

**MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE RETIREMENT SYSTEM HELD IN THE CONFERENCE ROOM AT CITY HALL ON WEDNESDAY, OCTOBER 30, 2002 AT 1:30 PM.**

**I. ROLL CALL:**

**B. Police Retirement Board:**

The Vice Chairman called the meeting to order at 1:42 PM.

Trustees present were Deputy Chief Patrick Hampshire (Vice Chairman), Finance Director Chuck Powers, and Lt. Kenneth White. Mayor Rodney Romano (Chairman) and Mr. Philip Blumel were absent. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, and Recording Secretary Valerie Hurley, City Clerk's Office.

**II. ADDITIONS/DELETIONS/REORDERING:**

**A. Pertained to Employees' Retirement Board.**

**B. Police Retirement Board.**

None.

**C. Employees' and Police Retirement Boards:**

Consensus was to waive the rules to add New Business item C.4. – letter from Mary Contois, Gabriel, Roeder, Smith & Company, re Summary Plan Description.

Vice Chairman Hampshire announced the Employees' Retirement Board did not have a quorum. The agenda was taken out of order.

**(IV. NEW BUSINESS:)**

**(B. Police Retirement Board:)**

- 1. Receive and file letter dated September 25, 2002, from Kenneth R. Harrison, Sr., Esq., Sugarman & Susskind, to Bonnie S. Jensen, Esq., Hanson, Perry & Jensen, re Division II 185 minimum benefits**

Action: Motion made by Mr. Powers and seconded by Lt. White to receive and file the letter dated September 25, 2002, from Kenneth R. Harrison, Sr., Esq., Sugarman & Susskind, to Bonnie S. Jensen, Esq., Hanson, Perry & Jensen, regarding the Division II 185 minimum benefits.

Vote: Voice vote showed: AYES: Deputy Chief Hampshire, Mr. Powers, and Lt. Kenneth White. NAYS: None.

Vice Chairman Hampshire announced the Employees' Retirement Board had a quorum. The time being 1:46 PM.

### III. UNFINISHED BUSINESS:

#### A. Pertained to Employees' Retirement Board:

#### B. Police Retirement Board:

None.

#### C. Employees' and Police Retirement Boards:

##### 1. **Reconsider letter regarding notice to DROP participants of fixed rate account availability**

The Board Attorney explained the revised letter included a standard acceptance phrase, stating the DROP participant was aware that the fixed rate was subject to change.

Mr. Lepa said the fixed rate should be subject to change based on the assumed rate so involved parties would know if and when the fixed rate would be amended.

Mr. Powers opposed tying the fixed rate to the assumed rate. He pointed out the assumed rate had not been increased during the "go-go" market and a decrease had not been recommended by the actuary during the unfavorable market of the last several years because the Board currently used the smoothing method.

Lt. White said he believed that the fixed rate was interpreted as "not changing" and, if the rate was subject to change, it should be referred to as a variable rate. He suggested amending the language to allow an employee to receive an annualized interest rate of 7% for the duration of their DROP period, provided they were employed by the City. Once the employee terminated, their DROP funds could be transferred or would be credited with the current fixed rate.

Mr. Powers said, if the rate was not subject to change, the DROP rules should be changed to provide a guaranteed termination date.

Mr. Lepa said he did not understand why the fixed rate would need to be changed unless the assumed rate was changed.

Action: Motion made by Mr. Powers and seconded by Lt. White to table this item until the December 4, 2002, meeting.

Vote: Voice vote showed: AYES: Deputy Chief Hampshire, Mr. Powers, and Lt. Kenneth White. NAYS: None.

## **2. Reconsider Application for Benefits Payable form**

Mr. Powers said only one beneficiary could be chosen and there should be space for listing only one beneficiary.

The Board Attorney said the beneficiary could be changed in the future, but the benefit would have to be recalculated.

The Board Secretary said a question had arisen because the form indicated only one option could be chosen and, if an employee was in the DROP, two options must be checked rather than one.

CONSENSUS was to direct the Board Attorney to amend the Application for Benefits Payable form.

## **3. Review form providing amount of final benefits for retirees**

The Board Secretary said Mr. Sugarman wanted a signed form by the retiree providing the exact benefit amounts in order to eliminate any future problems.

Payroll Specialist Lyn Ludtke said the estimated amounts provided were within a few dollars of the exact amounts. Some retirees relocate immediately after retirement and obtaining a signature would be difficult.

Mr. Powers said the only estimates that deviated were for pre-1979 because vacation and overtime were included in the average final compensation and, if vacation was used prior to retirement, the original estimates were off.

CONSENSUS was to direct Mr. Harrison to confer with Mr. Sugarman regarding this form.

## **4. Consider amending DROP rules**

The Board Attorney asked for the opportunity to research this before providing an opinion.

CONSENSUS was to direct the Board Attorney to research amending the DROP rules.

#### IV. NEW BUSINESS:

##### A. Pertained to Employees' Retirement Board.

1. **(Added) From Phil Donovan, Utilities Department, requesting cost to purchase military time**

The Board Secretary said Mr. Palmquist had advised his office charged \$350 to determine the cost to purchase time and \$50 for each additional time period. She asked whether the employee had to pay the cost before the calculation was requested.

Action: Motion made by Lt. White and seconded by Mr. Powers to approve a Board policy to collect the cost from the employee prior to requesting from the actuary the cost to purchase military time.

Vote: Voice vote showed: AYES: Deputy Chief Hampshire, Mr. Powers, and Lt. Kenneth White. NAYS: None.

##### B. Police Retirement Board:

1. **Receive and file letter dated September 25, 2002, from Kenneth R. Harrison, Sr., Esq., Sugarman & Susskind, to Bonnie S. Jensen, Esq., Hanson, Perry & Jensen, re Division II 185 minimum benefits**

Considered earlier in meeting.

##### C. Employees' and Police Retirement Boards:

1. **Consider rescheduling/combining November 27, 2002, and December 25, 2002, regular meetings to December 4, 2002, at 1:30 PM**

CONSENSUS to reschedule/combine the November 27, 2002, and the December 25, 2002, regular meetings to December 4, 2002, at 1:30 PM.

2. **Consider letter dated October 10, 2002, from J. Stephen Palmquist, Gabriel, Roeder, Smith & Company, re new billing policy**

Action: Motion made by Mr. Powers and seconded by Lt. White to receive and file the letter dated October 10, 2002, from J. Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding the new billing policy.

Vote: Voice vote showed: AYES: Deputy Chief Hampshire, Mr. Powers, and Lt. Kenneth White. NAYS: None.

3. **Consider memorandum dated October 1, 2002, from J. Stephen Palmquist, Gabriel, Roeder, Smith & Company, re actuarial impact statements**

No action required.

4. **(Added) Letter dated October 29, 2002, from Mary Contois, Gabriel, Roeder, Smith & Company re Summary Plan Description**

CONSENSUS was to table this item until the December 4, 2002, meeting.

**V. CONSENT AGENDA:**

**A. Pertained to Employees' Retirement Board.**

**B. Police Retirement Board:**

Action: Motion made by Mr. Powers and seconded by Lt. White to approve Consent Agenda (B), in its entirety, as follows:

1. **Approve minutes of December 20, 2000, regular meeting, as submitted**
2. **Authorize payment of invoice from Sugarman & Susskind, dated October 3, 2002, in amount of \$1,350.00 for retainer fee for month of October 2002**
3. **Receive fee advice from Salem Trust, dated October 15, 2002, in amount of \$679.46 for custodian services for quarter ending September 30, 2002**
4. **Authorize payment of invoice from Lazard Asset Management, dated October 18, 2002, in amount of \$3,518.72 for investment management services for quarter ending September 30, 2002**

Vote: Voice vote showed: AYES: Deputy Chief Hampshire, Mr. Powers, and Lt. Kenneth White. NAYS: None.

**C. Employees' and Police Retirement Boards:**

- 1. Ratify refunds of pension contributions as reported by Finance Department, as follows:**

None.

**VI. ADJOURNMENT:**

**B. Police Retirement Board:**

The meeting adjourned at 2:51 PM.

**MINUTES APPROVED:** 12/4/02

  
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Mayor Rodney G. Romano, Chair  
Police Retirement Board

  
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Valerie Hurley, Recording Secretary  
Police Retirement Board

Minutes transcribed by:  
Valerie Hurley, City Clerk's Office

A tape recording of this meeting will be available in the Office of the City Clerk for two years after approval of these minutes.