

**Minutes of Meeting  
Board of Trustees  
Police & Fire Employees' Retirement Fund  
July 27, 2010**

A meeting of the Board of Trustees was called to order at 8:55 p.m. in EOC room Basement Level, City Hall, 6801 Delmar.

Member in Attendance: Diane Sher, Anne Silverstein, Jaime Mendez, James Carr, Fred Kramer, Tom Deken

Members Absent: Mark Winer (excused)

Others in attendance: Janet Watson, Deputy City Mgr/Finance Dir (Treasurer)  
Yolanda Williams, Human Resources Director (Secretary)  
Councilmember Michael Glickert, Council Liaison

**Minutes**

Member Deken moved to approve the Board Minutes of April 27, 2010. The motion was seconded by Member Kramer and carried.

**Vouchers**

The attached listing of vouchers (checks paid) was reviewed. Member Humphrey moved to approve the payment of these vouchers based on the information provided. The motion was seconded by Member Mendez and carried.

Member Carr inquired about the transfer to proper account transactions. Ms. Watson explained that there was a change in accounting in setting up the accounts in the new system which has been rectified for the future.

Member Carr commented that the ordinance language referencing review and approval of vouchers should be reviewed and possibly revised to reflect the actual process.

Ms. Watson asked if the Board would like to continue to see the detail general ledger report or some other format. Ms. Silverstein requested the same (voucher) format as before in addition to the detail general ledger report.

**Applications for Membership**

Nicholas Werner – Fire department

Timothy Hughes – Fire department

**Applications for Retirement**

**Cost Studies**

Member Deken presented two cost studies for proposed changes to the Police & Fire Retirement System he asked the Actuary to perform at the expense of the Police Association. The Actuary determined the cost of the two proposed changes as follows:

1. Change the interest rate for the development of the benchmark account and the interest rate used to develop the offset from the Defined Contribution plan from 7% to 6.5% per annum. This is done retrospectively, so that participants who had accounts

transferred to the defined contribution plan based on crediting interest at 7% would have the transferred amount recalculated using a 6.5% interest rate, as well as the computation of the offset since the transfer at 6.5%. The transfer amounts for the original group of participants back at the time the plan was converted to its current formula are difficult to recompute precisely, so we have made a good faith estimate of those amounts.

a) Additional Accrued Liability	\$ 632,700
b) 30-Year Amortization of Additional Accrued Liability	\$ 45,493
c) Additional Normal Cost	\$ 21,259
d) Total Additional Required Contribution (b+c)	\$ 66,752
e) Total Additional Required Contribution as % of Payroll	.91%

2. Retirement Eligibility: Currently, the age 50 and 25 years of service requirement for an immediate unreduced benefit has to be satisfied prior to separation from service in order to receive that level of benefit. Consider a participant who is age 48 with 28 years of service. If that employee terminates employment he must wait until age 55 to draw a benefit. The employee can't "grow into" 50 & 25 eligibility by the passage of two years—if he terminates now and is not 50, he can not achieve the "full" level of 50/25 benefits, nor can he draw a reduced benefit at age 50. This study determines the cost to allow the participant to be deemed eligible for 50/25 benefits by "growing into" them, i.e. as long a participant satisfies the age 50 and 25 years of service criteria, it would not matter if termination of employment occurred before attaining age 50.

a) Additional Accrued Liability	\$ 170,086
b) 30-Year Amortization of Additional Accrued Liability	\$ 12,230
c) Additional Normal Cost	\$ 8,655
d) Total Additional Required Contribution (b+c)	\$ 20,885
e) Total Additional Required Contribution as % of Payroll	.28%

After discussion, some board members were concerned about the costs associated with the changes and whether the Board should make recommendations of this nature. The Board deemed it necessary to request the presence of the Actuary at the next meeting for further review and Q & A of the proposed changes.

### **Other Matters**

Member Sher inquired about having a separate audit of the pension plans. Ms. Watson said she will make a note to bid for a full audit of the pension plans.

### **Next Meeting Date**

The Board agreed on the following regular meeting date for 2010: October 26.

### **Adjournment**

Member Mendez moved to adjourn the meeting. The motion was seconded by Member Silverstein and carried. There being no further business, the meeting adjourned at 9:35 p.m.

Respectfully Submitted,  
Yolanda Williams  
Secretary