MINUTES OF EMPLOYEES' PENSION PLAN SPECIAL BOARD MEETING HELD ON FRIDAY, APRIL 25, 2008, AT 9:00 A.M. IN CITY COMMISSION CHAMBERS, BOYNTON BEACH, FLORIDA

Present:

Jerry Taylor, Chair
Kurt Bressner
Lisa Jensen
Sue Kruse
Michael Low
Cathy McDeavitt

Julie Klahr, Board Attorney
Barbara LaDue, Pension Administrator

Absent:

Rob Eichorst

I. Call to Order

Chair Taylor called the meeting to order at 9:00 a.m.

II. Agenda Approval

Motion

Ms. Jensen move approval. Mr. Low seconded the motion that passed unanimously.

III. Approval of Minutes – N/A

IV. Investment Consulting Services:

1) Investment consultant interview questions – E-Mail of 2-14-08 by Julie Klahr.

Seventeen questions had been provided by Attorney Klahr in the packet, a number of which had been answered in the background information. Rather than asking all 17 questions, the board agreed to the following questions for each of the presenters:

Attorney Klahr arrived at 9:06 a.m.

Question #2: For a pension plan with approximately $89,000,000, how would you recommend structuring the portfolio? How many money managers would you suggest? What about mutual funds?

Question #3: Please describe your experience and background working with public sector defined benefit retirement systems.

Question #4: Has your firm been terminated by any pension clients within the past year? If so, please describe the circumstances. Has your firm been hired by any new pension clients within the past year?

Question #7: Please describe your firm's use of technology and related resources and capabilities. Describe your disaster recovery plan.

Question #10: Please describe your firm's involvement with the FPPTA (Florida Public Pension Trustees Association), National Conference on Public Employee Retirement Systems (NCPERS), National Association of State Retirement Administrators (NASRA) or other pension-related associations/organizations.

Question #12: Please describe your fee structure. Do you receive "soft dollar" commission recapture, Section 12(b)(1), or other business origination or marketing fees from any firm? Do you accept such fees from any asset manager recommended for hiring or retention?

Question #13: Would you recommend any additional asset classes for a plan of our size?

The providers would be permitted 15 minutes for their presentations, and a question and answer period would follow.

2) Presentations:

A) 9:00 A.M. – CapTrust Advisors, LLC
John J. Griffith, CPC, AIF, Plan Consultant

Matt Brown, Senior Vice President, CapTrust Advisors, LLC, advised he was accompanied by John Griffith, lead consultant. If selected, Mr. Brown would assist Mr. Griffith by attending meetings from time to time. Mr. Brown noted there were three partners in the firm, and one of the principals would be attending the meetings at least once a year. CapTrust was established in 1998 and in November 2007, acquired the Schott Group, a member of the FPPTA. With $10B in assets under advisement, CapTrust was one of the largest consulting firms in Florida, having entered the public pension arena two years ago. The City of Hialeah had been a client for 13-years, and Mr. Brown believed the longevity was based on CapTrust's investment process, client servicing and integrity.

John Griffith, Retirement Plan Consultant, advised CapTrust was established in Tampa, its current headquarters, and had offices in Miami and Bonita Springs. Their clients included Archdioceses of the Catholic Church, major hospitals, health organizations, and for-profit corporations. Both Messrs. Griffith and Brown enjoyed enduring, successful careers and intended to remain with CapTrust for another 10 or 15 years assisting boards with pension governance.

Mr. Griffith noted CapTrust was a research-based firm, employing four financial analysts who guided the firm's research efforts. Decisions were made by a group of 15 professional consultants as to selection and discharge of managers. CapTrust had an investment committee made up of 8 consultants who met regularly to discuss the performance of managers. The consultants and research staff were located in the Tampa office, and worked together in a collegial manner. They had no conflicts of interest and were employee-owned. The owners were located in the Tampa and Miami locations, and guided the decision-making process.

Question #2: Mr. Griffith commented favorably on the current design of the Plan's portfolio. CapTrust's process was similar to that of most consulting firms. They would recommend a selection of managers for all of the major asset classes. However, unless they were directed to do so, they would not immediately advocate any significant changes.

It was agreed Question #3 was covered in the presentation.

Question #4: Mr. Griffith noted he was aware of only three terminations, as firms ceased to exist as a result of mergers and acquisitions. He was not aware of any situations wherein CapTrust was released for cause. Other than as set forth, neither the Schott Group nor CapTrust had lost any pension clients. Nearly 60% of CapTrust's assets under advisement were pension plans. Mr. Brown noted new clients during the past year included the Archdiocese of New York, whereby CapTrust received $1B in assets to handle their pension plan and another $1B in pensions relating to the Michigan Catholic Conference.

Question #7: Mr. Griffith replied CapTrust maintained a proprietary database, but accessed publicly-available data bases for most of their research. The data bases were protected by their owners. CapTrust's data was stored on servers in the Tampa locations, and was backed up regularly. As they did not hold assets and were not handling brokerage situations, the intensity of their disaster recovery might not compare to that of financial services companies, but was more than adequate for a consulting organization. He was unaware of whether the company maintained offsite storage.

Question #10: Mr. Griffith replied CapTrust was a member of the FPPTA and he had attended several meetings over the last five years. Mr. Brown was a CPPT, and Mr. Griffith was in the process of becoming a CPPT. As a result of the nature of their business and the manner in which it had developed, they had recently become more active in the public plan market.

Question #12: Mr. Griffith advised CapTrust did not receive soft dollar commission recapture, other business origination marketing fees or fees from any asset manager recommended for hiring or retention. In their consulting relationships, CapTrust worked strictly on a fee basis which was paid either by the organization or the plan assets. They were not paid by money managers, nor had they worked with recapture programs. The fee to the Plan would be $65,000 per year. Mr. Brown noted CapTrust had assisted many of their clients in obtaining a commission recapture program but did not receive any compensation.

Question #13: Mr. Brown noted at the onset of a relationship, CapTrust was desirous of understanding the risk tolerance of the trustees prior to recommending additional asset classes. CapTrust consultants were traditionalists, although they did have clients participating in alternative spaces.

B) 9:30 A.M. Segal Advisors
Larry H. Marino, CFA, Sr. Vice President

Larry H. Marino noted that Segal Advisors was an employee-owned firm founded in 1969. Segal Advisers was an investment consulting corporation wholly owned by the Segal Group, an employee benefits consulting firm. They maintained six offices across the United States and Canada and served the Taft-Hartley market. They accepted fiduciary responsibility for their work, were registered with the Securities and Exchange Commission (SEC) and had no conflicts of interest. They have 230 clients with $81B in assets and worked with a number of Florida Public Pension Funds. Mr. Marino currently worked with the cities of Tallahassee and Cape Coral. Consultant Rose Guillette worked with the City of Ocala, and an associate worked with the City of Hollywood, Florida. It was their intent to grow their businesses in Florida. They plow back, or reinvest earnings back into their company. Their research group was relatively new and researched investment products and managers. They had been doing a good deal of work in infrastructure, hedge funds, and private equity funds. The team that would be working with the board consisted of Mr. Marino and Rose Guillette, a CFA candidate who would serve as Mr. Marino's backup. Mr. Marino would attend most of the meetings. The other team members included Associate Carol Tam and Staff Assistant Eileen Rowe.

Mr. Marino commented on the plan's portfolio. If retained, they would produce an appropriate asset allocation, given the actuarial expected rate of return of 8%. They did not believe the 8% was easily attained. Mr. Marino provided a sample asset allocation for large cap, mid cap, international, emerging markets, core fixed income, non U.S. fixed income, real estate and hedge funds. The sample utilized the plan's target portfolio. Based upon expected returns, the plan's portfolio would have a long-term rate of return of approximately 7.89% and a standard deviation of 11.19%. The plan's current portfolio had a higher expected rate of return and a deviation of 11.17%.

Rose Guillette advised she had reviewed the Plan's portfolio and highlighted some of the managers, including AllianceBernstein L.P., Calamos Advisors LLC and Davis Hamilton Jackson & Association, L.P. Segal Advisers used the *eVestment Alliance* (eA) as their manager search engine. Their research indicated the Plan had two balanced funds, two mid cap managers, three international managers and real estate. Segal Advisors sought managers who outperformed their benchmark and peer universe. The reports on AllianceBernstein, Calamos and Davis Hamilton provided background narratives and excess returns over time. AllianceBernstein did not outperform their benchmark. Davis Hamilton provided 55 basis points of excess returns with lower risk than the benchmark. Calamos provided excess returns over a three-year period but with significantly greater risk.

For the Plan's asset allocation, Mr. Marino suggested replacing AllianceBernstein with another value manager, exposure to the mid cap and small cap areas, and international equity utilizing Julius Baer. He recommended a mix of 25% large cap, 5% mid cap and 5% small cap, international equity at 20% and emerging markets at 5%.

In closing, Mr. Marino noted Segal's experience in working with public funds in Florida and throughout the country. They had enjoyed a 39-year tradition of excellence and accepted fiduciary responsibility for the work they performed. They understood public funds, were pro-active, and had no conflicts of interest. The cost for their services would be $55,000 per year, guaranteed for three years.

Question #2: This was covered in the presentation.

Question #3: Mr. Marino was employed by a municipality for 19 years and worked on pension funds for all 19 years. Thereafter, he worked as a consultant with public pension funds in Massachusetts and Florida. Ms. Guillette also worked with public funds in Massachusetts and Florida. Ms. Guillette had been in the employ of Segal Advisors for seven years working with public funds and providing consulting services. She was currently the lead consultant for the City of Ocala's portfolio.

Question #4: Mr. Marino was hired by the City of Gainesville for six months. The City did not fire Segal Advisors, but wished to return to their original consultant. Segal had been hired by new clients during the past month. He noted issues with the State of Massachusetts resulting from legislation adopted which required that public funds join the State's system. Many of the funds with which Segal was affiliated, while meeting their actuarial liabilities, were required to join the State's system.

Question #7: Mr. Marino advised the firm's use of technology was up to date, state-of the-art as to their manager search engines. They employed a research team of five individuals whose sole function was to conduct new manager and product development research. The team met with managers daily and information would be fed into the system, resulting in a consistency of process. As a New York-based firm, Mr. Marino noted a complete disaster recovery plan had been established.

Question #10: Mr. Marino noted Segal was a member of the Florida and Massachusetts Public Pension Association and at times attended the NCPER conference. For the last three years, Mr. Marino had been an instructor at the annual Intermediate Course provided by the FPPTA.

Question #12: The fee structure was provided in the presentation. Mr. Marino advised Segal did not receive soft dollar commission recapture, other business origination marketing fees or fees from any asset manager recommended for hiring or retention.

Question #13: Mr. Marino noted they would probably initially recommend some of the low volatility, loss risk hedge funds and at some point some, the 130-30 strategies. They would likely consider infrastructure funds, global bonds and high-yield bonds.

It was noted Segal made no reference to a local office.

C) 10:00 A.M. – Dahab Associates, Inc.
Richard Dahab, CFA, President, Principal

Greg McNeillie, Managing Partner, advised he was accompanied by David Lee. Dahab Associates was founded in 1986 by Richard Dahab. The firm was headquartered in Long Island, New York, having satellite offices in Hollywood, Florida and Franklin, Massachusetts. The firm was 100% employee owned with six owners, including Messrs. McNeillie and Lee. The firm was completely independent and not affiliated with any actuary, money management firm or investment advisor. They were providers of investment consulting services only and understood the needs of Florida Public Retirement Systems. Mr. McNeillie began consulting to plans in Florida in 1990 and was hired by the City of Hialeah at that time. Dahab currently had more than 60 clients with assets exceeding $10B.

Mr. McNeillie suggested integrity, intelligence and maturity be considered prior to hiring an investment consultant. Dahab had no conflicts of interest, no broker/dealer affiliation, investment banking operations, actuarial ties, money management or product, and all of their revenues came from their consulting clients. Dahab had never been sued or sanctioned and has maintained a high level of client satisfaction. Some of Dahab's clients included the Towns of Shrewsbury, Massachusetts, North Attleboro, Massachusetts, Cities of Pembroke Pines, Florida Police and Firefighters, Sanford, Florida Police Pension Fund and Town of Stratford Employees' Retirement Systems. All of their clients could be contacted for references.

David Lee, Principal, noted the firm employed four Senior Consultants supported by additional staff. If retained, both Messrs. McNeillie and Lee would serve as the consultants to the Plan. Mr. Lee had been with Dahab Associates for seven years, having earned his CFA. He served as both Director of Management Research and Consultant. His research team had interacted with more than 400 managers per year across all asset classes and alternatives. The bulk of portfolio returns were generated by asset allocation studies, in which Dahab excelled. Their software for performance reporting and asset allocation studies was created internally and had been used for more than 20 years. Dahab, as fiduciaries to the Plan, would provide information that was actionable in order for the proper decision to be made on behalf of the beneficiaries. All managers and custodial statements were verified. Three of the four Consultants on staff had earned their CFAs, while two had earned MBAs. Each of Dahab's consultants served 15-20 clients.

Dahab had posted their Manager Searches on their website for the last ten years and had approximately 250 unique management relationships in their client base. They conducted manager searches for all asset classes based on performance, style, market capitalization and geographic region.

In closing, Mr. McNeillie noted the firm had been in business for 22 years, and the four consultants had more than 60 years of combined experience in consulting to Public Pension Funds. Their full service fee was set forth on page 15 of their presentation, a copy of which is on file in the City Clerk's office. The fees were negotiable. They would offer a fixed fee of $45,000 for the first two years. Dahab had no conflicts of interest, had knowledgeable consultants, impressive references and provided superior advice to their clients. A representative client list had been provided in the presentation, including general employee, police and fire funds.

Question #2: Mr. Lee believed 8 to 10 money managers would be reasonable. He believed the portfolio had performed well based upon the blend of asset classes. He would recommend formalizing the asset allocation in order to better understand the Plan.

Question #3: This was addressed in the presentation. Mr. McNeillie indicated his clients were public funds and defined benefit clients, as reflected on the client list.

Question #4: Mr. Lee explained a recent Taft-Hartley client had terminated the firm as a result of a board change. The firm did engage one new Florida relationship, Greater Orlando Aviation, as well as Chatham County, Georgia.

The question was raised as to whether the City of Hialeah General Employees had been a client. Mr. McNeillie advised the City had been one of his clients when he was not in the employ of Dahab Associates. He noted he currently had the share plans for the Hialeah Police, Fire and General Employees' Funds.

Question #7: Mr. Lee noted the firm was located in a 200 year-old house in which 16 employees were located. Dahab was technologically advanced and posted their searches on their website. They had backup services on their site as well as offsite, and in their Massachusetts office. Emails were not deleted. In terms of hard copies, all documentation was maintained for seven years in a three-car garage and two storage areas.

Question #10: Mr. McNeillie had been involved with the FPPTA since 1990, was previously the Chairman of the Associate Advisory Board and the Editor of the FPPTA Newsletter. Last year, he resigned his position on the Advisory Board as a result of growing client responsibilities; however, he was still very active in the FPPTA. Mr. Lee assumed Mr. McNeillie's position on the Advisory Board. They hade attended NCPERS conferences periodically, and were noted on the speakers' lists.

Question #12: The fee structure had been described in the presentation. Mr. McNeillie asserted Dahab did not receive soft dollar commission recapture, other business origination marketing fees or fees from any asset manager recommended for hiring or retention. Mr. Lee explained Dahab formulated its clients' portfolios by separate account, comingled fund structure and institutional mutual funds. The only fees charged by Dahab were consulting fees.

Question #13: Mr. McNeillie noted a significant amount of the returns on Boynton's funds were based on asset allocation. He believed the Plan should have exposure to the markets and should be well diversified with large cap growth, large cap value, mid cap and small cap exposure, international and emerging market exposure. He recommended considering some of the non-typical asset classes, such as timber and real estate. Dahab was not an advocate of hedge funds. While they would be fiduciaries to the Plan, their function was to provide information and assist in fiduciary decisions.

D) 10:30 A.M. – Southeastern Advisory Services, Inc.
John Small, CFA, Managing Principal

Jeff Swanson, Senior Consultant, noted he had served the Boynton Employees' Pension Plan from 1998 to 2006 as its Investment Consultant and was very familiar with the Plan's investment program, managers and investment policy. He would be the individual handling the Plan and evaluating the portfolios. Southeastern was founded in 1986 and is a member of the Wilshire Cooperative. Southeastern is an independent firm providing investment consulting services only, with approximately $4B in client assets. Mr. Swanson has been a public fund specialist for 17 years and is located in Plantation, Florida. He has been with the FPPTA since 1994, serving on the Education Committee since the FPPTA's inception. John Small, who has handled the City of Wilton Manors General Employees' Fund for 20 years, would serve as backup. In addition to numerous qualified consultants, Southeastern maintains an actuary on staff, Wally

Wilson, who is located in Miami. Southeastern's consultants advise only 10 clients each. Mr. Swanson provided a list of some of their clients which included the City of Miami General Employees, Pompano Beach General Employees and Georgia Peace Officers State Plan.

Mr. Swanson noted Boynton's Plan was unique, as most of the Plans in Florida were less than $10M in size. The larger Plans tended to hire Southeastern for their exceptional resources. Southeastern's team was comprised of career consultants with an average of 25 years' experience. In 2006, Mr. Swanson had recommended the addition of real estate to the Plan's portfolio. He believed alternatives should be considered for the future, and any consultant hired should have experience in these areas. Southeastern focused on client services and provided high level reporting and research. The firm's independent structure facilitated contract negotiations with clients.

Southeastern differed from other firms in its expertise in alternatives and real asset classes, its verifiable process for adding value to client portfolios, and its focus on absolute return generation. The firm placed emphasis on actuarial assumption when preparing its portfolio model. This would ensure consistent returns of 8% or more each year, while preserving capital. It would also set the bar higher as to relative return expectations. Mr. Swanson would guarantee a high level of personalized service to the Plan. He was only accepting three new clients going forward and hoped Boynton Beach would be one of the clients. He promised an efficient investment program, with wholesale prices at every level of the investment program. Their fee structure consisted of 4 basis points of assets for the first year of service. The fee would be based on an $80M account, $34,000. The first year of services would be guaranteed. After the first year, the fee would be 5 basis points. There were no other fees associated with Southeastern's services other than for monthly reporting, if requested.

Question #2: Mr. Swanson noted Southeastern's process for developing value added and superior results, as reflected in the firm's brochure, a copy of which is on file in the City Clerk's office. The portfolio in place, which was recommended by Mr. Swanson, had performed well. The Plan had earned nearly 10% in returns over a five-year period. International had earned twice as much as domestic. In 2006, Mr. Swanson recommended real estate, which had earned four times as much as bonds. Looking forward, the same relationships were true. Southeastern believed further diversification was necessary to continue to perform in the future. Most consultants focused on stocks, bonds, real estate and small caps. Southeastern covered these as well as infrastructure.

Question #3: This was covered in the presentation.

Question #4: Southeastern had been terminated by one account, Cobb County, as the County experienced a change of guard and terminated all service providers.

Southeastern added 10 new clients in the last year including Turner Broadcasting Systems (TBS).

Question #7: Southeastern used Wilshire Cooperative's universal comparisons and reporting platform, which was also the crux of their disaster recovery program. The Plan's data was backed up and stored on Wilshire's servers, as well as on Southeastern's systems and was well protected.

Question #10: This was covered in their brochure. Mr. Swanson added, in addition to the FPPTA, he was now Chairman of the CEU Advanced. Southeastern was also part of the Southern Employee Benefits organization but was not currently participating in NCPERS.

Question #12: The fee structure had been described in the presentation. Mr. Swanson noted the firm had not received soft dollar, commission recapture, other business origination or market fees from any firm or fees from an asset manager recommended for hiring or retention, adding Southeastern's fees were on a hard dollar basis only.

Question #13: This was covered in the presentation. Mr. Swanson added the Plan's investment program was appropriate. He would recommend possibly increasing the current allocation to absolute return or real return strategies such as infrastructure and commodities.

In closing, Mr. Swanson commented on his track record. All of the 11 clients he currently served consistently performed above average. Letters of reference from the clients had also been provided in the brochure.

Attorney Klahr noted for disclosure purposes that Mr. Swanson communicated with her via email indicating his company had not had any contract issues. He listed the names of the various clients disclosed to the board. Attorney Klahr's only response was that she hoped to see Mr. Swanson at Friday's meeting.

Discussion ensued with regard to the selection of the consultants. Mr. Bressner selected Segal as the top candidate, followed by Southeastern.

Carol Doppler, Purchasing Agent, believed Segal and Southeastern could perform equally well; however, for the cost, she believed Southeastern would be the better decision.

Chair Taylor preferred Southeastern, based on their fee structure and information provided, and selected CapTrust as a second option. Ms. McDeavitt's candidates were Segal and Southeastern; however, she would select Southeastern based on its fee structure. Ms. Jensen concurred. Mr. Low selected Segal and Southeastern. He noted

Segal would provide a completely different look, whereas Southeastern originally designed the portfolio.

Motion

Ms. McDeavitt moved that the board select Southeastern Advisory as its Investment Consulting firm. Ms. Kruse seconded the motion that passed unanimously.

V. Correspondence – N/A

VI. Old Business – N/A

VII. New Business

A. Invoices for review and approval:

1) **Gabriel, Roeder, Smith & Co. – Services through 3-31-08, $16,579**

Motion

Mr. Bressner moved to pay the invoices. Ms. Jensen seconded the motion that passed unanimously.

VIII. Future Agenda Items

Ms. McDeavitt requested adding the Pension Administrator's six-month annual review to the next agenda. The board concurred.

With regard to LaDue, Inc., Attorney Klahr advised of inquiries pertaining to Ms. LaDue's liability insurance. Attorney Klahr noted she had communicated with LaDue, Inc., as the insurance policy lapsed on April 10, 2008. As of this date, Attorney Klahr was unaware of any replacement policy or certificate of insurance filed with the City or the plan, which was a breach of the Pension Administrator's contract.

Ms. LaDue noted she had been added as a rider on the board's liability insurance policy for the past five years. The cost of the premium for the new policy was $2,500, as compared to the $400 she had paid in the past. This impacted negatively on her compensation. While she understood the coverage was necessary, she inquired whether the board could increase her compensation to cover the premium. If the board did not increase her compensation, she would not be able to provide the insurance. She was required to maintain the liability coverage; however, her contract did not specify that she was responsible for the cost.

Board discussion ensued. Highlights included:

- As the insurance policy had already lapsed, the board had been presented with difficulties pertaining to exposure.

- In the event Ms. LaDue did not provide the coverage, she would be in violation of her contract, and the board would have to deal with that issue.

Ms. LaDue noted Police and Fire had already paid for their coverage, and Ms. LaDue was a rider on their policies, at no increase to their premiums. Ms. LaDue noted she had always paid her fair share.

Attorney Klahr believed the most recent contract, after negotiations by all three plans, was to separate out the liability policy for LaDue, Inc. and for LaDue, Inc. to maintain a separate policy. The contract was signed by all three pension plans as well as LaDue, Inc. in 2003. Thereafter, the contract had been amended and signed by all parties. Ms. LaDue wished to view the amendment.

Chuck Magazine, Risk Manager, noted, in the past, all three boards were covered by one insurance policy which included the Pension Administrator. Thereafter, it was determined separate policies would be obtained for each board, and a separate policy would be obtained for the Pension Administrator covering her for all three boards. This decision was made at the board's June 2007 meeting, as several incidents involving claims were filed, and the board was unable to seek redress for claims processed for the Pension Administration. Ms. LaDue was an independent contractor and a private corporation, and Mr. Magazine was unaware of any situation in which the City covered any company or individual doing work for the City who was not an employee. He contended the policy to which Ms. LaDue referred would have covered her for all three pension plans, and if she were to receive additional compensation, the cost to each plan would have been one-third.

Ms. McDeavitt noted she had an unsigned copy of the addendum and would obtain a signed copy from the City Clerk's office. The addendum required the preparation of a Request for Proposals (RFP) to split out the policies and to notify the other two pension boards of this action. It was reiterated the Police and Fire Pension Boards did not wish to participate in that action.

Ms. LaDue noted Police and Fire purchased separate policies, as the Police elected to have $2M in coverage while Fire sought $1M. Each plan has paid the premium for the new policy, with Ms. LaDue as a rider. It was noted if a claim was made pertaining to an action taken by the Pension Administrator on behalf of Police and Fire, there would be no division of responsibility or protection. Mr. Magazine asserted the board had sufficient coverage, and the only exposure at this time was to LaDue, Inc.

The question was raised as to whether the board would be at risk until sufficient insurance was in place. Attorney Klahr noted LaDue, Inc. was required to indemnify the plan for losses. If LaDue, Inc. did not have insurance, it would place the board at risk for having to bear the entire burden. If the risk was the result of a decision of the board rather than that of LaDue, Inc., that would be covered by the policy and the board would not look to LaDue, Inc. for coverage. However, with respect to the liability of LaDue Inc., indemnification was a protection under the contract, unless LaDue, Inc. did not have sufficient assets to cover the liability.

It was determined verification was needed as to whether a signed addendum existed setting forth LaDue, Inc.'s responsibility to pay the premium. Attorney Klahr pointed out, regardless of whether an amendment was made, the contract entered into in 2003 required that LaDue, Inc. maintain liability insurance. She reiterated the board was at risk, and she had put LaDue, Inc. on notice as to the policy change. The contract in place required liability insurance, which has lapsed. She requested direction from the board.

Discussion ensued and it was suggested the board immediately suspend the services of LaDue, Inc., until such time as a decision was made regarding the insurance and payment, with the understanding that the City's Finance Department would assume temporary custody of the administration of the General Employees' Pension Fund.

Chair Taylor believed the board should adhere to the contract, and inquired whether the board wished to pay for the premium. Mr. Bressner suggested covering 50% of the premium, but withdrew his offer as Ms. LaDue was not in agreement.

Motion

Mr. Bressner reluctantly moved to suspend the services of LaDue, Inc. for the pension administration services for the General Employees' Pension Fund until such time as the insurance issue was resolved to the satisfaction of the board, and to instruct Ms. LaDue to immediately turn the administration of the General Employees' Pension Fund over to the City's Finance Director for interim management of the pension fund pending resolution of this matter by May 30, 2008. Mr. Low seconded the motion that passed unanimously.

Ms. LaDue was directed to turn the records over to the Finance Department temporarily until the matter was resolved. She agreed to do so.

IX. Public Comments

None

X. Adjournment

There being no further business to discuss, the meeting properly adjourned at 11:19 a.m.

Next regular meeting date – Friday, May 30, 2008 at 1:30 p.m. in Commission Chambers

Stephanie D. Kahn
Recording Secretary
050208