

MINUTES

RETIREMENT ADMINISTRATIVE COMMITTEE FRIDAY, SEPTEMBER 22, 2000 - 10:00 A.M. COMMISSIONER'S COMMITTEE ROOM

Present: Bill Bacon, Commissioner Eisenmann, Lou Ann Bluntschly, Jack Welsh and Sheriff Germond

Also Present: Leo Polverini, Dan Magnan, Steve Oman, May Crow, Bev Kampmueller, Deb Strayer, Irv Shaw and David Stanifer

I Approval of Minutes

Motion by Bluntschly, supported by Eisenmann to approve the minutes of the November 5, 1999 meeting. Motion carried.

II Review actuarial and financial reports

Dan Magnan from Mass Mutual distributed copies of the actuarial report for the 2000 plan year. He reviewed the contribution break down for the nine separate groups within the County's retirement plan. Total employer annual cost is \$1,230,360 which represents 7.46% of payroll. Total estimated employee contributions are \$548,713 which represents 3.33% of payroll. Mr. Magnan reviewed some of the revisions that have been implemented in the actuarial cost method to determine the retirement plan's annual cost.

Leo Polverini from Mass Mutual distributed copies of financial reports for the retirement plan. He provided an overview of markets and a report on the current performance of the retirement fund's various investments.

III Investment Allocations

Mr. Polverini provided alternatives for consideration on the allocation of assets within the retirement plan. The fund's current allocation of equities is 62% with 38% held in the fixed income account. Mr. Polverini recommended that the investment portfolio be "fined tuned" for increased diversification.

Motion by Germond, supported by Bluntschly to establish investment allocations as follows:

* Dollar-Cost-Average from Core Equity

-\$250,000/mo to S&P 500 (12 months)
-\$250,000/mo to Mid-Cap Growth (12 months)

* Dollar-Cost-Average from Small Cap Value

- \$200,000/mo to Small Cap Growth (12 months)

* Continue investing employee contributions in the general investment account with the employer's future contributions invested 2/3 in the S&P 500 and 1/3 in the Mid-Cap Growth

Motion carried.

IV Review proposal to increase multiplier for non-union and CMHA groups and to change to a defined contribution plan for new hires

Dan Magnan reviewed an actuarial report covering increased funding that would be necessary to increase the benefit multiplier for non-union group (#5) and CMHA group (# 9) from 2.0% to 2.5%. The total cost increase for group # 5 is \$324,985. For group # 9, the cost increase is \$62,881. A proposal was also reviewed to change to a defined contribution plan for all new hires.

Steve Oman distributed copies of a retirement plan analysis (copy attached).

Motion by Bluntschly, supported by Germond to recommend to the Personnel/Ways and Means 2001 Budget Committee that the following changes be authorized to the County's retirement plan:

* increase employee retirement contributions for non-union employees (group 05) from 4.5% to 7.5% effective 01-01-01.

* increase the benefit multiplier for group 05 from 2.0% to 2.5% effective 01-01-02.

* replace the defined benefit plan with a new defined contribution plan for all new hires in group 05 effective 01-01-01 with a 7.5% employee contribution and a 7.5% employer contribution

* establish 01-01-02 as the date for new hires in group 05 to be eligible for participation in the new defined contribution plan

* request that the CMHA Board forward any recommendations on changes in plan provisions for group 09 (CMHA) to the Retirement Administrative Committee.

Motion carried.

IV Review retirement service credit for Airport Manager, Hazel Jacobs

The Committee reviewed the referral by the Personnel/Ways and Means Committee for consideration of retirement credit for Airport Manager, Hazel Jacobs, for her previous 12 years of service at the Airport. It was explained that Ms. Jacobs was employed as Airport Manager from 1984 to 1996 on a salaried basis with no fringe benefits. Since being rehired as Airport Manager in 2000 on a full time basis with fringe benefits, she has requested that credit be given for past service.

Motion by Germond, supported by Welsh to refer consideration of past retirement credit for Airport Manager, Hazel Jacobs, to Mass Mutual for preparation of actuarial costs and calculation of employee contributions and to call a special Retirement Administrative Committee meeting, if necessary, to review these costs when received. Motion carried.

VI Adjournment

Motion by Bluntschly, supported by Eisenmann to adjourn the meeting at 11:40 A.M. Motion carried.

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RETIREMENT ADMINISTRATIVE COMMITTEE WEDNESDAY, DECEMBER 13, 2000 - 10:00 A.M. COMMISSIONER'S COMMITTEE ROOM

Present: Bill Bacon, Commissioner Gould, Commissioner Eisenmann, Jack Welsh, Lou Ann Bluntschly and Sheriff Germond

Also Present: David Stanifer, Bev Kampmueller, Commissioner-elect Janet Curtiss, Steve May, May Crow, Vicki Daniels and Steve Oman

I Approval of Minutes

Motion by Gould, supported by Bluntschly to approve the minutes of the September 22, 2000 meeting. Motion carried.

II Recess

Due to weather delays, Steve Oman informed the Committee that he would be at the meeting at approximately 11:15 A.M.

Motion by Gould, supported by Welsh to recess the meeting until 11:15 A.M. Motion carried.

The meeting was reconvened at 11:15 A.M.

III Review new defined contribution plan for non-union new hires

Steve Oman distributed a packet of information describing the new defined contribution plan for new hires in the County non-union group # 5. The plan is mandatory for employees hired on or after January 1, 2001. Employees eligible to participate will contribute 7.5% of their compensation. The County will provide an additional 7.5% to be deposited in the participant's account each month. Employee contributions will be made on a pre-tax basis.

Participants in the defined contribution plan will direct Mass Mutual how to invest their contributions. Twelve investment funds covering major capital markets will be offered. Mr. Oman explained that asset allocation funds will be available to meet the needs of passive investors.

Participant services that will be available include an 800 telephone number, internet access and educational materials in hard copy. Educational and enrollment meetings will

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also be conducted.

There will be no loans or hardship withdrawals permitted for active participants. Upon termination of employment, a participant may roll his or her account over to a similar plan or may elect to leave the account with Mass Mutual if the balance is greater than \$5,000. Withdrawal for retirement payments will be at age 62 with 8 years of service or early retirement withdrawals at age 55 and 10 years of service.

There was discussion regarding the vesting period for employees participating in the defined contribution plan. As currently included in the plan, the vesting date is six months.

Motion by Bluntschly, supported by Gould to recommend to the Board of Commissioners that the vesting period for employees participating in the defined contribution plan be changed from six months to five years. Motion carried.

VI Review CMHA Board recommendation for change in multiplier

The Committee reviewed the recommendation of the Community Mental Health Authority Board to increase their retirement multiplier from 2.0% to 2.5%. The actuarial cost of increasing the benefit to the CMHA group is \$62,881. Any cost increase attributed to benefit improvements is assessed exclusively to CMHA. No action was taken on the CMHA Board recommendation.

V Review retirement service credit for Airport Manager Hazel Jacobs

Information regarding wages paid to Hazel Jacobs during her service as Airport Manager was reviewed. Ms. Jacobs served as Airport Manager from 1984 to 1996. During that period of time the position was considered part time with no fringe benefits. Beginning in April 2000, Ms. Jacobs was retained as Airport Manager on a full time basis with participation in the retirement plan. At the time of her rehire, consideration was to be given for retirement credit covering her previous twelve years of service.

The total amount of employee contributions during this period of time required for payment by Ms. Jacobs is \$1,147.57.

Motion by Eisenmann, supported by Gould to recommend to the Personnel/Ways and Means Committee that Hazel Jacobs receive 8 years of service credit covering her employment as Airport Manager from 1984 to 1996 with a payment by her to the retirement fund of \$1,147.57 covering employee contributions during the time when the plan required employee contributions. Motion carried. Welsh voting no.

VI Discuss retirement benefit for Sheriff Germond

Sheriff Germond distributed copies of a letter requesting that net fees paid to him by the County for the years 1988 - 1992 be included in addition to wages for those same years when his retirement benefit is calculated using an average of the highest sixty months of compensation. He reviewed various points regarding the additional fee income and the need to include it in the calculation for final average compensation.

There was discussion regarding cost implications for the inclusion of additional income in Sheriff Germond's retirement benefit. During the period 1988 -1992, the retirement plan did not require contributions from employees. Employee contributions began in 1993.

The fees paid to Sheriff Germond for operating the meal service at the jail were paid through accounts payable on a per diem basis. Net fees were reported as income on Sheriff's Germond income tax return.

Motion by Welsh, supported by Bluntschly to recommend to the Personnel/Ways and Means Committee that fees paid to Sheriff Germond for providing meal service during the years 1988-92 be included with wages when determining the highest sixty months of compensation for his retirement benefit with the Sheriff to pay to the retirement fund all contributions for this period of time required of the County as calculated by Mass Mutual. Roll call vote: Yeas: (3) Bluntschly, Welsh, Bacon Nays: (2) Gould and Eisenmann. Motion carried.

VII Adjournment

Motion by Welsh, supported by Eisenmann to adjourn the meeting at 1:25 P.M. Motion carried.