

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD  
AND POLICE RETIREMENT BOARD MEETING  
HELD IN THE CONFERENCE ROOM AT  
CITY HALL ON TUESDAY,  
JULY 25, 2006,  
AT 3:00 P.M.**

**I. ROLL CALL: ..... 3:00 PM**

**A. Employees' Retirement Board:**

The Chair called the meeting to order at 3:05 p.m.

Trustees present from the Employees' Retirement Board were Valerie Hurley (Chair), Finance Director Anne Costello (Vice Chair) (arrived at 3:10 p.m.), Robert Lepa, Robert Kahant, and Mayor Marc J. Drautz. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, Sugarman & Susskind and Recording Secretary Evanna Stephenson, City Clerk's Office.

**B. Police Retirement Board:**

The Chair called the meeting to order at 3:05 p.m.

Trustees present from the Police Retirement Board were Lt. Kenneth White (Chair), Finance Director Anne Costello (arrived at 3:10 p.m.), Officer Mark Bouchard (Vice Chair), Gary "Bo" Allen, and Mayor Marc J. Drautz. Also present were Kenneth Harrison, Esquire, sitting in for Board Attorney Robert Sugarman, Sugarman & Susskind and Recording Secretary Evanna Stephenson, City Clerk's Office.

**II. ADDITIONS/DELETIONS/REORDERING:**

**A. Employees' Retirement Board:**

1. **ADD: New Business, Item A-6, Grady Frederick, Utilities Department, requests regular retirement, based on the Rule of 75 and Out, to be effective July 21, 2006**

**B. Police Retirement Board:**

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

1. **ADD: New Business, Item C-1, Discuss the Firefighters Pension Plan proposed multiplier change**

Action: Motion made by Mayor Drautz and seconded by Mr. Kahant to approve the agenda as set at this time.

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

Action: Motion made by Mr. Allen and seconded by Officer Bouchard to approve the agenda as set at this time.

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

Ms. Costello arrived at 3:10 p.m.

### **III. UNFINISHED BUSINESS:**

#### **A. Employees' Retirement Board:**

None.

#### **B. Police Retirement Board:**

- 1. Results of a Police member to serve on the Board for a two-year term to expire August 1, 2008 (Lt. Kenneth White's term expires 08-01-06)**

Action: Motion made by Mr. Allen and seconded by Mayor Drautz to approve the results of a Police member to serve on the Board for a two-year term to expire August 1, 2008 (Lt. Kenneth White's term expires 08-01-06) and to seat Lt. White as trustee.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

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

- 1. Al Kirchner, of Merrill Lynch, to review summary reports for quarter ending March 31, 2006, and review contracts sent to Merrill Lynch for execution**

Mr. Kirchner, of Merrill Lynch, explained the amendment to the contract and said Merrill Lynch accepts all fiduciary responsibility.

The Board Attorney advised that the terms of the amended contract were acceptable.

Action: Motion made by Mr. Lepa and seconded by Mayor Drautz to accept the terms of the amended contract with Merrill Lynch.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Allen to accept the terms of the amended contract with Merrill Lynch.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

Questions arose regarding rebalancing funds.

Action: Motion made by Mr. Lepa and seconded by Mayor Drautz to direct Merrill Lynch to rebalance the funds.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Allen to direct Merrill Lynch to rebalance the funds.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

As of March 31, 2006, the General Employees' fund had a total market value of \$66,144,660 including accrued income. For the quarter ended March 31st, the total fund earned \$2,296,389 and paid out \$1,015,249 in net distributions for a total increase in value of \$1,281,140 from the previous quarter.

As of March 31st, 64.5% of the fund was invested in equities including the international and mid cap equity portfolios, 34.1% in bonds and 1.4% in cash and equivalents. For the quarter, the fund earned a 3.6% return, which ranked in the top 41% 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 returned 2.7%.

Davis Hamilton returned a total of 2.7% for the quarter (including cash), which underperformed both the 4.2% return of the S&P 500 and the 3.1% return of the Russell 1000 Growth index. This performance ranked in the 72nd percentile of the large cap growth sample.

The Lazard Asset Management equity portfolio returned 4.8% (including cash) for the quarter, which ranked in the 58th percentile of the large cap value sample. This performance outpaced the 4.2% return of the S&P 500 but lagged the 5.9% return of the Russell 1000 Value index.

As of March 31, 2006 the Police Officers' fund had a total market value of \$21,449,840 including accrued income. For the quarter ended March 31st, the total fund earned \$714,728 and paid out \$223,778 in net distributions for a total increase in value of \$490,950 from the previous quarter end.

As of March 31st, 65.5% of the fund was invested in equities including the international and mid cap equity portfolios, 33.1% in bonds and 1.5% in cash equivalents. For the quarter, the fund earned a 3.4% return, which ranked in the 51st percentile of the public balanced fund sample.

Davis Hamilton returned a total of 1.8% for the quarter (including cash), which underperformed both the 4.2% return of the S&P and the 3.1% return of the Russell 1000 Growth index. This performance ranked in the 88th percentile of the large cap growth sample.

The Lazard Asset Management equity portfolio returned 4.8% (including cash) for the quarter, which ranked in the 59th percentile of the large cap value sample. This performance outpaced the 4.2% return of the S&P 500 but lagged the 5.9% return of the Russell 1000 Value index.

Questions arose regarding Lazard's performance.

Mr. Lepa suggested replacing Lazard.

The Board Attorney said Lazard was not in compliance with the objectives and that a search could be done to replace Lazard.

Action: Motion made by Mr. Lepa and seconded by Mayor Drautz to direct Merrill Lynch to initiate a search and to bring back suggestions to replace Lazard at the next meeting.

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

Action: Motion made by Officer Bouchard and seconded by Mayor Drautz to direct Merrill Lynch to initiate a search and to bring back suggestions to replace Lazard at the next meeting.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

## **2. Review contracts sent to Calamos for execution**

The Board Attorney explained that minor amendments to the contract with Calamos Advisors LLC were made, and the contracts are now presented for Board approval.

Action: Motion made by Mayor Drautz and seconded by Mr. Lepa to accept the contracts as amended and authorize the Board Secretary to execute the contracts with Calamos.

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

Action: Motion made by Officer Bouchard and seconded by Ms. Costello to accept the contracts as amended and authorize the Board Secretary to execute the contracts with Calamos.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

## **3. Update regarding the purchase of software from the Actuary**

Questions arose regarding purchasing software from the Actuary.

CONSENSUS - direct the Board Secretary to receive software cost from the Actuary.

The Board Attorney said the Service Provider Agreement with Gabriel Roeder Smith & Company needed to be updated.

CONSENSUS - table discussion regarding a Service Provider Agreement with Gabriel Roeder Smith & Company until the next meeting.

## **IV. NEW BUSINESS:**

### **A. Employees' Retirement Board:**

**1. Dawn Sanabia, Customer Service, requests entrance into the Deferred Retirement Option Plan (DROP), to be effective July 1, 2006**

Action: Motion made by Mr. Kahant and seconded by Ms. Costello to approve Dawn Sanabia's request for entrance into the Deferred Retirement Option Plan (DROP), to be effective July 1, 2006.

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

**2. Karen Patricolo, Finance, requests regular retirement, based on the Rule of 75 and Out, to be effective July 21, 2006**

Action: Motion made by Ms. Costello and seconded by Mayor Drautz to approve Karen Patricolo's request, with regret, for regular retirement, based on the Rule of 75 and Out, to be effective July 21, 2006.

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

**3. Gerald Rhuby, Public Works Department, requests regular retirement, based on the Rule of 20 and Out, to be effective July 28, 2006**

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to approve Gerald Rhuby's request, with regret, for regular retirement, based on the Rule of 20 and Out, to be effective July 28, 2006.

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

**4. Donald Webb, requests to stop receiving retirement checks as of August 1, 2006, because he has been offered a full time position in the Utilities Department**

Action: Motion made by Mr. Kahant and seconded by Ms. Costello to approve Donald Webb's request to stop receiving retirement checks as of August 1, 2006, so he could accept re-employment with the City.

Questions arose regarding Mr. Webb's request.

The Board Attorney advised that Mr. Webb should have to pass a pre-employment physical examination, and the plan would have to absorb the costs.

Action: Amended motion made by Mr. Kahant and seconded by Ms. Costello to approve Donald Webb's request per provisions of the ordinance.

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

**5. Colleen Tidwell requests duty disability**

Mr. Lepa left the meeting at 3:50 p.m. and returned to the meeting at 3:55 p.m.

Action: Motion made by Ms. Costello and seconded by Mayor Drautz to accept Colleen Tidwell's request for duty disability.

Vote: Voice vote showed: AYES: Ms. Hurley, Ms. Costello, Mr. Kahant, and Mayor Drautz. NAYS: None.

**6. (Added) Grady Frederick, Utilities Department, requests regular retirement, based on the Rule of 75 and Out, to be effective July 21, 2006**

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to approve Grady Frederick's request, with regret, for regular retirement, based on the Rule of 75 and Out, to be effective July 21, 2006.

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

**B. Police Retirement Board:**

**1. Letter from Thomas J. Ali, of Kramer, Ali, Fleck, Hughes, Gelb & Bornstein, regarding a subrogation agreement for Donna Murphy, in amount of \$3,000**

The Board Attorney explained that he had been contacted by Donna Murphy's attorney regarding a subrogation agreement in the amount of \$3,000.

Action: Motion made by Ms. Costello and seconded by Officer Bouchard to accept a settlement by Donna Murphy in the amount of \$3,000.

Lt. White did not agree with a settlement of \$3,000 because Ms. Murphy purchased the policy herself.

The Board Attorney recommended accepting the settlement in the amount \$3,000.

Action: Amended motion made by Ms. Costello and seconded by Officer Bouchard to accept a settlement by Donna Murphy in the amount of \$100.

Questions arose regarding Donna Murphy's duty disability retirement date.

Action: Amended motion made by Ms. Costello and seconded by Mr. Allen to accept a settlement by Donna Murphy in the amount of \$100, approve duty disability retirement to be effective July 1, 2006, and accept the letter from Donna Murphy's doctor in lieu of sending her to the Board's doctor.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

**2. Craig Long requests to buyback four years of military time using Division 2 funds (185 money), in an amount of \$68,517**

Action: Motion made by Officer Bouchard and seconded by Mr. Allen to accept Craig Long's request to buyback four years of military time using Division 2 funds (185 money), in an amount of \$68,517.

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

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

**1. (Added) Discuss the Firefighters Pension Plan proposed multiplier change**

Discussion ensued regarding the proposed multiplier change by the Firefighters Pension Plan.

Lt. White explained that the Firefighters would pay for the multiplier change themselves by using their Division 2 funds (175 money), and if needed, would increase their contribution amount.

Mr. Allen left the meeting at 4:22 p.m. and returned to the meeting at 4:25 p.m.



**V. CONSENT AGENDA:**

**A. Employees' Retirement Board:**

- 1. Authorize payment of invoice from Davis Hamilton Jackson & Associates, for period April 1 - June 30, 2006, in amount of \$12,652.91**
- 2. Authorize payment of invoice from Gabriel Roeder Smith & Company, for preparation of the 10/1/05 Actuarial Valuation Report, Project No. 100780-105, in an amount of \$2,213**
- 3. Receive fee advice from Salem Trust, for period April 1 - June 30, 2006, in amount of \$4,871.88**

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

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

**B. Police Retirement Board:**

- 1. Authorize payment of invoice from Davis Hamilton Jackson & Associates, for period April 1 - June 30, 2006, in amount of \$4,410.99**
- 2. Authorize payment of invoice from Gabriel Roeder Smith & Company, for preparation of the 10/1/05 Actuarial Valuation Report, Project Nos. 100790-105 (\$558) and 100790-605 (\$350), in amount of \$908**
- 3. Receive fee advice from Salem Trust, for period April 1 - June 30, 2006, in amount of \$1,579.18**

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

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

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

- 1. Approve minutes of April 25, 2006, joint meeting, as presented**
- 2. Approve minutes of May 23, 2006, joint meeting, as presented**
- 3. Ratify refunds of pension contributions as reported by Finance**

Employees Pension Fund:

Checks Disbursed 05-31-06

Adam Catalan, Pool & Beach, 2 Years/1 Month/5 Days, \$3,196.66,  
separated April 29, 2006

Thomas Conner, Customer Service, 11 Months/ 6 Days, \$1,269.83,  
separated March 17, 2006

Eliu Cueto, Building & Zoning, 2 Years/10 Months/5 Days, \$4,739.54,  
separated April 28, 2006

Justin Holloway, Pool & Beach, 2 Year/3 Months/5 Days, \$3,776.70,  
separated April 10, 2006

Marcus Johnson, Waste Removal, 2 Years/8 Months/23 Days, \$4,303.16,  
separated May 4, 2006

Jenice Jones, Customer Service, 2 Months/21 Days, \$336.79, separated  
May 4, 2006

Tommy Lee McNear, Building Maintenance, 6 Months/15 Days, \$623.90,  
separated May 2, 2006

Michael Nadolna, Pool & Beach, 2 Years/10 Months/34 Days, \$4,668.21,  
separated May 15, 2006

Clyde Thirbenny, Building & Zoning, 3 Years/5 Months/16 Days,  
\$11,684.63, separated April 28, 2006

Guillermo Velasquez, Waste Removal, 4 Years/5 Months/5 Days,  
\$6,230.42, separated March 27, 2006

Alexander Williams, Pool & Beach, 5 Months/4 Days, \$675.87, separated  
May 9, 2006

Police Pension Fund:

Checks Disbursed 05-31-06

John R. Moore, Police Department, 2 Years/4 Months/25 Days,  
\$7,025.07, separated April 26, 2006

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

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

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

Vote: Voice vote showed: AYES: Lt. White, Ms. Costello, Officer Bouchard, Mr. Allen, and Mayor Drautz. NAYS: None.

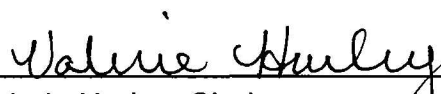
**D. Board Attorney's Report:**

The Board Attorney explained that class actions suits resulting from investments were being monitored, and there was no news from the 175/185 boards.


**VI. ADJOURNMENT:**

The meeting adjourned at 4:32.

MINUTES APPROVED: 9-26-06

  
Valerie Hurley, Chair  
Employees' Retirement Board

  
Kenneth White, Chairman  
Police Retirement Board

  
Evanna Stephenson, Recording Secretary  
Employees' & Police Retirement Boards

Minutes transcribed by: Evanna C. Stephenson, City Clerk's Office.

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