POLICE PENSION BOARD

MINUTES

October 18, 2012

1:30 p.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT:

Bob Rogers, Chairman
Bruce Johnson, Secretary
Jerry Gorup, Member
Keith Jacobus, Member

ALSO PRESENT:

Lee Dehner, Attorney
Pamala Prell, Deputy City Clerk, MMC

1. <u>Approval of Minutes July 19, 2012</u>

Member Gorup made a motion to approve the minutes of July 19, 2012, as written. The motion was seconded by Member Johnson and unanimously approved by a voice vote.

2. <u>Review for Approval of Invoices</u>

Chairman Rogers asked Attorney Dehner to explain his travel expenses.

Attorney Dehner stated that his travel expenses are included in the contract and are divided among the three pension boards. He explained that the legal fees for preparation and attendance at the meetings, and any other legal work is charged to the individual board.

Member Gorup made a motion to approve the invoices, as presented. The motion was seconded by Member Johnson and unanimously approved by a voice vote.

a. Salem Class Action Processing

Ms. Lynn Skinner of Salem Trust Bank reported that there will be no changes in the way the Class Action Settlements are processed.

b. Beneficiary Designation

Member Johnson pointed out that there is a copy of a letter in the agenda packet that was sent to all members regarding their designated beneficiary.

Attorney Dehner explained a change in the legislature and stressed the importance of each member keeping his or her beneficiary designation current.

b. Cutwater Info Release

Member Johnson reported that Cutwater partnered with Electra and they need an authorization form to release information to Electra so they can do the bookkeeping for Cutwater.

Member Johnson made a motion to approve the authorization to release information to Electra. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

3. <u>Bogdahn Consulting</u>

Consultant Tim Nash reported that as September 30, 2012 the total value of the fund was $10,404,737.00 and pointed out that there were several large payouts for DROP plan members. He reported that the earnings for the quarter were up 4.68% and year to date 17.84%.

Consultant Nash provided the Board with a copy of the revised Investment Policy Statement.

4. <u>Foster & Foster</u>

a. 2012 Valuation Report

Mr. Patrick Donlan provided the Board with a copy of the 2012 Valuation Report and reported that the City's required contributions for this fiscal year will be 87% of payroll and next year it will be 77.2% of payroll. He also pointed out that the current unfunded liability is $7,510,000.00 and that the City made an additional $72,000 contribution.

Member Johnson made a motion to approve the 2012 Valuation Report. The motion was seconded by Member Jacobus and unanimously approved by a voice vote.

Member Johnson made a motion to adopt a 7.75% assumption rate of return, based on Consultant Nash's recommendation. The motion was seconded by Member Gorup and unanimously approved by a voice vote.

5. **Christiansen & Dehner, P.A.**

Attorney Lee Dehner reported that there has been a significant change in the position of the Division of Retirement regarding the use of the excess State money. He pointed out that since 1999 the required use of the excess money was for benefit improvements and their new position is that if there is enough additional funding the excess money may be used to meet the funding requirements. He advised that there are many questions about this new ruling and Patrick Donlan is waiting for some clarification from the State.

6. **185 Share Plan**

Member Johnson advised that during the union negotiations the City Commission agreed to the Share Plan voted on by the union. He asked the Board to authorize Attorney Dehner to draft the Ordinance to forward to the City Commission.

Chairman Rogers stated that he would like to speak to City Manager Mike Bonfield regarding the Share Plan.

Mr. Patrick Donlan, Foster and Foster, stated that there is a mandatory requirement that an Impact Statement be issued to the City when changes are proposed to the plan's benefits. Mr. Donlan stated that the share amount is $157,727 but the State may have a different figure based on their new ruling.

Mayor Steve McFarlin clarified that his interpretation, at the end of the union negotiations, was that the Police could use the excessive State money for a Share Plan to be distributed among the members.

Member Johnson made a motion to authorize Attorney Dehner to draft the 185 Share Plan ordinance, contingent on Chairman Rogers meeting with City Manager Bonfield. The motion was second by Member Gorup and unanimously approved by a 3-1 voice vote, with Member Jacobus voting no.

Chairman Rogers advised that he will share whatever information he gets from the City Manager with all the Board members and, if any issues arise, he will call a special meeting to discuss them.

Attorney Dehner suggested that Chairman Rogers, Patrick Donlan and himself hold a conference call to discuss the details of the Share Plan ordinance.

Member Johnson agreed to send the details of the Share Plan to the Board members.

7. Other Company Representative

There were no other representatives present.

8. List of New Members and Terminated Members

Member Johnson reported on the following:

a. **New Hire: Officer Patrick Turne**
b. **Separated Service: Officer Todd Brien & Tami Severin**
c. **Retired: Charlie Stapleton**

9. Miscellaneous Items

There were no items for discussion.

10. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 3:48 p.m.

Attest:

Rebecca C. Haynes, City Clerk

Bob Rogers, Chairman

Minutes approved on: 1-17-2012