

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT
CITY HALL ON TUESDAY,
DECEMBER 9, 2003,
AT 1:30 P.M.**

I. ROLL CALL: 1:30 PM

A. Employees' Retirement Board:

The Vice Chair called the meeting to order at 1:36 p.m.

Trustees present from the Employees' Retirement Board were Valerie Hurley (Vice Chair), Finance Director Anne Sims, Robert Lepa, and Theresa White. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, and Recording Secretary Evanna Stephenson, City Clerk's Office. Absent was Mayor Rodney Romano (Chairman).

B. Police Retirement Board:

The Chairman called the meeting to order at 1:36 p.m.

Trustees present from the Police Retirement Board were Lt. Kenneth White (Vice Chair), Finance Director Anne Sims, and Officer Mark Bouchard. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, and Recording Secretary Evanna Stephenson, City Clerk's Office. Absent were Mayor Rodney Romano (Chairman) and David Vespo.

II. ADDITIONS/DELETIONS/REORDERING:

A. Employees' Retirement Board:

None.

B. Police Retirement Board:

Add: New Business, item B-5, Letter dated December 8, 2003, from Bonni S. Jensen, Esquire, Hanson, Perry & Jensen, P.A., regarding transfer of service for permissive service

Action: Motion made by Lt. White and seconded by Ms. Sims, to accept the agenda as amended.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

C. Employees' and Police Retirement Boards:

None.

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

None.

B. Police Retirement Board:

1. Letter dated October 14, 2003, from Patricia Shoemaker, Division of Retirement, regarding the Early Retirement Program

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated October 14, 2003, from Patricia Shoemaker, Division of Retirement, regarding the Early Retirement Program

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

2. Update and discussion regarding minimum mandatory 185 requirements

CONSENSUS was to ask Actuary to update cost of remaining 185 minimum benefits and ask if it can be combined with the other in a one-time payment.

3. Letter dated November 19, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding buy-back calculations for Conforti, Evans, and Ponce

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated November 19, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding buy-back calculations for Conforti, Evans, and Ponce.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

C. Employees' and Police Retirement Boards:

1. Letter dated November 14, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding amendments to Summary Plan Descriptions

Action: Motion made by Ms. White and seconded by Mr. Lepa, to direct Board Secretary to contact Actuary to amend SPD's to include 3% retroactive ordinances and to coordinate distribution of SPD's to employees and new hires.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Lt. White and seconded by Officer Bouchard, to direct Board Secretary to contact Actuary to amend SPD's to include 3% retroactive ordinances and to coordinate distribution of SPD's to employees and new hires.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

2. Letter dated October 8, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding transfers of employees from one pension plan to another

Ken Harrison, Board Attorney, explained that Mr. Palmquist recommends not transferring money from one fund into another.

Action: Motion made by Mr. Lepa and Ms. White, to receive and file letter dated October 8, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding transfer of employees from one pension plan to another.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated October 8, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding transfer of employees from one pension plan to another.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

3. Consider ordinances regarding crediting of total city employment for pension purposes, pending information from Board Attorney and Finance Director

Ken Harrison, Board Attorney, discussed two (2) separate ordinances regarding crediting of total city employment for pension purposes.

Action: Motion made by Mr. Lepa and seconded by Ms. White, to approve an ordinance amending Chapter 16, Article II, Division 2, and Article IV, Division 1, Subdivision 2 of the Code of Ordinances amending Sections 16-27 and 16-138 to provide for the crediting of total city employment for pension purposes, which allows money in one pension fund to be transferred into another pension fund at the time the employee is transferred after an impact statement has been provided.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Officer Bouchard and seconded by Lt. White, to approve an ordinance amending Chapter 16, Article II, Division 2, and Article IV, Division 1, Subdivision 2 of the Code of Ordinances amending Sections 16-27 and 16-138 to provide for the crediting of total city employment for pension purposes, which allows money in one pension fund to be transferred into another pension fund at the time the employee is transferred after an impact statement has been provided.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

4. Email from Larry Cole, Merrill Lynch Consulting Services, regarding retirement of Herb Gullquist, Lazard Asset Management and questions regarding review of invoices

Larry Cole, Merrill Lynch, assured the Boards that there was nothing to be worried about, regarding the retirement of Herb Gullquist, because there was an orderly transition, and at this time, Merrill Lynch is not recommending any changes.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Discuss overpayment of pension benefits for Noel Burdick, widow of Merle W. Burdick

Anne Sims, Finance Director, said this was an overpayment of \$4,306.85 into a direct deposit bank account. She said the daughter was aware that this money was owed to the City, but was waiting for life insurance to payoff.

Action: Motion made by Ms. White and seconded by Mr. Lepa, to direct Board Attorney to contact the family and bank regarding repayment.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

2. Randall L. Bland, Power Plant, requests entrance into the Deferred Retirement Option Plan (DROP), effective January 4, 2004

Action: Motion made by Mr. Lepa and seconded by Ms. White, to grant the request of Randall L. Bland, Power Plant, for entrance into the Deferred Retirement Option Plan (DROP), effective January 4, 2004.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

3. Joseph M. Brockway, Power Plant, requests entrance into the Deferred Retirement Option Plan (DROP), effective January 4, 2004

Action: Motion made by Ms. White and seconded by Mr. Lepa, to grant the request of Joseph M. Brockway, Power Plant, for entrance into the Deferred Retirement Option Plan (DROP), effective January 4, 2004.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

B. Police Retirement Board:

- 1. Letter dated November 12, 2003, from Sgt. Enrique Ponce, requesting to purchase 4 years of prior Law Enforcement credit**

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated November 12, 2003, from Sgt. Enrique Ponce, requesting to purchase 4 years of prior Law Enforcement credit.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

- 2. Letter dated November 13, 2003, from Frank Conforti, requesting to purchase 2 years of prior Law Enforcement credit**

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated November 13, 2003, from Frank Conforti, requesting to purchase 2 years of prior Law Enforcement credit.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

- 3. Letter dated November 24, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding buy-back calculation for Charles Kane**

Action: Motion made by Lt. white and seconded by Officer Bouchard, to receive and file letter dated November 24, 2003, from Stephen Palmquist, Gabriel, Roeder, Smith & Company, regarding buy-back calculation for Charles Kane.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

- 4. Letter dated November 19, 2003, from Dishita Thaker, Key Bank, regarding class action litigation and check in amount of \$201.34**

Ken Harrison, Board Attorney, explained the check was a settlement in a class action case.

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated November 19, 2003, from Dishita Thaker, Key Bank, regarding class action litigation.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

5. Letter dated December 8, 2003, from Bonni S. Jensen, Esquire, Hanson, Perry & Jensen, P.A., regarding transfer of service for permissive service

Ken Harrison, Board Attorney, explained that some police officers want to use Division II funds to purchase service credit.

Action: Motion made by Lt. White and seconded by Officer Bouchard, to receive and file letter dated December 8, 2003, from Bonni S. Jensen, Esquire, Hanson, Perry & Jensen, P.A., regarding transfer of service for permissive service.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

C. Employees' and Police Retirement Boards:

1. Larry Cole, Merrill Lynch Consulting Services, to review fund valuation for quarter ending September 30, 2003

As of September 30, 2003, the Lake Worth General Employees' Pension Fund had a total market value of \$61,058,970 including accrued income. For the quarter ended September 30th, the total fund earned \$1,603,753 and paid out \$4,571,493 in net distributions for a total decrease in value of \$2,967,740 from the previous quarter end.

As of September 30th, 58.5% of the total fund was invested in equities including the international and small cap equity portfolios, 40.2% in bonds and 1.3% in cash and equivalents.

For the quarter, the total fund earned a 2.5% return, which was ranked in the top 27% of other public balanced funds. The target index was comprised of 50% S&P 500, 10% MSCI-EAFE and 40% Merrill Lynch Government/Corporate Index returned 2.0%.

The total fund outperformed the target index by a 0.5% margin this quarter despite less than 60% equity allocation in a strong equity market and declining bond market. The domestic equity portfolio return, which included small cap equity mutual funds, posted a return of 3.9%, which was ranked in the top 47% and beat the 2.7% return of the S&P 500.

The bond portfolio, now managed by Richmond Capital, experienced a strong quarter thanks to timing of the liquidation of PIMCO portfolio in July. The Richmond portfolio including cash returned 0.4% and exceeded the -0.5% return posted by the Merrill Lynch Government/Corporate bond index. The international equity portfolio's return of 5.1% underperformed the MSCI-EAFE index return of 8.2% for the quarter.

As of September 30, 2003, the Lake Worth Police Officers' Pension Fund had a total market value of \$18,986,480 including accrued income. For the quarter ended September 30th, the fund earned \$463,075 and paid \$1,469,295 in net distributions for a total decrease in value of \$1,006,220 from the previous quarter end.

As of September 30th, 58.6% of the total fund was invested in equities including the international and small cap equity portfolios, 38.2% in bonds and 3.2% in cash and equivalents. The current allocation to stocks was more aggressive than the median fund in the balanced fund, which had 51.1% of its assets invested in stocks.

For the quarter, the total fund earned a 2.3% return, which was ranked in the top 35% of the public balanced fund. The target index was comprised of 50% S&P 500, 10% MSCI-EAFE and 40% Merrill Lynch Government/Corporate Index returned 2.0%.

The total fund outperformed the target index by a 0.3% margin this quarter despite less than 60% equity allocation in a strong equity market and declining bond market. The domestic equity portfolio return, which included small cap equity mutual funds, posted a return of 3.8%, which was ranked in the top 48% and beat the 2.7% return of the S&P 500.

The bond portfolio, now managed by Richmond Capital, experienced a strong quarter thanks to timing of the liquidation of PIMCO portfolio in July. Richmond portfolio including cash returned 0.0% and exceeded the -0.5% return posted by the Merrill Lynch Government/Corporate bond index. The international equity portfolio's return of 5.1% underperformed the MSCI-EAFE index return of 8.2% for the quarter.

(5.) Letter dated October 31, 2003, from Michael Callaway, Merrill Lynch Consulting Services, regarding international equity assets managed by Putnam Investment Management

Ken Harrison, Board Attorney, discussed issues that have been in the paper regarding mutual funds.

Larry Cole discussed possible alternatives to International Equity funds if the Boards choose to terminate AIM & Putnam.

Action: Motion made by Mr. Lepa and seconded by Ms. White, to terminate AIM and Putnam Funds and invest 60% in Amer Funds EuroPacific A and 40% Oakmark International I.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Officer Bouchard and seconded by Lt. White, to terminate AIM and Putnam Funds and invest 60% in Amer Funds EuroPacific A and 40% Oakmark International I.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

2. Quarterly reports from Davis Hamilton Jackson & Associates for quarter ending September 30, 2003

Action: Motion made by Mr. Lepa and seconded by Ms. White, to receive and file quarterly reports from Davis Hamilton Jackson & Associates for quarter ending September 30, 2003.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Lt. White and seconded by Ms. Sims, to receive and file quarterly reports from Davis Hamilton Jackson & Associates for quarter ending September 30, 2003.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

3. Quarterly report from Richmond Capital Management for quarter ending September 30, 2003

Action: Motion made by Mr. Lepa and seconded by Ms. White, to receive and file quarterly reports from Richmond Capital Management for quarter ending September 30, 2003.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Lt. White and seconded by Ms. Sims, to receive and file quarterly reports from Richmond Capital Management for quarter ending September 30, 2003.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

4. Quarterly report from Lazard Asset Management for quarter ending September 30, 2003

Action: Motion made by Mr. Lepa and seconded by Ms. White, to receive and file quarterly reports from Lazard Asset Management for quarter ending September 30, 2003.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Lt. White and seconded by Ms. Sims, to receive and file quarterly reports from Lazard Asset Management for quarter ending September 30, 2003.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

5. Letter dated October 31, 2003, from Michael Callaway, Merrill Lynch Consulting Services, regarding international equity assets managed by Putnam Investment Management

Discussed earlier in meeting.

6. **Consider rescheduling/canceling January 27, 2004 meeting due to trustees attending school in Ponte Vedra Beach**

CONSENSUS was to leave the meeting as scheduled.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

1. **Authorize payment of invoice from Davis Hamilton Jackson & Associates, dated October 28, 2003, in amount of \$14,265.38 for management fees for period July 1, 2003 – September 30, 2003**
2. **Authorize payment of invoice from Lazard Asset Management, dated October 15, 2003, in amount of \$14,342.64 for management fees for period July 1, 2003 – September 30, 2003**
3. **Receive fee advice from Salem Trust, dated October 27, 2003, in amount of \$4,554.41 for custodian services for period July 1, 2003 – September 30, 2003**
4. **Authorize payment of invoice from Sugarman & Susskind, dated November 4, 2003, in amount of \$945 for retainer fees**
5. **Authorize payment of 2004 FPPTA membership dues in amount of \$400**
6. **Authorize payment of invoice from Gabriel, Roeder, Smith & Company, dated November 30, 2003, in amount of \$2,812**

Action: Motion made by Mr. Lepa and seconded by Ms. Sims, to approve Consent Agenda (A), in its entirety, as presented.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

B. Police Retirement Board:

1. **Authorize payment of invoice from Davis Hamilton Jackson & Associates, dated October 28, 2003, in amount of \$4,467.51 for management fees for period July 1, 2003 – September 30, 2003**

2. **Authorize payment of invoice from Lazard Asset Management, dated October 15, 2003, in amount of \$4,517.92 for management fees for period July 1, 2003 – September 30, 2003**
3. **Receive fee advice from Salem Trust, dated October 27, 2003, in amount of \$1,461.74 for custodian services for period July 1, 2003 – September 30, 2003**
4. **Authorize payment of invoice from Sugarman & Susskind, dated November 4, 2003, in amount of \$1,417.50 for retainer fees**
5. **Authorize payment of 2004 FPPTA membership dues in amount of \$400**
6. **Authorize payment of invoice from Gabriel, Roeder, Smith & Company, dated November 30, 2003, in amount of \$4,551**

Action: Motion made by Lt. White and seconded by Officer Bouchard, to approve Consent Agenda (B), in its entirety, as presented.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

C. Employees' and Police Retirement Boards:

1. **Approve minutes of October 28, 2003, joint meeting, as presented**
2. **Ratify refunds of pension contributions for October 2003 as reported by Finance Department**

Employees' Pension Fund:

Check Disbursed 10-22-03

Kathleen Miller, Building & Zoning, 13 Years/3 Months/15 Days, \$22,137.99/Old Pension \$1,413.17, separated from service October 10, 2003

Checks Disbursed 10-30-03

Randy Reed, Pool & Beach, 2 Years/2 Months/1 Day, \$3,564.18, separated from service September 17, 2003

Belinda Baron, Trolley, 9 Months/16 Days, \$567.13, separated from service October 10, 2003

Sharonda Wade, Refuse, 2 Months/28 Days, \$161.95, separated from service October 3, 2003

Checks Disbursed 11/13-03

Marisa Ann Turco, Police, 2 Months/15 Days, \$227.07, separated from service October 15, 2003

Sherry Settelen, Building & Zoning, 8 Months/24 Days, \$1,783.57 (Rollover), separated from service September 17, 2003

Checks Disbursed 11-26-03

Anthony Reynolds, Waste & Disposal, 25 Days, \$104.10, separated from service November 7, 2003

Joseph Chase, City Attorney, 2 Years/2 Months/20 Days, \$9,014.17, separated from service December 6, 2003

Police Pension Fund:

Checks Disbursed 10-30-03

Brian Qualters, Police, 8 Months/7 Days, \$1,196.89, separated from service September 5, 2003

Eulises Munoz, Police, 5 Years/6 Months/30 Days, \$10,520.41, separated from service October 15, 2003

Checks Disbursed 11-13-03

Fritz Bolivar, Police, 2 Years/2 Months/23 Days, \$5,033.47, separated from service November 7, 2003

Mark Wolfgang, Police, 2 Years/11 Months/21 Days, \$6,835.57, separated from service November 3, 2003

Action: Motion made by Mr. Lepa and seconded by Ms. White, to approve Consent Agenda (C), in its entirety, as presented.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Sims, Mr. Lepa, and Ms. White.
NAYS: None.

Action: Motion made by Lt. White and seconded by Officer Bouchard, to approve Consent Agenda (C), in its entirety, as presented.

Vote: Voice vote showed: AYES: Lt. White, Ms. Sims, and Officer Bouchard.
NAYS: None.

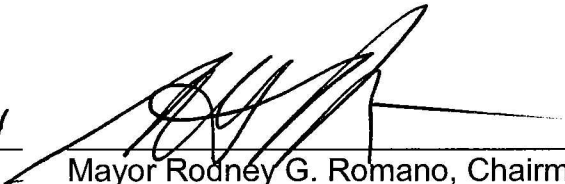
D. Board Attorney's Report:

None.

VI. ADJOURNMENT:

Meeting adjourned at 3:15 p.m.

MINUTES APPROVED: 1-27-04



Mayor Rodney G. Romano, Chairman
Employees' & Police Retirement Boards



Evanna Stephenson, Recording Secretary
Employees' & Police Retirement Boards

Minutes transcribed by: Evanna C. Stephenson, 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.