

**Police Pension**  
**Board of Trustees Meeting**  
**June 23, 2016 – 10:00AM**  
**Town Hall - 343 Highland Road**

**Attendees:**

Thomas Blakey (T.P.D. Police Chief); Denise Saurette (Town Treasurer); Sean Frodyma (T.P.D.); Dan Waugh, Esquire, Moses Afonso Ryan; Matthew Wojcik, Town Administrator; David Perry (Town Councilman)

**Meeting Objectives:**

1. Approval of Minutes from May 26, 2016, Board Meeting
2. Discussion and Possible Vote(s): Proposed Plan Restatement to update Plan to comply with contract and changes in Laws since last Restatement
3. Discussion and Possible Vote(s) regarding proposed revision of Funding Improvement Plan

**Call to Order:** at 10.24 AM by: Matt Wojcik (Chief Blakey has not arrived yet.)

**Open Meeting:**

**1. Approval of Minutes from May 26, 2016 Board Meeting**

Dave Perry made a Motion to approve the Minutes.

Seconded by Denise Saurette.

**ALL IN FAVOR, no objections (4-0).**

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**2. Discussion and Possible Vote(s): Proposed Plan Restatement to update Plan to comply with contract and changes in Laws since last Restatement**

(Chief Blakey arrived at 10:26 AM)

The Board's Attorney Dan Waugh gave the Plan Restatement presentation. Handed out copies of the "black lined" version which highlights the changes that were made since the 2010 Restatement was adopted by the Town Council. This way Dan could refer to the pages that were changed. On page 5 there is a fairly complicated change related to the Normal Retirement Date. This is an adjustment to the Normal Retirement Date when we went from the 20 year plan to the 25 year plan in 2012. It reflects each part of that process. It is uncertain whether plans that allow retirement before age 55 are allowable under the IRS code. IRS has asked for comments on whether plans qualify that go by retirement before age 55, if it benefits police officers and it states the number of years of service to retirement. That is what we have. In our case, the other things that refer to ages probably refers to almost nobody. The majority of our officers all retire after 20 or 25 years and qualify for their retirement pensions that way. It would only apply if someone first became an officer after age 25 or 30. Chief stated we do have an officer that will be 55 but will have less than 20 years. Dan said that is more of the exception than the rule.

Pages 9 and 10 reflect that same change.

Dan said to send in comments to IRS, feel free to do so.

On page 11 – Dan said it is a new item for him regarding vesting. Requires that benefits accrued after date of adoption (when the Town Council votes on this) would be subject to honorable service. Matt stated it is standard practice and comes in the same line of thinking as the State and all its plans. Dan said the Administrator wanted an Amendment to the Trust as well. That is the 2 page document. Dan explained the role of the Trust. The Tiverton Town Council empowers this Board to act as Trustees so this is the Trust document. There is a separate Trust for your Plan. The Plan sets what the benefits are, contributions are, etc., but the Trust sets forth how all the board members have to act. One provision says you will make all fiduciary decisions by acting by resolution. You adopt whatever you decide on a matter. The question arose whether this Board is adequately non-biased to make decisions regarding honorable service.

Dan added a new subsection b to Amendment in subsection 5.2. We would appoint a panel of 3 judges or magistrates of RI Courts (retired Judges) to hear the matter and decide whether 4.5(b) applied to a Participant's pension. That would be invoked by any one person suggesting that the matter be referred to that panel. It is not really a decision of the Board whether to send it over and you don't make a decision whether a person is entitled to or not entitled to a pension based on honorable service. That would be purely put to that panel of arbitrators. It is a new idea you need to think about whether or not it should be done.

This was suggested because there would be 4 of us that wouldn't be able to divorce ourselves from our roles. We would have to adopt a selection process for the panel of arbitrators. We can get a list of retired judges. There is probably not an official group to choose from yet.

On page 12 that is reflecting a change in the CBA back in 2012 which Dan had previously drafted about the time when Jim Goncalo left. This still needs to be adopted.

Page 13 there is the death benefit conversation -- qualified military service.

Page 18 there is a typo correction.

Page 19 clarifies the various changes that have happened relating to rollover distributions. We need to put in language in the rare case it happens. This change was driven by the Supreme Court Windsor Decision. There is no in-service distribution unless the person also has less than 10 years of service where they are getting back what they put in.

Page 27 we felt we needed a clarification once you are vested, you don't have your contributions as a separate item any longer.

Page 27 takes the interest out until you are fully vested.

Page 27(b) add the word "Vested" before "Employee contributions will be credited with simple annual interest at the rate of five and one-half percent (5 ½%)."

Discussed the fact that just one person on Board can invoke the need to go to the board of magistrates to make a decision on honorable service. Information can be passed on by the Board.

If found dishonorable, you lose pension and benefits but you get back what you have contributed.

**Dan Waugh recommended that plan and trust be amended as presented with the exception that the word “vested” will be added on page 27. This recommendation will go to the Town Council.**

**Councilor Perry moves that all suggested amendments discussed by Attorney Dan Waugh be approved with the addition that the word “vested” be added on page 27 to clarify our recent contract change.**

**Seconded by Chief Blakey.**

**ALL IN FAVOR, no objections (5 to 0)**

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**3. Discussion and Possible Vote(s) regarding proposed revision of Funding Improvement Plan**

Matt began by stating our Funding Improvement Plan (FIP) is a Resolution of the Tiverton Town Council pledging the amounts to be contributed to the Police Pension Plan each year and the existing FIP. The actuarial work backs that up. The State Dept of Revenue had approved Tiverton reducing its FIP to the annual required contribution. This Board voted 5-0 to **not** take that opportunity. In other words this Board voted to stand by the existing FIP of \$700,000 per year. The Tiverton Budget Committee, taking the Budget on remand from the voters after the May 21 2016 FTR, reduced the Town’s contribution to Pension Plan to \$650,000 for this year. That would violate our existing FIP so to stay legal we would have to revise our FIP at least through 2020 to keep in line legally with what we promised the State.

Matt wants to get approval from this Board and Town Council before we take any steps. What does the Board think we should do? The alternative is to ignore the Budget Committee’s recommendation and find the money.

Councilor Perry explained the actuarials and explained impact. We are kicking the can down the road according to his calculations both whether we contributed \$600,000 or \$650,000 if we continue to do what the Budget Committee says now. For \$100,000 we are going to spend an extra \$1M 20 years from now. We are not looking at this in long term ... only short term. We were on track at \$700,000.

Matt recommending this Board take a position to communicate to the Town Council to ignore the Budget Committee’s recommendation and fully fund this line item. Matt may be able to take from some of Steve Berlucchi salary line item. We would do the transfer at the very next meeting after the fiscal year.

Treasurer suggested we have savings from the Bond. That’s important for funding. That would be Capital to Capital if we take it all from the Bond. Closing on Bond Refinancing at end of July 2016. The only thing that could happen is the bonds don’t sell. To be conservative send \$650,000 and when the bonds close, we’ll transfer the other \$50,000 and send that.

**Councillor Perry makes the following Motion in form of a Resolution:**

**The Board recommends the Town Council fully fund the account from transfers from other items and discussion included possible refunding proceeds and other salary line items from other departments.**

**Seconded by Sean Frodyma.**

**ALL IN FAVOR, no objections (5 to 0)**

**NOTE: We will make our Resolution to implement this part of our agenda for the next regular Police Pension Board when we get our investment report back.**

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**Motion to Adjourn Meeting was made at 11:05 am by Dave Perry. The Motion was  
Seconded by Sean Frodyma.  
ALL IN FAVOR, no objections.**

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