

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT
CITY HALL ON TUESDAY,
MARCH 27, 2007,
AT 3:00 P.M.**

I. ROLL CALL: 3:00 PM

A. Employees' Retirement Board:

The Chair called the meeting to order at 3:08 p.m.

Trustees present from the Employees' Retirement Board were Valerie Hurley (Chair), Finance Director Anne Costello (Vice Chair), Robert Lepa, and Robert Kahant. Mayor Marc J. Drautz was absent. 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 3:08 p.m.

Trustees present from the Police Retirement Board were Lt. Kenneth White (Chair), Officer Mark Bouchard (Vice Chair), and Finance Director Anne Costello. Mayor Marc J. Drautz and Gary "Bo" Allen were absent. 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. Table Unfinished Business, Item C-1, Larry Cole, Merrill Lynch, to discuss investment manager search for large capitalization growth equity**

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

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

B. Police Retirement Board:

1. **Add Unfinished Business, Item B-3, Update regarding Officer Robert Barrett's disability request**
2. **Add New Business, Item B-2, Disability Application for Officer Sandra Owens**
3. **Table Unfinished Business, Item C-1, Larry Cole, Merrill Lynch, to discuss investment manager search for large capitalization growth equity**

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

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

C. Employees' and Police Retirement Boards:

1. **New Business, Item C-4, Discussion regarding Merrill Lynch**

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

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

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

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

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

1. **Update regarding hurricane pay inclusion in final average compensation**

Ms. Costello said she was waiting for information from the Finance Department and asked if the Board could discuss this later in the meeting.

B. Police Retirement Board:

1. Update regarding 2005 premium tax moneys

The Board Secretary explained that Division II had received a check for 2005 premium tax moneys, and a check in the amount of \$81,405 was forwarded to Salem Trust Company for deposit into Division I funds.

2. Public Safety Officer Health Insurance Premium Withholding Form and Waiver

The Board Attorney gave a brief update. He said an ordinance was passed in 2004 that allowed Police Officers to have third party payments as a deduction from net benefits for specific purposes, which included health insurance premiums and recommended the Employees' Plan be amended to allow the same.

Action: Motion made by Ms. Costello and seconded by Mr. Lepa to direct the Board Attorney to draft an amendment to the Employees' Plan to allow third party payments as a deduction from net benefits for specific purposes.

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

3. (Added) Update regarding Officer Robert Barrett's disability request

The Board Secretary gave a brief update and said the Board Attorney was waiting to receive records from four doctors before scheduling Officer Barrett to be seen by a doctor chosen by the Board.

C. Employees' and Police Retirement Boards:

1. Larry Cole, Merrill Lynch, to discuss investment manager search for large capitalization growth equity

Tabled at the beginning of the meeting.

2. Email dated February 19, 2007, from Stephen Palmquist, Actuary, regarding offsetting the cost of health insurance

Ms. Hurley explained that she was asked by an employee member to bring this item to the Board for discussion.

Mr. Lepa asked if offsetting the cost of health insurance would be considered an additional benefit.

Officer Bouchard said the Police Officers' union was negotiating a new contract and that offsetting the cost of health insurance was being considered.

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to table discussion regarding offsetting the cost of health insurance pending the outcome of Police union negotiations.

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

Action: Motion made by Officer Bouchard and seconded by Ms. Costello to table discussion regarding offsetting the cost of health insurance pending the outcome of Police union negotiations.

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

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Robert E. Conklin Jr. requests regular retirement based on the Rule of 20-Years and Out, to be effective March 30, 2007

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to approve, with regret, Robert E. Conklin Jr.'s request for regular retirement based on the Rule of 20-Years and Out, to be effective March 30, 2007.

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

2. Memorandum from Susan Reiss, Water Systems Secretary, regarding opting out of the City's pension plan

The Board Attorney explained the retirement plan was based on age and years of service. He said it was mandatory for all full-time employees to participate in the plan.

Mr. Kahant explained that Ms. Reiss did not want to contribute to the retirement plan because she would not work long enough to vest with the City and her contributions would not earn any interest. He asked if it would be lucrative to the plan to lower vesting from ten years to six years.

The Board Attorney said the State and other municipal plans have lowered their vesting from ten years to five or six years.

CONSENSUS - direct the Board Secretary to draft a letter to Susan Reiss, Water Systems Secretary, explaining the plan was mandatory for all full-time employees and advising her that she may purchase military time if applicable.

B. Police Retirement Board:

1. Email from Lt. Kenneth White, regarding Sgt. John Roberts request to purchase military reserve time

Lt. White explained Sgt. Roberts wanted to purchase one year of military reserve time and asked the Board Attorney to confirm that Sgt. Robert's had enough reserve points for that purchase.

The Board Attorney confirmed that Sgt. Robert's had enough reserve points to purchase one year of service.

2. (Added) Disability Application for Officer Sandra Owens

Action: Motion made by Officer Bouchard and seconded by Ms. Costello to accept a disability application for Officer Sandra Owens.

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

C. Employees' and Police Retirement Boards:

1. Annual review of disability retirees

The Board Secretary said a letter was not sent to Colleen Tidwell because the Board approved her application in January. She said Michael Shields and Robert Gross had moved and letters were resent to their new addresses.

Lt. White asked if Daniel Lynch had reached regular retirement yet.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to continue disability payments for Colleen Tidwell, Clarence Morgan, and Brenda Wellhoff Brockway.

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

Action: Motion made by Ms. Costello and seconded by Officer Bouchard to continue disability payments for Daniel Lynch, Donna Murphy, and Joseph Viera.

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

2. Memorandum dated January 8, 2007, from Sugarman & Susskind, regarding Records Retention Schedule and Resolution Nos. 2007-01 and 2007-02 providing for the adoption of State Recommended Records Retention Schedule

The Board Attorney discussed the Records Retention Schedule and Resolution Nos. 2007-01 and 2007-02 providing for the adoption of State Recommended Records Retention Schedule. He recommended the Board Secretary forward copies of the resolutions to the State.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to direct the Board Secretary to forward copies of Resolution Nos. 2007-01 and 2007-02 adopting the State Recommended Retention Schedule to the State.

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

Action: Motion made by Officer Bouchard and seconded by Ms. Costello to forward copies of Resolution Nos. 2007-01 and 2007-02 adopting the State Recommended Retention Schedule to the State.

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

3. Letter dated March 5, 2007, from Sugarman & Susskind, regarding Statement of Investment Policy Addendum for M.D. Sass Investors Services, Inc

The Board Attorney explained the Statement of Investment Policy Addendum for M.D. Sass Investors Services, Inc. He recommended the Board Secretary execute the addendum and forward copies to M.D. Sass.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to direct the Board Secretary to execute the addendum and forward copies to M.D. Sass.

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

Action: Motion made by Officer Bouchard and seconded by Ms. Costello to direct the Board Secretary to execute the addendum and forward copies to M.D. Sass.

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

4. (Added) Discussion regarding Merrill Lynch

Mr. Lepa said he had concerns regarding services provided by Merrill Lynch, and he asked the Board Secretary to forward a letter to Larry Cole with the following concerns: SEC investigation outcome; management fees; money managers interviewed to replace Lazard; recapture fees; and Davis, Hamilton, Jackson & Associates.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

- 1. Authorize payment of invoice from Sugarman & Suskind, in amount of \$1,093.96**
- 2. Authorize final payment of invoice from Lazard Asset Management, for January 1, 2007 - February 14, 2007, in amount of \$10,073.96**
- 3. Receive credit balance from Gabriel, Roeder, Smith & Company, for services rendered through February 28, 2007, in amount of \$1,500**

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, and Mr. Kahant. NAYS: None.

B. Police Retirement Board:

- 1. Authorize payment of invoice from Sugarman & Suskind, in amount of \$1,640.94**
- 2. Authorize final payment of invoice from Lazard Asset Management, for January 1, 2007 - February 15, 2007, in amount of \$3,338.04**
- 3. Receive credit balance from Gabriel, Roeder, Smith & Company, for services rendered through February 28, 2007, in amount of \$1,000**

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, Officer Bouchard, and Ms. Costello. NAYS: None.

C. Employees' and Police Retirement Boards:

1. Approve minutes of December 5, 2006, 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, Ms. Costello, Mr. Lepa, and Mr. Kahant. NAYS: None.

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

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

(III. UNFINISHED BUSINESS:)

(A. Employees' Retirement Board:)

(3.) Update regarding hurricane pay inclusion in final average compensation

Ms. Costello explained the Finance Department was compiling a list of employees who worked during the hurricanes and would provide the list to the Board when it was finalized. She said hurricane pay had been paid as overtime and pension contributions were not withheld based on advice from the Board Attorney Sugarman.

Action: Motion made by Mr. Lepa and seconded by Ms. Costello to table discussion regarding hurricane pay inclusion in final average compensation.

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

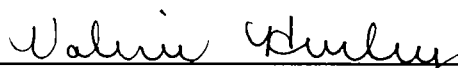
D. Board Attorney's Report:

The Board Attorney reviewed a letter from Merrill Lynch regarding internal changes that affected recapture agreements.

VI. ADJOURNMENT:

The meeting adjourned at 4:34 p.m.


MINUTES APPROVED: 4-24-07



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.

An audio recording of this meeting will be available in the Office of the City Clerk for two years after approval of these minutes.