

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT
CITY HALL ON TUESDAY,
SEPTEMBER 28, 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 1:35 p.m.

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

B. Police Retirement Board:

The Vice Chair called the meeting to order at 1:35 p.m.

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

II. ADDITIONS/DELETIONS/REORDERING:

A. Employees' Retirement Board:

Add: Questions regarding re depositing of pension contributions for former employees to be discussed at New Business A-2

Reorder New Business C-1 & C-2 to be discussed following this item

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant, to approve the agenda, as amended.

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

B. Police Retirement Board:

Reorder New Business C-1 & C-2 to be discussed following this item

Action: Motion made by Mr. Vespo and seconded by Officer Bouchard, to approve the agenda, as amended.

Vote: Voice vote showed: AYES: Lt. White, Officer Bouchard, and Mr. Vespo.
NAYS: None.

C. Employees' and Police Retirement Boards:

None.

(IV. NEW BUSINESS:)

(C. Employees' and Police Retirement Boards:)

(1.) Mike Callaway and Larry Cole, Merrill Lynch Consulting Services, to review summary report for quarter ending June 30, 2004

Mike Callaway, Merrill Lynch, discussed recapture funds and said it was the industries standard as long as there was disclosure. He said Merrill Lynch does not charge investment managers to be included in their database or engage in pay-to-play arrangements. All recommendations are based on objective research and are made with our client's best interest in mind.

As of June 30, 2004, the Lake Worth General Employees' Pension Fund had a total market value of \$66,433,030 including accrued income. For the quarter ending June 30th, the fund earned -\$319,084 and paid out \$4,906 in net distributions for a total decrease in value of \$323,990 from the previous quarter.

As of June 30, 2004, 61.6% of the fund was invested in equities including the international and small cap equity portfolios, 36.0% in bonds and 2.4% in cash and equivalents.

For the quarter, the fund earned a -0.5% return, which was ranked in the bottom 28% 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 which returned -0.03%.

As of June 30, 2004, the Lake Worth Police Officers' Pension Fund had a total market value of \$20,868,360 including accrued income. For the quarter ended June 30th, the fund earned -\$104,805 and paid out \$1,495 in net distributions for a decrease in value of \$106,300 from the previous quarter end.

As of June 30, 2004, 62.0% of the fund was invested in equities including the international and small cap equity portfolios, 35.6% in bonds and 2.4% in cash and equivalents.

For the quarter, the fund earned a -0.5% return, which was ranked in the bottom 27% of the public balanced fund sample. The target index was comprised of 50% S&P 500, 10% MSCI-EAFE and 40% Merrill Lynch Government/Corporate Index which returned -0.3%.

(2.) Janna Woods, Davis Hamilton Jackson & Associates, to review portfolio summary for quarter ending June 30, 2004

Jack Hamilton and Janna Woods, Davis Hamilton Jackson & Associates, were present and gave a brief portfolio overview.

As of June 30, 2004, the Lake Worth Employees' Pension Fund had a total value of \$12,463,760.19. Davis Hamilton's growth equity portfolio return of 1.1% (including cash) trailed the S&P 500 return of 1.7% and the S&P/BARRA Growth Index return of 2.7%. The largest sector allocation was in technology with 24.7% of the equity portfolio invested at the beginning of the quarter, but was scaled back to 19.9% by quarter end. Two of the worst performing stocks in the portfolio were Jabil Circuit and EMC Corporation (EMC was sold during the quarter).

As of June 30, 2004, the Lake Worth Police Officers' Pension Fund had a total value of \$3,993,922.60. Davis Hamilton's growth equity portfolio return of 0.9% (including cash) trailed the S&P 500 return of 1.7% and the S&P/BARRA Growth Index return of 2.7%. The largest sector was in technology with 23.6% of the equity portfolio invested at the beginning of the quarter, but was scaled back to 19.8% by quarter end. Two of the worst performing stocks in the portfolio were Jabil Circuit and EMC Corporation (EMC was sold during the quarter).

The Board Attorney explained that Mr. Sidell had contacted some of the trustees. He said Mr. Sidell had asked if he could speak at the meeting. After a brief discussion, the trustees agreed not to speak with Mr. Sidell unless he could provide factual information.

CONSENSUS was to request the Board Attorney to draft a letter to Mr. Sidell requesting factual information.

III. **UNFINISHED BUSINESS:**

A. **Employees' Retirement Board:**

1. **Email from Scott Baur, Pension Resource Center, regarding reimbursement of lodging fees for Jeff Joel, Firefighters' Pension Fund, Division II**

CONSENSUS was to discuss this at the next meeting.

B. **Police Retirement Board:**

1. **Disability of Robert Gross**

Lt. White gave a brief update regarding Robert Gross.

The Board Attorney asked if all criteria for disability had been met and suggested making some amendments to the disability packet.

Action: Motion made by Mr. Vespo and seconded by Officer Bouchard, to approve disability retirement for Robert Gross, pending proof of workmen's compensation claim and social security disability claim, to be effective October 1, 2004.

Vote: Voice vote showed: AYES: Lt. White, Officer Bouchard, and Mr. Vespo.
NAYS: None.

C. **Employees' and Police Retirement Boards:**

1. **Letter dated August 3, 2004, from Stephen Palmquist; Gabriel, Roeder, Smith & Company regarding increase of multiplier to 3.25%, 3.50%, 3.75%, or 4.00% for service after October 1, 2004**

Officer Bouchard said he had not received enough feedback at this time and preferred to discuss this at the next meeting.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant, to table and schedule it to be discussed at the next meeting.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Vespo, to table and schedule it to be discussed at the next meeting.

Vote: Voice vote showed: AYES: Lt. White, Officer Bouchard, and Mr. Vespo. NAYS: None.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Pablo Garcia, Public Works - Streets, requests entrance into the Deferred Retirement Option Plan (DROP), effective immediately

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant, to grant the request of Pablo Garcia, Public Works - Streets, for entrance into the Deferred Retirement Option Plan (DROP), effective immediately.

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

2. Questions regarding redepositing of pension contributions for former employees to be discussed

Mr. Kahant asked if terminated employees could redeposit pension contributions back into the fund and how long they would have to do this.

The Board Attorney explained that the employee could redeposit pension contributions, but it was the Board's decision to specify the time.

B. Police Retirement Board:

1. Discuss military buy-back

Lt. White discussed an officer who wanted to purchase military time. He wants purchase up to five (5) years, making monthly payments because he is not yet vested. At the time he becomes vested, he would like to use his 185 (Division II) money to complete the purchase.

The Board Attorney said it would be allowed according to the plan, but the trustees are the approving authority.

C. Employees' and Police Retirement Boards:

- 1. Mike Callaway and Larry Cole, Merrill Lynch Consulting Services, to review summary report for quarter ending June 30, 2004**

Discussed earlier in the meeting.

- 2. Janna Woods, Davis Hamilton Jackson & Associates, to review portfolio summary for quarter ending June 30, 2004**

Discussed earlier in the meeting.

- 3. Letter dated September 22, 2004, from Stephen Palmquist; Gabriel, Roeder, Smith & Company, regarding change in actuarial cost method**

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant, to table and schedule it to be discussed at the next meeting.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Vespo, to table and schedule it to be discussed at the next meeting.

Vote: Voice vote showed: AYES: Lt. White, Officer Bouchard, and Mr. Vespo. NAYS: None.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

- 1. Authorize payment of invoice from Sugarman & Susskind, dated September 9, 2004, in amount of \$992.25**

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant, to approve Consent (A), as presented.

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

B. Police Retirement Board:

- 1. Authorize payment of invoice from Sugarman & Susskind, dated September 9, 2004, in amount of \$1,488.38**

Action: Motion made by Officer Bouchard and seconded by Mr. Vespo, to approve Consent (B), as presented.

Vote: Voice vote showed: AYES: Lt. White, Officer Bouchard, and Mr. Vespo.
NAYS: None.

C. Employees' and Police Retirement Boards:

- 1. Approve minutes of August 24, 2004, joint meeting, as presented**
- 2. Approve minutes of September 21, 2004, joint meeting, as presented**

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

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

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

Vote: Voice vote showed: AYES: Lt. White, Officer Bouchard, and Mr. Vespo.
NAYS: None.

D. Board Attorney's Report:

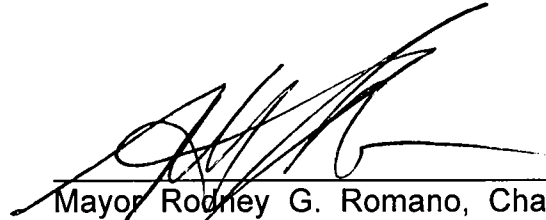
The Board Attorney briefly discussed the 185 minimum benefits and reminded the trustees that there was only one (1) more benefit that is unfunded. He said he would check to see if there enough money to fund the last benefit.

He briefly discussed changes in the internal revenue code.

VI. ADJOURNMENT:

Meeting adjourned at 4:13 p.m.

MINUTES APPROVED: 10-26-04



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

Evanna C. Stephenson

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.