

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT
CITY HALL ON TUESDAY,
DECEMBER 5, 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 3:06 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), Mark Bouchard (Vice Chair), Finance Director Anne Costello (arrived at 3:06 p.m.), 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:

B. Police Retirement Board:

- 1. ADD New Business, Item B-1, Officer Robert J. Barrett requests duty disability**

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

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

C. Employees' and Police Retirement Boards:

1. **ADD Unfinished Business, Item C-5, Discuss recalculation of benefits**
2. **ADD Unfinished Business, Item C-6, Discuss purchase of air time**
3. **ADD New Business, Item C-1, Discuss health premiums for retirees**

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

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

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

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

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

None.

B. Police Retirement Board:

1. Update regarding 2005 premium tax moneys

The Board Attorney explained the City's audit was not completed, the Division of Retirement would not release 185 funds until it received the City's financial reports, and the State was now withholding the funds because the City did not meet the State's financial requirements in March 2006.

C. Employees' and Police Retirement Boards:

1. Larry Cole, Merrill Lynch, to review September 30, 2006 Summary Reports

Larry Cole, Merrill Lynch, recommended that the Board direct him to coordinate with Salem Trust Company the transfer of securities from Lazard portfolios into Aletheia and M.D. Sass portfolios by an in kind transfer.

Action: Motion made by Mr. Lepa and seconded by Mayor Drautz to direct Larry Cole, Merrill Lynch to coordinate with Salem Trust Company the transfer of securities from Lazard portfolios into Aletheia and M.D. Sass portfolios by an in kind transfer.

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 direct Larry Cole, Merrill Lynch to coordinate with Salem Trust Company the transfer of securities from Lazard portfolios into Aletheia and M.D. Sass portfolios by an in kind transfer.

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

Discussion ensued regarding Davis Hamilton Jackson & Associates' performance.

Mr. Cole recommended completing the Lazard transfer before moving forward with a search to replace Davis Hamilton Jackson & Associates.

Action: Motion made by Mr. Lepa and seconded by Mayor Drautz to direct Larry Cole, Merrill Lynch, to come back to the Board with a list of large capitalization growth equity companies.

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 Larry Cole, Merrill Lynch, to come back to the Board with a list of large capitalization growth equity companies.

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

CONSENSUS - to accept the September 30, 2006 summary reports as presented.

CONSENSUS - to move New Business, Item B-1, to follow Unfinished Business, Item C-1.

(IV. NEW BUSINESS:)

(B.) Police Retirement Board:)

(1.) Moved New Business, Item B-1, Officer Robert J. Barrett requests duty disability

The Board Attorney explained the disability application procedure and asked if Officer Barrett had submitted everything needed to process the application.

Ms. Hurley explained that Officer Barrett completed the necessary paperwork.

Action: Motion made by Officer Bouchard and seconded by Mayor Drautz to accept Officer Barrett's disability application and approve moving the disability application through the process.

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

Lt. White left the meeting at 3:35 p.m.

2. Update regarding hurricane pay inclusion in final average compensation

Ms. Hurley asked if the Board Attorney drafted a letter regarding hurricane pay inclusion in the final average compensation.

Ms. Costello explained that Robert Sugarman, Board Attorney, had given the Finance Department another direction regarding the hurricane pay.

The Board Attorney explained how the attorneys arrived at their opinion, said the hurricane pay issue would mostly affect the linemen in the Utilities Department, and the City needed to differentiate between overtime and hurricane pay.

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to accept the letter drafted by the Board Attorney, forward the letter to the City for action, and direct the Finance Director to give the Board an update at the next pension meeting.

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

3. Discuss payout of Deferred Retirement Option Plan (DROP) participant's vacation time

Ms. Hurley said she was asked to bring this item forward for discussion, was not aware that the Finance Department no longer prorated vacation time, was asked if the Finance Department could continue with past practice of prorating the vacation time, and DROP participants were allowed to carry over up to 80 hours.

Ms. Costello explained there was no reliable way of tracking partial accruals, preferred not to track partial accruals, and participants get paid accruals on their anniversary date.

The Board Attorney said this was not an issue for the Board and recommended referring to the Finance Department or Human Resources.

4. Memorandum dated November 30, 2006, from Dave Murphy, Risk & Human Resources Manager, regarding Fiduciary Liability Insurance

Questions arose regarding the amount of coverage for the Employees' Retirement Board and Police Retirement Board.

The Board Attorney explained that there had not been any claims filed, this was an increase in the amount of coverage from \$1 million to another amount, the Board was not requesting to broaden the coverage, and was concerned that the policy had not been renewed.

Action: Motion made by Mr. Allen to direct Dave Murphy, Risk Manager, to pay one year's Fiduciary Liability Insurance premium and come back to the Board in 45 days with estimates to increase the coverage.

Action: Amended motion made by Mr. Allen and seconded by Officer Bouchard to direct Dave Murphy, Risk Manager, to pay one year's Fiduciary Liability Insurance premium, forward Insurance Binders to the Board, and work on increasing the limits of the policy.

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

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to direct Dave Murphy, Risk Manager, to pay one year's Fiduciary Liability Insurance premium, forward Insurance Binders to the Board, and work on increasing the limits of the policy.

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

5. (Added) Discuss recalculation of benefits

Ms. Hurley said that she received retiree information from the Actuary and the Finance Department, compared the information to what the Board Secretary had on file, compiled a list of retirees that chose a survivor benefit, said that she expected to receive information from the Actuary within the next week, and asked the Board if they wanted to schedule a special meeting or wait until January to take action.

The Board Attorney explained that there was no hurry to get this done because retirees would be paid retroactively.

CONSENSUS - to discuss recalculation of benefits at the regular meeting in January.

6. (Added) Discuss purchase of air time

The Board Attorney explained that there was a provision in the Pension Protection Act that allowed general employees to purchase air time using 457 or 401K money, but it was not a mandatory law.

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to direct the Board Attorney to draft an amendment to the ordinance to allow general employees to purchase air time.

The Board Attorney clarified that purchasing air time was purchasing time never served, it would also allow part-time employees to purchase time at the full actuarial cost, rules for the purchase of air time have not been implemented yet, and recommended that the Board not take any action until the Internal Revenue Service provides the rules for administration.

Mr. Allen left the meeting at 4:22 p.m. and returned at 4:23 p.m.

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

IV. NEW BUSINESS:

A. Employees' Retirement Board:

None.

B. Police Retirement Board:

1. **(Added) New Business, Item B-1, Officer Robert J. Barrett requests duty disability**

Moved to follow Unfinished Business, Item C-1.

C. Employees' and Police Retirement Boards:

1. **(Added) New Business, Item C-1, Discuss health premiums for retirees**

Mr. Lepa explained that two retirees had contacted him regarding a letter on health insurance both of them received from the City and the letter gave the retirees a one time option to accept or forfeit health coverage through the City.

Ms. Costello said upon advice from the City's third party administrator, the Gehring Group; the Labor Attorney; and the City Manager made a change in policy because the liability it was open to allowing retirees to start and stop health coverage was not normal practice for other cities similar to us. The savings to the City was in less claims filed.

The Board Attorney explained that the law was specific, and the City was only required to give retirees one chance to accept or deny health coverage.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

Ms. Costello asked if at the end of each year bills could be paid when they are received so that the books could be closed and ready for the auditors.

Action: Motion made by Mr. Lepa and seconded by Ms. Costello to direct the Board Secretary to pay bills as soon as they are received.

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 the Board Secretary to pay bills as soon as they are received.

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

1. **Authorize payment of invoice from Sugarman & Suskind, in amount of \$1,041.87**
2. **Authorize payment of invoice from Davis Hamilton Jackson & Associates, for period July 1 - September 30, 2006, in amount of \$17,008.87**
3. **Authorize payment of invoice from Lazard Asset Management, for period July 1 - September 30, 2006, in amount of \$17,668.84**
4. **Authorize payment of invoice from Calamos Advisors LLC for period August 21 - September 30, 2006, in amount of \$3,734.63**
5. **Receive credit balance from Merrill Lynch Consulting Services for quarter ending September 30, 2006, in amount of \$27,981.70**
6. **Authorize payment of invoice from FedEx for information sent to Gabriel Roeder Smith & Company, in amount of \$15.23**
7. **Authorize payment of 2007 FPPTA membership fees, in amount of \$450**

Action: Motion made by Ms. Costello and seconded by Mayor Drautz to approve Consent Agenda (A) 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 Sugarman & Suskind, in amount of \$1,562.80**
2. **Authorize payment of invoice from Davis Hamilton Jackson & Associates, for period July 1 - September 30, 2006, in amount of \$5,551.36**
3. **Authorize payment of invoice from Lazard Asset Management, for period July 1 - September 30, 2006, in amount of \$5,857.94**
4. **Authorize payment of invoice from Calamos Advisors LLC for period August 21 - September 30, 2006, in amount of \$1,130.26**

5. **Authorize payment of invoice from Merrill Lynch Consulting Services for quarter ending September 30, 2006, in amount of \$546.70**
6. **Authorize payment of invoice from FedEx for information sent to Gabriel Roeder Smith & Company, in amount of \$5.08**
7. **Authorize payment of 2007 FPPTA membership fees, in amount of \$450**

Action: Motion made by Mayor Drautz and seconded by Mr. Allen to approve Consent Agenda (B) as presented.

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

C. Employees' and Police Retirement Boards:

Ms. Hurley asked if the Boards could table the minutes until the next meeting.

1. **Approve minutes of September 26, 2006, joint meeting, as presented**
2. **Approve minutes of October 24, 2006, joint meeting, as presented**
3. **Approve minutes of October 30, 2006, joint meeting, as presented**
4. **Approve minutes of November 2, 2006, joint meeting, as presented**
5. **Approve minutes of November 3, 2006, joint meeting, as presented**
6. **Approve minutes of November 27, 2006, joint meeting, as presented**

Action: Motion made by Ms. Costello and seconded by Mr. Lepa to table until the next meeting Consent Agenda (C).

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 table until the next meeting Consent Agenda (C).

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


D. Board Attorney's Report:

The Board Attorney explained that all information for Colleen Tidwell's disability request was received and she went for her doctor's appointment, there was no doctor's report yet, and contracts have been sent to Aletheia and M.D. Sass for execution.

VI. ADJOURNMENT:

The meeting adjourned at 4:47 p.m.

MINUTES APPROVED: 3-27-07


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.