



City of Grand Island

Tuesday, December 18, 2012

Council Session

Item F1

#9414 - Pre-84 Retirees - Public Safety Pension Plans

Staff Contact: Jaye Monter

Council Agenda Memo

From: Jaye Monter, Finance Director
Meeting: December 18, 2012
Subject: Pre-84 Retirees-Public Safety Pension Plans
Item #'s: F-1, I-3, I-4 & I-5
Presenter(s): Jaye Monter, Finance Director

Introduction

On December 11, 2012, City Staff brought to Council a Study Session discussion involving:

- History of prior lump sum pension payments for pre-84 police officers and pre-84 firefighter retirees.
- Discussions of Straight Life and Joint Life Annuity Calculations.
- Actuarial Funding Needs in Present Value Dollars.
- Funding Needs of Police Reserve Fund
- Excess Funds of Fire Reserve Fund

The following decisions are brought to Council in the form of resolution choices for Decisions #1 and #2 (potential remedies) and Ordinance choices for Decisions #3 and #4 (annuity form and funding). Attending the meeting to answer questions for Council are Robert B. Evnen from Woods & Aitken and Terry Galloway, CPA, CGFM, CFA, CVA,CGFM,CFA,CVA,PFS with Almquist Maltzahn Galloway & Luth, CPAs.

With Council's consent we will take these agenda items out of order and address Ordinance 9414 with Resolutions 2012-367 through 2012-369.

Discussion

Decision #1. At the Study Session meeting held December 11, 2012, members of the Grand Island City Council discussed the possibility of seeking a remedy of the lump sum pension payment for the latest Police Department retiree. That remedy would entail seeking reimbursement of an unknown amount from that retiree's lump sum pension payment previously approved by the Council at the November 13, 2012 meeting.

The first step in seeking reimbursement would be to send a formal letter to the retiree and Pension Committee stating Council requests the City, Pension Committee and Retiree recalculate the lump sum payment option using the straight life annuity at a date no later than 12/31/12. The new calculated result will be subtracted from the \$458,919.35 payment Council approved November 13th and a formal demand for the difference will be made upon the retiree. If the retiree agrees to reimburse the City the amount demanded, the matter would be resolved. If an agreement is not reached, the City's only option would be to file suit against the retiree seeking a judgment for the amount owed.

Decision #2. If the Council decides on the course of action outlined above, presumably Council may also pursue the same claim against other Police retirees whose lump sum retirement benefits were calculated using a joint rather than straight life annuity. Nebraska law generally limits the filing of a suit to four years from the event that gave rise to the cause of action. Accordingly, the City would be unable to pursue reimbursement of any pension payments that were disbursed more than four years ago. City staff has determined four pre-84 police officers have retired and received lump sum pension payments calculated on the basis of joint life annuities within the last four years.

Decision #3. The statutes for the pre-84 Police Officer's Retirement plan identify straight life annuities as the minimum requirement. Council must make a policy decision to determine future lump sum payments for the remaining seven pre-84 police officers to be calculated using straight life or joint life annuities.

Decision #4 allows Council to approve the transfer of funds from the General Fund to the 805 Police Reserve Trust Fund. This transfer will allow the payment related to the upcoming pre-84 police retiree. Retirement plan documents for the firefighter retirement system along with Ordinance 9217 from May 2009 must be amended in order for Council to have authority to access assets that exceed projected plan liabilities in the Fire Reserve Trust Fund.

ORDINANCE NO. 9414 (A)

WHEREAS, the Grand Island City Council has decided to amend Chapter 12 of the Grand Island City Code by designating its laws governing the Civil Service Commission as Article I and adding an Article II governing the retirement pensions of police officers,

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

I. That Chapter 12, §§12-1 through 12-19 of the Grand Island City Code be designated as:

Article I. Civil Service Commission

II. That Chapter 12 of the Grand Island City Code be amended to read as follows:

Article II. Police Pension Benefits

§12-20. Calculation of Police Pension Benefits

The pension benefits of all police officers required by Chapter 16, Article 10 of the Nebraska Revised Statutes shall be calculated based upon a straight life annuity.

III. Any ordinances or parts of ordinances in conflict are hereby repealed.

IV. This ordinance shall be in full force and will take effect from and after its passage and publication pursuant to law.

Enacted: December 18, 2012.

Jay Vavricek, Mayor

ATTEST:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
December 15, 2012	☐ City Attorney

ORDINANCE NO. 9414 (B)

WHEREAS, the Grand Island City Council has decided to amend Chapter 12 of the Grand Island City Code by designating its laws governing the Civil Service Commission as Article I and adding an Article II governing the retirement pensions of police officers,

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

I. That Chapter 12, §§12-1 through 12-19 of the Grand Island City Code be designated as:

Article I. Civil Service Commission

II. That Chapter 12 of the Grand Island City Code be amended to read as follows:

Article II. Police Pension Benefits

§12-20. Calculation of Police Pension Benefits

The pension benefits of all police officers required by Chapter 16, Article 10 of the Nebraska Revised Statutes shall be calculated based upon a joint life annuity.

III. Any ordinances or parts of ordinances in conflict are hereby repealed.

IV. This ordinance shall be in full force and will take effect from and after its passage and publication pursuant to law.

Enacted: December 18, 2012.

Jay Vavricek, Mayor

ATTEST:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
December 15, 2012	☐ City Attorney