

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
WEDNESDAY, SEPTEMBER 21, 2010 at 1:30 PM**

I. ROLL CALL: 1:33 PM

A. Employees' Retirement Board:

A meeting was called to order at 1:33 PM.

Those persons present included:

Trustees: Valerie Hurley, Chair
Robert Lepa, Vice-Chair
Rene Varela, Mayor
Robert Kahant
Steve Carr

Others: Ken Harrison, Sugarman & Susskind
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Stephen Palmquist, GRS (via teleconference)
Duane Howison, GRS (via teleconference)
Members of Public:
Evanna Stephenson
Don Mead
Michelle Miclea

B. Police Retirement Board:

A meeting was called to order at 1:33 PM.

Those persons present included:

Trustees: Sgt. Randy Collier, Chair
Lt. Dave Moss, Vice-Chair
Rene Varela, Mayor
Kerri Casper
Steve Carr

Others: Ken Harrison, Sugarman & Susskind
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Stephen Palmquist, GRS (via teleconference)
Duane Howison, GRS (via teleconference)
Members of Public:
Ken White
Pete Eberhardy
Steve Haskell
Constantine Miclea
William Meloy
Lonney Moral
Steve Venetucci
Todd Baer
Mike Mendelsberg
Daniel Jozwick

II. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

No additions, deletions or reordering to the Agenda were made for the General Employees' Retirement Board.

B. Police Retirement Board:

Lt. Moss added item IV.A.5. Discussion of Ordinance Changes and its ramifications.

Action: Consensus of the Board to add item item IV.A.5. Discussion of Ordinance Changes and its ramifications

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Boards:

1. Benefit Recalculations:

a. Appeal to the Board by Howard Hoffman:

Mr. Baur distributed a memo to the Board. He reported that Mr. Hoffman's recalculation had been reviewed and approved by the actuary. Mr. Baur reported that Mr. Hoffman's original benefit calculation which had been completed by the City included 107 weeks in the final average salary which is more than 2 years. Therefore it included too many payroll periods. He reported that he had not been able to bring Mr. Hoffman's calculation back to the original amount. He reported that the City's revised recalculation had included 104 weeks in his final average salary. He reminded the Board that the Boards Policy is to include 104.3 weeks in the final average salary therefore he had included 104.3 weeks in his final revised recalculation for Mr. Hoffman. Mr. Baur reported that Mr. Hoffman's monthly amount had decreased about \$45.00 from the original benefit calculation. Mr. Hoffman's monthly amount should be \$3,402.76.

Mr. Harrison explained to Mr. Hoffman the appeal process. Mr. Hoffman explained that he did not have an issue with the revised recalculation with a monthly benefit of \$3,404.76. Mr. Harrison asked Mr. Hoffman if he wanted to withdraw his appeal. Mr. Hoffman responded that yes he wanted to withdraw his appeal as long as his benefit is not changed again.

Ms. Martinez reported Mr. Hoffman's overpayment was in the amount of \$2,351.44. She explained that in January his benefit had been changed and he had been underpaid from January to September of 2010. Therefore if the total amount of underpayment was deducted from the total overpayment his total amount of overpayment was in the amount

of \$2,112.85. She also reported that Mr. Hoffman has repaid the Plan \$645.00 therefore his remaining balance is in the amount of \$1,467.28.

Mr. Harrison explained to Mr. Hoffman what the Board had done in the past. Mr. Hoffman withdrew his appeal.

Action: A motion was made by Mr. Lepa and seconded by Mayor Varela to accept Mr. Hoffman's revised re-calculation with a monthly benefit in the amount of \$ 3,402.76 as final and to waive the total overpayment in the amount of \$2,351.44

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

2. Vested Deferred Benefit

Mr. Baur reported that this question had been primarily for the Police Officers' Pension Plan. He had been asked when a vested deferred benefit for a member who has separated from service prior to normal retirement age should start. Mr. Baur had asked Mr. Harrison for clarification on the issue and the provisions of the Plan because the language on the ordinance relating to a vested deferred benefit can be some what confusing. Mr. Baur reported that after further review it appears that a vested deferred benefit for a Police Officer who separates from service prior to his normal retirement age would begin at age 55 with 10 years of service. Mr. Harrison reported that he had concurred with that interpretation. Members of the public voiced their opinions on this issue. The Board had a discussion regarding this matter.

3. Impact of Ordinance Changes on Members

Lt. Moss stated that on the budgetary impact it stated specifically that there will only be changes in future Plan benefits and will not have a negative impact. Therefore the benefit of being able to retire with 20 years of service regardless of age is considered a benefit already. Mr. Harrison reported that if the member has not worked the 20 years they have not earned the benefit. Mr. Harrison's position is that if the contradictions in the proposed ordinance are not cleaned up, the Board will have to interpret and administer the Plan. If the Boards are not given clear direction on how to administer the Plan then the Board can make an interpretation but the Board has no say in any benefit reductions. Members of the Public voiced their opinions regarding the proposed changes to the ordinance.

Ms. Hurley reported that she had communicated with Mr. Palmquist because she had questions regarding scenario # 18. She explained how Mr. Palmquist had explained scenario # 18. She reported that for example if someone had 15 years of service in 5 years when they reach 20 years of service they can retire and start collecting the benefit of the 15 years of service however they would have to wait until age 65 to start collecting the remaining benefit of the 5 years. She explained that members would have this option regardless of the years of service they have whether they have 11 years or 13 years they would have this option. She feels that scenario # 18 as it was just explained is the most fair to all employees because there is not a certain cut off age. She also believes it

provides the most savings. The Board had a discussion regarding this matter. No impact statements have been on the proposed changes of benefits.

Action: A motion was made by Lt. Moss and seconded by Ms. Casper to direct the administrator to send a Public Records Request to the City asking for copies of any actuary studies and correspondence including invoices and bill payments and non payments relating to the proposed benefit changes.

Mr. Baur stated that since the Board is authorizing the Public Records Request they are also authorizing any costs associated with the request.

Action: Lt. Moss amended his motion to include authorizing a maximum of \$500.00 in the cost of the request. Ms. Casper seconded the motion.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

If the cost is more then \$500.00 Mr. Baur will have to ask the Board for authorization.

Ms. Hurley asked Mr. Harrison's clarification on several questions she had regarding the language on the proposed ordinance. The Board reviewed the changes to the ordinance.

Mr. Palmquist and Mr. Howison joined the meeting via teleconference. Mr. Palmquist reported that the City had not requested any impact statements done relating to the changes in benefits.

Action: A motion was made by Mayor Varela and seconded by Mr. Lepa to direct the administrator to send a Publics Records Request to the City asking for copies of any actuary studies and correspondence including invoices and bill payments and non payments relating to the proposed benefit changes with a maximum cost of \$500.00.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Mr. Palmquist reported that cost savings figures for scenario # 18 are 1.33 millions. Mr. Palmquist reported that he had been asked by the City to work on 2 other different scenarios. Scenario # 21 and Scenario # 22. He reported that it was basically the same as Scenario # 18 with a difference that Scenario # 21 protected only members within 2 years of retirement from September 30, 2010 and Scenario # 22 protected members within 5 years of retirement from September 30, 2010. Scenario # 21 has a savings of 1.55 millions and Scenario # 22 has a saving of 1.4 million. The Board had a lengthy discussion regarding these new scenarios. Ms. Hurley reported that the Board had authorize GRS to work up to scenario # 18 therefore GRS should not invoice the Plan for any scenarios done after scenario # 18.

4. Service and Eligibility for Retirement

Mr. Baur reported that the current ordinance allows a member of the Board to consider 10 days of service in a month to count as a month of service and 9 months of service in a

year to count as 1 year of service. Mr. Baur explained that there are several members who would be able to retire as of September 30, 2010 under this category. Mr. Baur reported that by Board Policy eligibility is calculated using exact service meaning a year is counted as a year, a month as a month and days as days. Mr. Harrison reported that in his opinion the Ordinance is clear as it relates to vesting and service. Mr. Harrison reported that this does not relate to the calculation of the benefit as the calculation of benefit is for actual time served therefore it is possible for a member to have 19 years and 9 months and be eligible to retire under the 20 year service requirement because 9 months count as a year but the benefit is calculated at 19 years and 9 months. Mr. Baur reported that he did not need direction from the Board on this particular item he just had wanted clarification that a member with 19 years and 9 months of service is eligible to retire by September 30, 2010.

5. Discussion of Ordinance Changes and its ramifications

Lt. Moss asked Mr. Harrison that knowing that there is no impact statement that was done, given or provided at this point what would be the legal actions that the Board can take to ensure the financial stability of the Fund. Lt. Moss stated that the Board does not know what the financial impact will be specially if there are a large number of members who leave the Plan and since the Police Plan is a closed Plan there is no new money coming in however a lot of money may be going out the door. Mr. Harrison reported that the City has to pay whatever the cost of the Plan is therefore as long as there are members in the Plan the City has to pay whatever the cost. The agreement with the County does not change the obligation. Mr. Harrison reported that the Board can file a "Dec Action." Mr. Harrison explained what a "Dec Action" is and how it would apply to this situation. Mr. Harrison reported that the legal fees could be very costly. Mr. Harrison reported that once the ordinance is passed on second reading then the Board would have a period to file. The Board had a discussion regarding this matter.

Action: A motion was made by Lt. Moss and seconded by Ms. Casper to direct Mr. Harrison to attend the City Commission meeting tonight and advice the Commissioners the expenditures that the passing of the ordinance will incur if all of the proper legal procedures are not followed prior to second reading of the ordinance.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Mr. Harrison stated that this would be outside of his retainer.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to direct Mr. Harrison to attend the City Commission meeting tonight and advice the Commissioners the expenditures that the passing of the ordinance will incur if all of the proper legal procedures are not followed prior to second reading of the ordinance.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None
The General Employees' Plan and the Police Officers' Plan will split the cost. Ms. Hurley asked Mr. Harrison if the "Dec Action" applies only to the Police Officers' Pension Fund.

Mr. Harrison reported that it would all depend on whether all the applicable procedures have gone forward.

Sgt. Collier passed the gavel to Lt. Moss.

Action: A motion was made by Sgt. Collier and seconded by Ms. Casper to instruct Mr. Harrison to file a "Dec Action" contingent on the City passing the ordinance tonight.

Mr. Carr stated that he was still having difficulty understanding that there will be an adverse impact to the Plan since there is not an impact statement. Therefore he is not ready to vote on this until he has more information. Mayor Varela stated that he was going to make the same observation. He would prefer to have a special meeting to discuss this further and to have the numbers in front of him. The Board had a discussion regarding this matter. Mr. Baur reported that if the Board preferred to have a special meeting if they could schedule it today and if it was decided after tonight that it was not necessary then the special meeting could be cancelled.

Action: Sgt. Collier withdrew his motion. Ms. Casper accepted.

The Police Officers' Board scheduled a special meeting for Monday September 27 at 1:00 p.m.

The General Employees' Board will consider at a later time if they will schedule a special meeting.

V. NEW BUSINESS:

A. Employees' Retirement Board:

1. Benefit Approval

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Application for Refund of Contributions for Michael Morabito, Daniel Laperna, and Holly Lopez; Application to Enter the DROP for Guy Sandberg and Davis Francine.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve the application for refund of contributions Michael Morabito, Daniel Laperna and Holly Lopez and the Application to Enter the DROP for Guy Sandberg and Davis Francine.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

B. Police Retirement Board:

Ms. Martinez presented to the Police Officers' Pension Board the following benefit applications for approval: Application to Purchase Military Service Time for Eric Stull,

Lonney Moral, and Egdue Guzman Martinez.

Action: A motion was made by Lt. Moss and seconded by Ms. Casper to approve the Application to Purchase Military Service Time for Eric Stull, Lonney Moral, and Egdue Guzman Martinez.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

D. Board Attorney's Report:

1. Affordable Care Act Early Retiree Reinsurance Program (EERP)

Mr. Harrison reported that this is a federal program for early retirement. He explained that it is basically targeted to people who were forced into retirement and not eligible to continue healthcare. He commented that the City should have all of this information.

2. Approval of Order Denying Appeal – Holly Johnson

Mr. Harrison briefly reviewed the order of denying appeal for Ms. Holly Johnson and explained that it needs to be formally approved by the Board.

Action: A motion was made by Mr. Carr and seconded by Mr. Lepa to approve the order denying Approval for Ms. Holly Johnson.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Mr. Harrison briefly updated the Board on the Merrill Lynch class action lawsuit. He explained that both Boards were representative parties. He reported that they will have to wait and see if all of the proposed changes to the Plans go through because if they do they may have to be replaced as representative parties. The Plans will be able to participate but they may not be the best representative party.

Mr. Baur reported that he had been communicating with Sarah Carr regarding the questions members had in regard to vesting and joining FRS. Mr. Baur reported that Ms. Carr had forwarded his questions to their legal department and he was awaiting her answer.

VI. CONSENT AGENDA:

A. Employees' Retirement Board:

The Board reviewed the warrant for accounts payable.

Action: A motion was made by Mr. Kahant and seconded by Mr. Carr to approve the Consent Agenda, which included a Warrant for invoices.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

B. Police Retirement Board:

Action: A motion was made by Lt. Moss and seconded by Ms. Casper to approve the Consent Agenda, which included a Warrant for invoices.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

VI. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Wednesday, October 27 at 1:30 PM, the General Employees' and Police Board adjourned the meeting at 5:11 p.m.

MINUTES APPROVED: December 6, 2010

Valerie Hurley, Chair Employees' Retirement Board

Randy Collier, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards