July and shall equal 1/3 of the central fund pension costs for the preceding calendar year. Other than the optional cost of living escalator, the state shall only share in the costs of the basic benefit package. The employee's contribution for the minimum benefits could not exceed 10% of salary.
- c. State participation in the funding of existing local pension programs shall increase to a full 1/2 mill match for fire departments and shall change to a full 1/2 mill equivalency match for police departments. The state shall receive a credit against contributions made to the central fund in behalf of each employer.

7. CPFPP Fund Administration

- a. The board would be composed of nine members serving three year overlapping terms. Four members would represent public employers of which at least one member would serve on the board of directors of a fire district, two members would be police officers, two members would be fire fighters and one member would represent the state.
- b. Responsibilities of the CPFPP board may include the following:
 - (1) to ensure the efficient operation of the fund;
 - (2) to invest pension funds and reallocate interest earnings pursuant to law;
 - (3) to require actuarial studies periodically to set contribution rates subject to appeal by local governments;
 - (4) to contract for data processing services;
 - (5) to contract for investment management;
 - (6) to authorize the voluntary pooling of risks for disability purposes among small departments;
 - (7) to purchase insurance or self-insure when cost effective;
 - (8) to employ a staff to administer the fund and to perform such related functions as the board may authorize;
 - (9) to apportion administration expenses among the various participants;
 - (10) to promulgate procedural rules for the efficient operation of the fund; and
 - (11) to provide technical assistance to local boards upon request.
- c. The CPFPP fund shall be established as an autonomous agency such as PERA.

8. Volunteer Firemen

The CPFPP fund will not have jurisdiction over volunteer firemen pension funds. Local governments and fire districts operating volunteer departments shall continue to administer their local pension funds. The CPFPP fund will allow prior service credits to volunteer firemen at the rate of one year's credit for each four years of volunteer service when the volunteer becomes a paid fireman. Any needed changes to volunteer pension programs should take the form of amendments to the existing statutes.

2-6-74

It was moved by Councilman Grantham and seconded by Councilwoman Quimby that the Resolution be passed and adopted as read. Roll was called upon the motion with all Council Members voting AYE. The President declared the motion carried and the Resolution duly passed and adopted.

The following entitled Ordinance was presented and read: AN ORDINANCE ANNEXING TERRITORY TO THE CITY OF GRAND JUNCTION, COLORADO, AND DECLARING AN EMERGENCY. It was moved by Councilman Grantham and seconded by Councilman Kozisek that the Ordinance be passed and adopted as an emergency Ordinance, that it be numbered 1487, and ordered published. Roll was called upon the motion with all Council Members voting AYE. The President declared the motion carried.

POLICE PENSION FUND

Escalation clause included

City Manager Rose reported that the Police Pension Board approved the inclusion of the Escalation Clause to the Police Pension Fund and that it be implemented effective February 1 from the Police Pension Fund itself. Projected figures for implementing the Escalation Clause:

1974	\$25,000
1975	29,000
1976	35,000

Mr. Rose said these figures are based on an annual increase in pay of five percent and two retirees per year.

It was moved by Councilman Van Houten and seconded by Councilman Kozisek that the inclusion of the Escalation Clause to the Police Pension Fund be approved effective February 1, 1974, and the funding be taken from the Police Pension Fund. Motion carried unanimously.

19TH STREET

Plan Director to check into opening fr Freeway to Grand

Councilman Colescott requested that the Planning Director check into the possibility of opening up 19th Street from the Freeway to Grand.

BEER & LIQUOR LICENSES

Policy change re date of determination

It was moved by Councilman Van Houten and seconded by Councilman Colescott that the determination on future beer and liquor license applications be made at the subsequent Council meeting after the hearing. Motion carried with Councilman Tufly voting NO.

ADJOURNMENT

The President adjourned the meeting at 10:30 P.M.

Hewa D. Lockhart

City Clerk