

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD WORKSHOP
MEETING HELD IN THE CONFERENCE ROOM
AT CITY HALL ON TUESDAY,
SEPTEMBER 21, 2004,
AT 1:30 P.M.**

I. ROLL CALL: 1:30 PM

A. Employees' Retirement Board:

The Vice Chair called the meeting to order at 1:32 p.m.

Trustees present from the Employees' Retirement Board were Valerie Hurley (Vice Chair), Robert Lepa, and Robert Kahant. Absent were Mayor Rodney Romano (Chair) and Finance Director Anne Costello. Also present was Recording Secretary Evanna Stephenson, City Clerk's Office.

B. Police Retirement Board:

The Vice Chair called the meeting to order at 1:32 p.m.

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

C. Actuary:

Present was Stephen Palmquist of Gabriel, Roeder, Smith & Company.

II. REVIEW ACTUARIAL VALUATION REPORT FOR YEAR ENDED SEPTEMBER 30, 2003, WITH STEPHEN PALMQUIST, ACTUARY; GABRIEL, ROEDER, SMITH & COMPANY

Mr. Palmquist explained the City's contribution for fiscal year 2004-2005 would be \$3,869,887 (for all three Systems), which was 20.54% of covered payroll; for fiscal year 2003-2004, the required City's contribution was \$2,741,454, which was 13.29% of covered payroll, indicating a \$1,128.433 increase in the required City's contribution for fiscal year 2004-2005 (increase of 7.25% of covered payroll).

Since the last valuation, the following changes have been made: an Early Retirement Incentive Program was adopted and affected all systems. The number of members electing retirement under this program was 25 for General, 6 for Police, and 1 for Fire. The multiplier for service before October 1, 1997 was raised to 3%

from 2.65% for Fire and from 2.75 for General and Police. For Police, an alternate normal retirement date of age 55 with 10 years of service was adopted along with a new early retirement provision.

Net actuarial gains (losses) by each system over the past year have been as follows: General Employees – loss of \$2,083,939; Police Officers – loss of \$564,021; and Firefighters – loss of \$812,927 for a total loss of \$3,460,887.

The assumed rate of investment return was 8.5%. Based on the actuarial value of assets, the net investment return for each fund ranged from 4.1% to 4.5%. The market value rate of return was between 11.5% and 15.3% for each fund.

Salary increases averaged 3.8%, 4.0%, and 7.2% for General Employees, Police Officers, and Firefighters. The assumed rate is 6.5%.

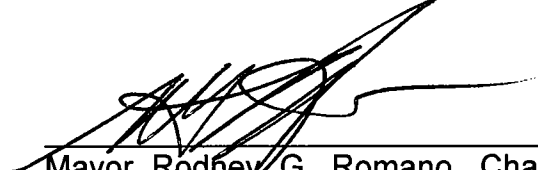
The General and Police plans provide that a COLA is payable on June 1st if there is an actuarial gain for the previous year. Because the plans experienced a loss during the last year, there is no COLA payable June 1, 2004.

The Firefighters System provides for a 13th check if there is a net actuarial gain for the previous year. Because the plan experienced a loss during the last year, no 13th check is payable.

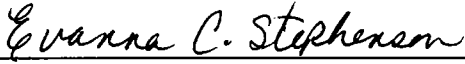
III. ADJOURNMENT:

Meeting adjourned at 2:34 p.m.

MINUTES APPROVED: 9-28-04



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.