

**Minutes of Meeting
Board of Trustees
Police & Firemen's Retirement Fund
August 23, 2005**

A meeting of the Board of Trustees was called to order at 8:17 p.m. in the conference room on the fourth floor of City Hall.

Members in attendance: Gordon Myers, Catherine Smith, Julianne Niemann, Diane Sher, Alison Markenson, Carol Jackson, Don Miner

Members absent: (Cassandra Colquitt, Council Liaison)

Others in attendance: Frank Ollendorff, City Manager & Board Secretary
Willie Norfleet, Finance Director & Board Treasurer
Yolanda Williams, HR Director
James Rubie, Actuary

Minutes

Member Jackson moved to approve the Board minutes of May 3, 2005 as submitted. The motion was seconded by Member Smith and carried.

Vouchers

The attached listing of vouchers was reviewed. Member Niemann moved to authorize payment of these vouchers. The motion was seconded by Member Jackson and carried.

Applications for Membership

None

Applications for Retirement

None

Investment Advisors Report

Member Niemann commented that the returns are unfavorable and she would check with our Advisors, Fiduciary Asset Management, and report back to the Board via email prior to the next meeting.

Annual Actuarial Report

The Board reviewed and discussed the Annual Actuarial Report with the Actuary, James Rubie. Ruby reported that this fund continues to have a substantial surplus and thus the City is about 7-10 years away from having to make a contribution to the Fund barring any significant benefit changes and/or unfavorable investment results.

Cost Studies

Actuary, Mr. Rubie, was asked to analyze the cost impact of two proposed changes in plan benefits. The proposed changes are:

1. Police and firemen whose five-year average of actual compensation is greater than the average base pay would have their defined benefit based on their four-year average compensation. The benchmark account would be credited

with contributions based on actual compensation, rather than average base pay.

2. Police and firemen whose five-year average of actual compensation is greater than the average base pay would have their defined benefit based on their three-year average compensation. The benchmark account would be credited with contributions based on actual compensation, rather than average base pay.

The proposed changes would result in the following increase in actuarial liabilities or costs for the City, with the increase in the annual contribution shown without regard to any full funding limitation. The plan will still be subject to the full funding limitation, so the actual contribution will remain at \$0.

Proposed Change	Unfunded Actuarial Accrued Liability	Annual Normal Cost	Annual Contribution	Annual Contribution Rate
1	\$335,883	\$15,020	\$40,317	.54%
2	\$874,354	\$30,824	\$96,675	1.29%

Member Niemann made a motion to recommend to City Council proposal #2—defined benefit based on 3-year average compensation. The motion was seconded by member Miner and carried.

Death Benefit

The Finance department solicited bids from life insurance companies and one response was received from The Standard. The bid response was distributed for the Boards review and this item was tabled to the next meeting. Member Sher will contact Mr. Huffman with The Standard and request his presence at the next meeting to discuss the proposal.

Employee's Request to Establish an Investment Account

At the May 3, 2005, meeting the board approved that the employee who had not elected to establish a defined contribution account be allowed to do so but that the monies be transferred at the lower of the actual rate or 3%. Actuary Rubie, reported the complexity in computing the actual rate and recommended going with the 3%. The Board agreed.

Other Matters

Newly Vested Employees

Actuary Rubie stated he received requests for calculations for employees who have vested within the last 1-2 years months. Since there has been a delay in transferring the monies to defined contributions account from the time certain employees actually vested, a rate should be established for transferring those monies earned during the delay period.

Since the actual rate cannot be determined, Member Niemann made a fair assumption and motioned to transfer the funds at a rate of 3%. The motioned was seconded by member Miner and carried. The normal transfer rate for funds contributed/earned up to the ten year vesting period is 7%. The 3% is only for contributions made after the 10 year vesting date.

On-duty related disability – Health Insurance

Member Miner asked if there could be a provision put in place to maintain the health insurance of employees out on a job-related disability. Member Sher said she would ask the Mr. Huffman, of the Standard, if they have a policy provision for this type of situation.

Retirement Statements

Member Miner asked Actuary Rubie when each uniformed employee could expect to receive the first of the annual benefit statements as approved at the May 3, 2005 meeting. Rubie said the statements would be available in the spring of 2006 with calculations as of January 2006.

Fiduciary Liability Insurance

Member Niemann asked if the City has fiduciary liability insurance for Pension Board Members. Yolanda Williams, HR, reported that Board Members should be covered under the City's Public Officials liability insurance, but she would check into and report back to the Board.

Next Meeting Dates

The Board set October 18, 2005 as the next meeting date.

Adjournment

There being no further business, the meeting adjourned at 9:05 p.m.

Respectfully submitted,

Frank Ollendorff
Secretary