MINUTES OF A STUDY SESSION OF THE PRINCETON CITY COUNCIL
HELD ON OCTOBER 5 2017 4:30 P.M.

Mayor Paul Whitcomb called the meeting to order. Council members present was Thom Walker, Jack Edmonds, Jules Zimmer, and Jeff Reynolds. Staff present, Administrator Mark Karnowski, Finance Director Steve Jackson, Police Chief Todd Frederick, Community Development Director Jolene Foss, Public Works Director Bob Gerold, Clerk Shawna Jenkins, Liquor store manager Nancy Campbell, Fire Chief Ron Lawrence, and Princeton Fire Relief Association President Adam Cook.

Safe Routes To School

Karnowski reported that the school district was going to come to the council to request some financial assistance on a Safe Routes to School grant, but if they receive the grant it will be several years before they receive the funds.

However, Espe did talk to staff about painting some new crosswalks, so staff will be doing that as well as put some signage up.

Fire Relief Association

Lawrence advised that Phil Coleman from PERA would like to discuss their program. Karnowski added that the Relief Association is not a city organization, is a fire department organization. The Relief Association is a retirement program for firefighters. They receive 2% from property insurance premiums, which the state distributes to the various Relief Associations.

Currently the Relief Association has been using Wells Fargo to invest those funds. If the Council agrees with the Fire Relief Associations vote, the money would be transferred from Wells Fargo to PERA. This transfer would actually save the city and the relief association some money.

Coleman reported that PERA has been managing the state pension system for a very long time, and they have 142 departments under their umbrella. The audits that the Relief Association has to pay for now, will not have to be done as PERA is a tax qualified program. GASBE will be handled by them as well.

When departments come in to PERA, they usually see an increase in their return. Right now, there is about 53 million in the state wide system. The funds are pooled for investments, but balances are kept separate. Their 5 year average is 7-8% return. In the event of a shortfall, the statute says the cities are given about an 18 month notice, and a 10 year time frame to pay the amount due.

The benefit level is an agreement between the City and Fire Department. PERA will do a cost analysis when the Association is determining whether to increase their benefit. They encourage the City and the Fire Relief to contact other cities using PERA to see how it has worked for them.
Whitcomb asked if the benefit amount could be reduced in the event of a shortfall. Coleman responded that the benefit cannot be reduced.

Karnowski stated that one of the reasons that the department was reluctant to change to PERA in the past, is once you were in the PERA plan, you could not take it out. Coleman responded that there was a bill that would have change that, but the governor opted to veto that bill because it was attached to something else that the governor was very vocal on. They feel it will likely be passed at some point.

Whitcomb questioned if the council increased the benefit, would that go into effect on day 1 if someone retired. Coleman replied that a person would have to be vested for 5 years to get the PERA benefit. However, sometimes the council opts to increase the benefit prior to the 31st of the year, so that rate is locked in right away.

Walker questioned if someone had been on the fire department for 25 years, and retired next year, would they get the higher benefit. Coleman responded that they would get the benefit that was set by the City Council, not the higher PERA amount until they had been vested for 5 years.

Edmonds asked Lawrence if he is aware of any firefighters that are retiring soon. Lawrence responded that there are 2 waiting to see what happens with this decision, and another 2 or 3 that will likely retire in 2 or 3 years. This is also a good retention tool, as many will want to try to get those 5 years.

Lawrence added that the other benefit is that they have a hard time getting people to join the relief association, so this may be a good recruiting tool as well.

Karnowski advised the Council that the Relief Association has 2 funds. One is for retirement, and the other is a general fund which they use to fund some of their events. They even bought a firetruck for the city a few years ago with those funds.

Edmonds commented that it usually makes sense to go into a bigger pool, as the benefits are usually better.

Zimmer asked how PERA handled things when the hard times hit a few years ago. Coleman replied that they are still recovering from that. Their plan has 26 million in assets and they are seeing a return of investment at about 15.5%. The majority of Fire Departments are very happy with how they handle the accounts. He is not convinced they will have a banner year of enrollments, but they had about 30 join last year.

Walker asked Lawrence and Cook how close the vote was. Lawrence and Cook responded they only heard 2 or 3 against changing to PERA.

Lawrence said the Relief Association also voted to slightly increase their benefit amount. Coleman provided the numbers. The current benefit is $3075 per year. At $3100 per year, the funding ration would be at 111%, at $3400 – 101%, $3200 – 108%, and $3300 – 109%. Lawrence stated that he recently spoke to the State Auditor and the Relief Association should be receiving a check for about $70,000 that is not figured into those calculations.
Karnowski asked what the Relief Association wanted to maintain, and asked Coleman what the average was. Coleman responded that they have one Department at 200% and they have not made any changes to the benefit for several years. Most departments like to be at about 120%.

Walker asked staff how long it took to recover when we saw the shortfall. Jackson responded that it took about 3-4 years. At that time, the city was not as highly funded as we are now, and the fire department did assist the city by reducing their hourly rate to help out. With PERA, the city would have 10 years to recover, which would be very helpful if it were to happen again.

Zimmer questioned how much the yearly audit costs the Association. Lawrence and Cook responded that it costs about $8,000 per year.

Walker asked how much the City contributes yearly. Jackson replied that it is about $19,000.

Lawrence advised that the Relief Association had voted to increase the benefit level to $3200 per year, prior to going into PERA.

Walker responded that he would be comfortable with the $3200 at this point.

Coleman added that the IRS code really protects Fire Retirement funds well.

Zimmer questioned what some of the objections were. Lawrence replied that it was the fact that you cannot leave once you were in, and the other was that the benefit amount could not be raised right away. Everyone he has talked to from other Fire Departments have been very happy with the program.

Coleman stated that they have a deadline of November 9th, which allows them to do the necessary paperwork and get everyone transferred over by January 1st.

EDMONDS MOTIONED TO MOVE THE FIRE RELIEF INVESTMENTS TO PERA AS REQUESTED BY THE FIRE RELIEF ASSOCIATION. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

WALER MOTIONED TO INCREASE THE YEARLY BENEFIT FROM $3,075 TO $3,200 AS REQUESTED BY THE FIRE RELIEF ASSOCIATION. ZIMMER SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

**Pine Technical College**

Foss advised that she spoke to someone from Pine Tech and they are looking to provide scholarships to high school students in the various cities.

They are asking the individual cities to donate $1,000 to their $2,500 so they can award a $3,500 grant to one student in each city.
Foss said they have a board that determines which student receives the grant. They review the applications and take recommendations from teachers as well.

WALKER MOTIONED TO APPROVE $1,000 FROM THE WINE AND SPIRITS GRANT FUND TO GO TOWARDS THE GRANT FROM PINE TECHNICAL COLLEGE. REYNOLDS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY

ZIMMER MOVED TO ADJOURN THE STUDY SESSION AT 5:18PM. WALKER SECONDED THE MOTION. MEETING ADJOURNED

Respectfully Submitted,

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Shawna Jenkins
City Clerk

ATTEST:

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Paul Whitcomb, Mayor