

**MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE
EMPLOYEES' RETIREMENT SYSTEM HELD IN THE CONFERENCE ROOM AT CITY
HALL ON WEDNESDAY, OCTOBER 25, 2000 AT 1:30 PM.**

I. ROLL CALL:

A. Employees' Retirement Board:

The Chairman called the meeting to order at 1:31 PM.

Trustees present were Mayor Thomas Ramiccio (Chairman), Vice Chairman John Charest, and Robert Lepa; Pat Testa and Finance Director Chuck Powers were absent. Also present were Board Attorney Robert A. Sugarman and Recording Secretary Valerie Hurley, City Clerk's Office.

II. ADDITIONS/DELETIONS/REORDERING:

A. Employees' Retirement Board:

Action: It was moved by Mr. Lepa, seconded by Mr. Charest, to accept the agenda as presented.

Vote: 3 – Aye; Messrs. Testa and Powers absent.

B. Pertained to Police Retirement Board:

C. Employees' and Police Retirement Boards:

None.

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

None.

B. Police Retirement Board:

None.

C. Employees' and Police Retirement Boards:

1. Review list of Investment Managers provided by Michael Callaway, Vice President, Merrill Lynch Consulting Services; prepare short list and schedule interviews.

Mr. Callaway provided packages for each member. The first thing was to redraft statement of investment policies for the Employees' and Police Retirement systems to facilitate the specialty manager's style which they agreed to move forward with; to have 60-40% allocation between stocks and bonds; the stocks will be divided between two large-cap managers, one growth style, one value style, also with international equities and the bonds would be managed by a separate bond manager, specializing in bonds. Attached to policy are various addenda which will be given to each manager, comparing Davis Hamilton, and identified the value manager and fixed income manager as yet to be selected by boards.

The Investment Policies should be adopted prior to hiring a new manager. Mr. Callaway asked the members to review the policies to include or exclude any points they wish.

Mr. Lepa asked Mr. Callaway to explain item on page 3 re equity securities, item #2 which is "no more than 5% of the cost of the equity portfolio may be invested" and Mr. Lepa asked if there would be a cap, should the security become 20% of the portfolio. and Mr. Callaway said there is not a cap, but said it was unlikely that it would occur.

CONSENSUS was to amend the Investment Policies to invest no more than 5% of the cost or 10% cap at market.

State Street and Northern Trust were the largest custodians, but the cost to provide custodial services was very high. Mr. Callaway suggested the City consider custodians who provide custodial services to other entities of our size for less cost, such as Bank of New York, Fiduciary Trust, and Salem Trust.

Action: It was moved by Mr. Charest, seconded by Mr. Lepa to interview Salem Trust to provide custodial services.

Vote: 3 – Aye; Messrs. Testa and Powers absent.

Mr. Callaway referred to a bound report titled, "Lake Worth General Employees' Pension Fund, Lake Worth Police Officers' Pension Fund, Investment Manager Information, dated October 25, 2000, and explained page by page, including Value Investment Managers, Fixed Income Managers, and International Managers.

Mr. Callaway presented a "short-list" of those firms to be considered as value Investment Managers. They are as follows: Armstrong Shaw; Boston Company Asset Management, LLC; Davis elected Advisors, L.P.; Lazard Asset Management; Lord, Abbott & Co.; Morgan Stanley Dean Witter Investment Mgt.; Rorer Asset Management, LLC; and Sanford C. Bernstein.

CONSENSUS was to interview the following value investment managers: Lord Abbot & Company, L.P., Lazard Asset Management, and Morgan Stanley Dean Witter Investment Mgt.

CONSENSUS was to interview PIMCO as the Fixed Income (bonds) Manager.

CONSENSUS was to select Invesco and Putnam as International Investment Managers.

** (Prior to the Mayor leaving at 2:27 p.m., the following items were taken, out of order and considered: New Business B-1 and the Consent Agenda.)

2. **From Michael Callaway, Vice President, Merrill Lynch Consulting Services, re Investment Policy addendum to comply with Senate Bill 372.**

This item was rescheduled to the November 29, 2000 meeting.

3. **Consider letter dated October 18, 2000, from Michael Callaway, Vice President, Merrill Lynch Consulting Services, re Sun Trust High Grade Bond Fund.**

Mr. Callaway reported that the Finova bonds held by STI had been downgraded prior to June 1, 2000, and after his office indicated those bonds should be sold, STI continued to hold the bonds, which again were further downgraded on August 17, 2000. The bonds ultimately were sold the end of September.

The Board Attorney requested that Mr. Callaway provide estimates of the amount lost had the bonds been sold immediately when downgraded, thirty days after being downgraded, sixty days after being downgraded, and when the bonds were sold.

4. **Consider proposed amendment to Pension Code concerning severance benefits and alternate designated beneficiary options.**

This item was postponed to the November 29, 2000 meeting.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

None.

B. Pertained to Police Retirement Board:

C. Employees' and Police Retirement Boards:

1. **Consider rescheduling November 22, 2000 and December 27, 2000 meetings because of holidays.**

CONSENSUS was to reschedule the November meeting to November 29 at 10:30 a.m. and the December meeting to December 20 at 10:30 a.m.

****V. CONSENT AGENDA:**

A. Employees' Retirement Board:

Action: It was moved by Mr. Charest, seconded by Mr. Lepa, to approve the Consent Agenda (A), in its entirety, as follows:

1. **Approve minutes of July 19, 2000 Regular Meeting, as submitted.**
2. **Authorize payment of invoice from Sugarman & Susskind, dated September 28, 2000, in amount of \$750.00 for retainer fee for month of October 2000.**

Vote: 3 – Aye; Messrs. Testa and Powers absent.

B. Pertained to Police Retirement Board.

C. Employees' and Police Retirement Boards:

Action: It was moved by Mr. Lepa, seconded by Mr. Charest, to approve Consent Agenda (C), in its entirety, as follows:

1. **Ratify refunds of pension contributions as reported by Finance Department, as follows:**

Checks Disbursed 9/14/00:

Christopher J. Roog, Pool & Beach, 2Y/3M/5D, \$3,244.79, separated from service 9/6/00.

Checks Disbursed 9/27/00:

Wesley Pabst, Streets Department, 1M, \$67.90, separated from service 9/7/00.

Checks Disbursed 9/26/00:

Chad Malmstrom, Pool & Beach, 3M, \$319.25, separated from service 8/3/00.

Rebecca Reyes, City Clerk's Office, 16D, \$22.99 Escheated, separated from service 6/10/99.

Checks Disbursed 10/5/00:

Daniel Emmett, Parks Department, 1M/20D, \$130.79, separated from service 9/8/00.

Charles Betts, Building, Planning & Zoning, 3M/24D, \$452.10, separated from service 9/29/00.


Vote: 3 – Aye; Messrs. Testa and Powers absent.

VI. ADJOURNMENT:

A. Employees' Retirement Board:

The meeting adjourned at 2:39 PM.

MINUTES APPROVED: 7/25/01



Mayor Rodney G. Romano, Chair
Employees' Retirement Board



Barbara A. Forsythe, CMC, City Clerk
Secretary, Employees' Retirement Board

Minutes transcribed by:
Barbara L. Eberly, City Clerk's Office

A tape recording of this meeting will be available in the Office of the City Clerk for two years after approval of these minutes.