

**POLICE PENSION BOARD MEETING
(OLD HIRE)
Wednesday, January 4, 2012, 10:00 a.m.
Administration Conference Room, City Hall, 250 N. 5th St.**

The Old Hire Police Pension Board met on Wednesday, January 4, 2012, at 10:00 a.m. in the Administration Conference Room at City Hall, 250 N. 5th St. Present were Rich Englehart, Acting 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, Derryl Soden, Retired Police Officer/Pensioner, Barbara Mancuso, Pensioner, and Jackie Walsh, Pensioner.

Rich Englehart, Acting City Manager, called the meeting to order at 10:05 a.m.

Minutes of Previous Meeting

Financial Operations Director Jodi Romero moved to approve the minutes of the January 6, 2011. City Clerk Stephanie Tuin seconded. Motion carried.

Old Business

There was none.

New Business

2012 Police Pension Rates

The 2012 Pension Rates were distributed to those present. One sheet provided had no increases (flat sheet) and the second sheet showed rates for those with limited rank (those with service after 1980) receiving a 1.34% increase as suggested by the State (adjusted sheet). No increase is proposed for the remaining pensioners. It was explained that when City employees took a 3% decrease in 2010, that decrease was not applied to pension rates as that was not allowed by law. Typically, cost of living adjustments (COLA) are applied to pension rates in concert with any increase to City employee pay rates. Since the City employees are only receiving 1.5% of the 3% reduction, there will not be any increases for the pension rates.

It was noted that although the State is suggesting a 1.34% increase for the limited rank pensioners, the State will not be contributing to that additional unfunded liability. The State is leaving the decision to fund the additional 1.34% up to the City. However, the State will be contributing to the previous unfunded liability this year, although it will be at a reduced rate.

There was discussion on whether or not the 1.34 % should be applied in 2012. Points made were the pensioners did not have a say on the 3% wage reduction applied to City employee pay rates in 2010. That although the financial impact was pretty minimal for the Old Hire Police Pension fund for the increase, the impact was greater for the Old Hire Fire Pension Fund and the rationale to fund either should be the same. The concern is about adding to the already unfunded liability. The City Attorney advised, upon a question from the City Clerk, that there was no realistic option of any lesser percentage; it was basically the 1.34% or zero.

Pensioner Barbara Mancuso asked what was the incentive pay listed on the sheets. Ms. Hazelhurst explained that in the 1960's employees were encouraged to pursue additional education and there was incentive pay added to their pension as a result. It is a flat rate and does not escalate.

Acting City Manager Englehart moved to recommend that the 1.34% be approved to the limited rank pensioners. City Clerk Tuin seconded. Motion carried.

City Clerk Tuin moved to approve the 2012 Police Pension rates as submitted on the adjusted sheet for those without limited rank. Financial Operations Director Romero seconded. Motion carried.

City Clerk Tuin inquired if there had been any changes to the list of pensioners. Benefits Coordinator Shelly Williams advised that one pensioner, Barbara Kovacic, passed away on July 15, 2011.

2012 Actuarial Study

Benefits Coordinator Williams explained that every two years, the City has the option of considering other options put forward by the pensioners that would increase the pension amounts. There were two proposed amendments. Amendment A was requesting a projection of the cost to increase the spousal benefit from ¼ of the pay of a top grade Police Officer to 1/3 of the current rate paid the rank held by the pensioner at the time of retirement. Amendment B requested a projection of the cost associated with increasing basic pension benefits from 50% of base pay to 60% of the base pay. The additional cost in 2010 for the actuarial to run the analysis of cost (and additional unfunded liability) under the two proposals would run about \$300.

Points made during the board's discussion included that having the study done might raise expectation that the recommendations would be accepted and the City does not have the funds to fund those recommendations.

Financial Operations Director Romero moved to not do the additional evaluation for the actuarial study at this time. City Clerk Tuin seconded.

HR Director Claudia Hazelhurst suggested that before any future changes are considered that a survey be done with the current pensioners. The recommendations brought forward this year were actually from two years ago. Acting City Manager Englehart agreed.

Motion carried.

Other Business

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

Adjournment

Financial Operations Director Jodi Romero moved to adjourn. City Clerk Stephanie Tuin seconded. Motion carried and the meeting adjourned at 10:56 a.m.

Stephanie Tuin, MMC
City Clerk