

MINUTES

POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT COMMITTEE MEETING

FRIDAY - DECEMBER 17, 2010 - 10:00 AM

PRESENT

Councilman McKenzie Fleurimond
(Ret)Chief Linda Loizzo
Sgt. Mo Asim
Councilwoman Beth Spiegel
Sgt. Leo Socorro -Chair

ALSO PRESENT

Tom Lowman – Bolton Partners
Robert Sugarman – Plan Attorney
Darcee Siegel – City Attorney
Martin Lebowitz – Pension Administrator

ABSENT

DEPARTMENT REPRESENTATIVES

Roz Weisblum – Interim-City Manager
Marcia Fenner – Interim – Finance Director

The meeting was called to order at 10:10 a.m. by Sgt. Socorro and was followed by a roll call of Trustees.

I. UBS REAL ESTATE INVESTMENT

UBS will be presenting at the February 17, 2011 meeting.

II. SECTION 3 OF PROPOSED ORDINANCE

Tom Lowman discussed the proposed changes in Section 6.06 Option 3 of the Plan Document and reviewed Option 2 Joint and 2/3 Survivor Benefit. A question arose concerning Section 6.06 (d) of the Plan states “The retirement committee may request such evidence of good health of the joint pensioner who is being removed as it may require.”

Bob Sugarman advised that the trustees would decide on the type of good health evidence required when the issue arose.

Bob Sugarman reviewed the background of the amendment, starting with a recent change in the state law that permits that a retiree who selected a J&S option to change their joint annuitant regardless of the health of the joint annuitant and regardless of whether the joint annuitant is alive. Tom Lowman said that exercising this option will cost the plan additional monies. Tom Lowman had suggested changing the current plan Option 3, 4 and 5 of Section 6.06 (a) to provide a participant who retires a choice to elect this new option at the time of retirement with the cost being deducted from the benefit or choosing the current more limited.

A participant electing this new option may change their designated joint pensioner or beneficiary up to two times after benefits have commenced and shall not be required to provide proof of the good health of the joint survivor or beneficiary or that the joint survivor or

**Police & Fire Retirement
Committee Meeting
December 17, 2010
Page 2**

beneficiary is still alive. This new option will reduce their benefit from 2% - 4% reduction in the benefit payment based on the new option they chose.

Bob Sugarman will revise Section 6.06 of the Plan and have these changes reviewed at the next meeting on February 17, 2011.

Motion by Sgt. Asim, seconded by Chief Loizzo, to table Section 3 Article VI. Section 6.06 of proposed Ordinance to the next schedule meeting on February 17, 2011.

Motion carried unanimously

Results of the ballot that was completed on December 8, 2010 was approved by the members and will go to City Council for adoption. Please see attached ballot results.

III. EXPERIENCE STUDY

Tom Lowman reviewed the experience study and what changes in actuarial assumptions he has recommended to the board for the 10/1/2010 valuation that will determine the contributions for the 2011-2012 fiscal year. The financial impact of his study is as follows:

	<u>Impact on Contributions</u>
Load for Investment Expenses	\$292,658
Lower interest rate from 8% to 7.75%	\$232,395
Change in Payroll growth assumptions From 5% to 4%	\$254,565
All other assumption changes	<u>(\$372,644)</u>
Total	\$406,974

Marcia Fenner Interim Finance Director stated that she preferred that we incorporate for 2011-2012 fiscal year to add the load for investment expenses and not to lower the assumed rate of investment return from 8% to 7.75% that the experience study stated.

Motion by Sgt. Asim, seconded by Chief Loizzo based upon the recommendation of Bolton Partners and the expressed preference of the City for adding a load of .05% for the investment expenses rather than lower the investment return assumption of 8% to 7.75% to adopt al, the assumption change recommended in Bolton's 9/15/2010 Experience and Assumption Study, except for the lowering of the assumed rate of invest return to 7.75%, the changes to be effective with the 10/1/2010 Valuation Report that will establish the City's contributions rate for the 2011 -2012 fiscal year.

The Interim City Manager and Interim Finance Director acknowledged that this motion was what the City understands and agrees to.

**Police & Fire Retirement
Committee Meeting
December 17, 2010
Page 3**

Roll Call:

Sgt. Mo Asim - Yes
Councilman McKenzie Fleurimond - Yes
Chief Linda Loizzo - Yes
Councilwoman Beth Spiegel - Yes
Sgt. Leo Socorro - Yes

Motion carried unanimously

IV. IRS DETERMINATION LETTER

Bob Sugarman advised to apply for an IRS Determination Letter during the current cycle that expires 1/31/2011 and has asked the committee if they want to apply for IRS Determination Letter. The legal fees to apply are \$7,500 and there is a \$1,000 IRS User fee.

After discussion, motion by Councilwoman Spiegel, seconded by Chief Loizzo, to have Bob Sugarman apply for the IRS Determination Letter, authorized Chair to sign necessary forms and disburse \$1,000 IRS fee.

Motion carried unanimously.

V. STEVEN GORDON AUDITOR ENGAGEMENT LETTER

Motion by Councilwoman Spiegel, seconded by Chief Loizzo, to approve the engagement letter for Steven I. Gordon Plan Auditor for 2010 plan year.

Motion carried unanimously

VI. PENSION ADMINISTRATOR CONTRACT

Martin Lebowitz stated that he withdrew his proposal to work 3 days a week and would keep his contract status quo.

OTHER - APPROVAL TO ATTEND OUT-OF-STATE CONFERENCE

Motion by Sgt. Asim, second by Chief Linda Loizzo, to authorize normal travel expenses for those wishing to attend the NAPO Conference in February 2011.

Motion carried.

The next regularly scheduled quarterly Board meeting will be held on Thursday, February 17, 2011 at 9:00 a.m. Meeting was adjourned at 12:00 p.m.

Martin Lebowitz, Pension Administrator