

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT
CITY HALL ON TUESDAY,
JULY 24, 2007,
AT 1 PM**

I. ROLL CALL: 1 PM

A. Employees' Retirement Board:

The Chair called the meeting to order at 1:04 p.m.

Trustees present from the Employees' Retirement Board were Valerie Hurley (Chair), Interim Finance Director Mark Bates, Robert Lepa, Robert Kahant, and Mayor Jeff Clemens. 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 1:04 p.m.

Trustees present from the Police Retirement Board were Lt. Kenneth White (Chair), Officer Mark Bouchard (Vice Chair), Interim Finance Director Mark Bates, and Mayor Jeff Clemens. One position is vacant. 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 - email dated July 20, 2007, from Queenester Nieves regarding past election results

B. Police Retirement Board:

C. Employees' and Police Retirement Boards:

1. Add New Business, Item C-9 - letter from The Pension Resource Center LLC regarding retained sick time and retained vacation time as pensionable

CONSENSUS - accept the agenda as set at this time.

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

1. Results of an election for an Employee member to serve on the Board of Trustees for a three-year term to expire August 1, 2010 (Robert Kahant's term expires 08-01-07)

Action: Motion made by Mayor Clemens and seconded by Mr. Bates to accept the results of the election which reappointed Robert Kahant for another term to expire August 1, 2010.

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

2. Update regarding hurricane pay

Mr. Bates explained he spoke with the City Manager and City Attorney regarding hurricane pay, and the City Attorney was looking into the issue.

Ms. Hurley asked if this item needed to be postponed until the next meeting and if the Board would be notified whether employees had to pay contributions on their hurricane pay.

Mr. Bates said he did not think there was any action required by the Board because it was a matter for the City administration, and the Board Attorney's opinion was clear that they opined it should be handled as a pension benefit.

The Board Attorney said it was a decision of the Board whether pension contributions were owed for that time. There will be a cost associated with it, and the Actuary will include it in the next valuation report. The cost had to be paid, and it might flow through the City's contribution.

Ms. Hurley said it was not fair for some to pay the pension contributions on hurricane pay, but not others.

Mr. Lepa asked for clarification on the issue. He said the Board Attorney said it was the Board's responsibility, and he asked if the employees who received hurricane pay would be billed.

Ms. Hurley said the employees who had already retired contributed based on whatever portion of hurricane pay was pensionable.

Mr. Lepa asked how contributions were received from employees retiring when the employees were not billed.

Mr. Bates asked how did this happen, and did it come through the Board.

Ms. Hurley said questions came up when employees were retiring. Hurricane pay was excluded from final compensation making employee calculations lower, and the Board Attorney was contacted regarding this issue. At that time, employees retiring paid pension contributions on the amount owed for their hurricane pay, and their pension amount was adjusted by the Finance Department accordingly.

The Board Attorney said the Finance Department adjusted the amount because of the Board Attorney's opinion.

Mr. Bates was concerned the same thing was still occurring. He said the Board administers the benefits, and he did not think the Board wanted to get involved with whether or not the compensation was there or not, that was a City administration issue.

The Board Attorney said the Board had the authority given to them by ordinance to administer the plan as enacted. The Board retained Sugarman & Susskind as legal counsel, and they opined that hurricane pay should have been pensionable and act accordingly. There was a process in place that when employees retire, adjustments were being made. The Board hired the City to do specific work for it based on instructions the Board provided to them. It was the Board's position that hurricane pay was pensionable, and the fund was owed the money. If the City did not collect the money from the participants, the City would have to pay the cost.

Lt. White said pensionable contributions should be paid by employees and not the City.

Ms. Hurley asked if the Board wanted the Board Secretary to place this on the next agenda for an update.

CONSENSUS - place it on the next agenda for an update.

The Board Attorney asked if the Board wanted him to contact the City Attorney. He said the Board's responsibility had been fulfilled by identifying that pension contributions were owed to the pension fund and the administrator was instructed to collect it. The City administration was making the decision on whether to collect it from the participants or whether the City should pay. He agreed that who paid the contributions was not the Board's decision.

CONSENSUS - direct the Board Attorney to speak with the City Attorney.

Mr. Bates asked how this item was placed on the agenda, and was there any further action that needed to be taken by the Board.

The Board Attorney said the item was placed on the agenda for informational purposes because Trustees received inquiries from participants.

CONSENSUS - to reorder Unfinished Business, Item C-4 to follow Unfinished Business, Item B-1

B. Police Retirement Board:

1. Discuss duty disability for Sandra Owens

Lt. White said he spoke with the Board Attorney and asked if the Independent Medical Evaluation (IME) was required, and he was concerned about the \$1,500 cost.

The Board Attorney explained the ordinance allowed the Board to accept medical records from any doctor, and the employee did not have to go for an IME.

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to approve duty disability and benefits for Sandra Owens to be effective the day she ceased to receive supplemental pay from the City.

Lt. White asked if everyone had reviewed the backup material and was ready to review the five questions for disability.

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

(IV. NEW BUSINESS:)

(C.) Employees' and Police Retirement Boards:)

(4.) Larry Cole, Merrill Lynch, to review of March 31, 2007, Summary Reports

Mr. Cole said he did not have data for June 30, 2007, but he had update information from every money manager except Aletheia.

As of March 31, 2007, the Employees' fund had a total market value of \$71,874,580 including accrued income. For the quarter ended March 31, 2007, the fund earned \$1,314,527 and paid out \$32,167 in net distributions for a total increase in value of \$1,282,360 from the previous quarter.

As of March 31, 2007, 60.6% of the fund was invested in equities including the international and mid cap equity portfolios, 37.5% in bonds and 1.9% in cash and equivalents. For the quarter, the fund earned 1.9% 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 1.3%.

As of March 31, 2007, the Police fund had a total market value of \$23,683,880 including accrued income. For the quarter ended March 31, 2007, the total fund earned \$418,619 and received \$150,071 in net contributions for a total increase in value of \$568,690 from the previous quarter.

As of March 31, 2007, 60.6% of your total fund was invested in equities including the international and mid cap equity portfolios, 37.2% in bonds and 2.1% in cash and equivalents. For the quarter, your total fund earned a 1.8% return, which ranked in the top 46% 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 1.3%.

Mr. Lepa asked about other growth options and if Mr. Cole could bring back to the Board information regarding EuroPacifics investment philosophy.

The Board Attorney asked if the expected annual rate of return of 8.5% was still obtainable.

Mr. Cole said it was, and it would be expensive to lower it.

The Board Attorney reminded the Board Secretary that letters needed to be sent to Mr. Slavin, Division of Retirement, regarding the expected annual rate of return.

- 2. Memorandum dated July 10, 2007, from Evanna Stephenson, Board Secretary, regarding the cancellation of an election for a Police member to serve on the Board of Trustees for a two-year term to expire August 1, 2009, due to one unopposed candidate (Mark Bouchard's term expires 08-01-07)**

Action: Motion made by Mayor Clemens and seconded by Officer Bouchard to approve the Board Secretary's action to cancel the election due to one unopposed candidate.

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

C. Employees' and Police Retirement Boards:

1. Statement of Investment Policy Addendum for Davis Hamilton Jackson & Associates

The Board Attorney explained that new money managers were hired, and the addendums gave them directions. He said they needed to be signed by the Chair of the Employees' Board and Chairman of the Police Board.

2. Statement of Investment Policy Addendum for Fayez Sarofim & Company

3. Statement of Investment Policy Addendum for Rigel Capital, LLC

Action: Motion made by Mayor Clemens and seconded by Mr. Lepa to approve Items C1-3 as presented.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to approve Items C1-3 as presented.

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

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Marilyn Watson, City Manager's Office, requests regular retirement based on the Rule of 20-Years and Out, to be effective August 1, 2007

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to approve, with regret, Marilyn Watson's retirement request based on the Rule of 20-Years and Out, to be effective August 1, 2007.

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

2. Margaret Johnstone, Utilities Administration, requests entrance into the Deferred Retirement Option Plan (DROP), to be effective September 1, 2007

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to approve Margaret Johnstone's request for entrance into the Deferred Retirement Option Plan (DROP), to be effective September 1, 2007.

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

3. Letter dated June 7, 2007, from Phyllis Thrasher, Finance Department, regarding overpayment of pension benefits for Samuel Reynolds

Mr. Bates said that Phyllis Thrasher, Finance Department, was under the impression that overpayment of pension benefits had been addressed by the Board in the past, and he asked what the Board had done in the past.

Ms. Hurley said this had occurred in the past, and the Board Attorney sent letters in an attempt to recoup the money. She said she thought the Finance Department sent out forms once a year verifying that participants were still alive.

Mr. Bates said Mr. Reynold's daughter acknowledged she received two or three checks after his death, but the money was already spent, and she had no money to pay it back. He said the Finance Department had received a life insurance check which was in the City's safe at the present time.

The Board Attorney explained the Board had a fiduciary responsibility to attempt to recover money owed to the pension fund. In the past, the Board has directed the Board Attorney to draft letters in an attempt recover the money.

Lt. White and Officer Bouchard left the meeting at 2:35 p.m. and returned to the meeting at 2:37 p.m.

Mr. Lepa asked if the Board could direct the Board Attorney to draft a letter asking Cynthia Reynolds to sign over to the Board the Prudential Financial check in amount of \$2,000 and ask her how she intended to pay the balance of the money owed.

Mayor Clemens said the money needed to be recovered if possible.

The Board Attorney said the Board could also try to recover the money from the bank.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to direct the Board Attorney to collect the overpayment of pension benefits for Samuel Reynolds in amount of \$3,749.76, at whatever means available.

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

Mr. Bates asked how did this issue get placed on the agenda.

Ms. Hurley said that Phyllis Thrasher, Finance Department, obviously came to the Board Secretary to have it placed on the agenda.

The Board Secretary explained that items were placed on the agenda by the Chair, the Board Attorney, a Trustee, or because the Board Secretary received items on behalf of the Board. Normally, questionable items were referred to the Board Attorney and Chair. This item was placed on the agenda because of past practice.

Mayor Clemens asked if anyone could place items on the agenda, and he thought items should go through department heads.

Ms. Hurley explained that in the past she was contacted by a participant asking about an insurance benefit, and she brought that item to the Board.

The Board Attorney reminded the Trustees this was not a Board issue. It was an administrative issue and that was how it should be dealt with.

Ms. Hurley said if Trustees wanted to bring up these issues as a matter of procedure, the Board could pass something to change past practice.

The Board Attorney explained he or any of the Trustees could place items on the agenda based on a phone call from the Board Secretary.

3. Discuss whether a stipend is pensionable compensation

The Board Attorney explained he had received an email and phone call from the Board Secretary regarding a request and inquiry whether a stipend should be included in pension calculations. He responded in the email that given the definition in the pension ordinance and what he understood at that time, it did

not meet the requirements under the definition of compensation. Subsequent to that he received a phone call from the participant, and there was correspondence confirming that it was subject to FICA and federal withholding and should be subject to pension contributions, and therefore, should be included in calculating the participant's pension. He said that participant was here today, and she wanted to speak her position.

Anne Costello, former Finance Director, said this issue came up in May when she was researching another issue. It occurred to her that the expense allowance she was getting was considered wages and pension contributions should have been taken out. She said she wanted clarification and asked Marisol Pearson, Finance Department, to email the City Attorney because she wanted to have some legal backup, but the City Attorney was unresponsive. In June, she contacted the Board Secretary and asked that she contact the Board Attorney, who was away at a conference. She said the \$200 a month was paid through payroll and was subject to FICA and federal withholding, and no receipts were provided for the stipend.

The Board Attorney asked if the stipend was subject to taxation and asked the Board Secretary if she had verified it.

Mr. Bates said pension guidelines were written for compensation, and compensation was construed to be earnings. A stipend was meant to be a reimbursement of cost incurred for a car or phone. The differential between whether something was subject to income tax withholding had to do with whether or not receipts or documentation was required to be provided. Typically, stipends for car allowance or phone allowance do not require receipts to be provided, therefore, income taxes were applied to it.

Mayor Clemens asked if the Board needed a written legal opinion.

The Board Attorney said the definition of compensation in the plan was provided in the email. Compensation shall mean all salary paid to an employee within the meaning of the Internal Revenue Code Section 415(c)(3). He said if the stipend was taxed, then the plan provided for it, and an additional amount would be calculated into the pension calculation over a two-year period.

Mr. Bates said it was a standard administrative process unless documentation was required for reimbursement of the cost. The choice of how stipends have been treated was done consistently, and they were not considered to be compensation for pension purposes. That has been the past practice, and this might affect many people.

Ms. Costello said she was the only contract person that was in the pension plan.

Ms. Hurley asked the Board Attorney if a stipend was considered compensation according to the plan's definition.

The Board Attorney said given the information and the way it was presented now, the stipend was taxable and was considered compensation. The issue was how it was presented at the time.

Stephen Palmquist, Actuary, recommended the Board Attorney look at the Internal Revenue Code Section 415(c)(3) before the Board made a decision.

Action: Motion made by Mayor Clemens and seconded by Mr. Lepa to direct the Board Attorney to give the Board a legal opinion whether salary means taxable income.

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

5. Elizabeth Allmond requests to purchase 1 year 3 months of military service, in amount of \$15,026

Action: Motion made by Mr. Kahant and seconded by Mr. Lepa to approve Elizabeth Allmond's request to purchase 1 year 3 months of military service, in amount of \$15,026.

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

6. (Added) An email dated July 20, 2007, from Queenester Nieves regarding past election results

Ms. Hurley explained Queenester Nieves asked that this item be added to the agenda because there was only one ballot box located at Human Resources. She said only 50 or so employees voted, and she thought it was a direct result of having only one place to vote. She provided an email regarding the results of past elections and asked that ballot boxes be located throughout the City at various locations to make it easier for employees to vote.

Mr. Lepa asked how many ballot boxes were placed in 2001, 2002, and 2004. Lt. White asked if all employees had email.

Ms. Hurley said she did speak with Mike Brown, Solid Waste Supervisor and Martin Cybulski, Interim Public Works Director, to see if their employees had email. She said both of them posted the election announcement on the bulletin board in their areas so employees were aware.

Mr. Bates said this could become an administrative nightmare and suggested placing ballot boxes in three locations.

Action: Motion made by Mayor Clemens and seconded by Mr. Bates to place three ballot boxes at locations to be determined at the next Employees' election.

Vote: Voice vote showed: AYES: Mr. Bates, Mr. Lepa, Mr. Kahant, and Mayor Clemens. NAYS: Ms. Hurley.

B. Police Retirement Board:

None.

C. Employees' and Police Retirement Boards:

1. Stephen Palmquist, Gabriel Roeder Smith & Company, to review Actuarial Valuation Report for year ended September 30, 2006

Mr. Palmquist explained the City's contribution for fiscal year 2007-2008 for the Employees' Retirement System would be \$2,852,077, which was 24.23% of covered payroll; for fiscal year 2006-2007 the required City's contribution was \$2,162,016 (increase of 1.69% of covered payroll).

There were no revisions in benefits. The assumed rate of investment return was 8.5%, and no changes to funding methods.

There was a net actuarial loss of \$1,820,550 for the year which meant that actual experience was less favorable than expected. The loss was due entirely to investment return below the assumed rate of 8.5%. Based on the actuarial value of assets, the net investment return for the general fund was 5.7%, and the market value rate of return was 7.6%.

Salary increases averaged 2.3% which was below the assumed rate of 6.5%. Below salary increases were favorable to the experience of the plan, however, the loss due to investment return was more significant. The actuarial experience translated into cost increases of 1.44% of covered payroll for General Employees'.

The General Employees' plan provided that a COLA was payable on June 1st if there was an actuarial gain for the previous year. Because the plan experienced a loss during the last year, there was no COLA payable June 1, 2007.

The City's contribution for fiscal year 2007-2008 for the Police Retirement System would be 1,414,687, which was 30.72% of covered payroll; for fiscal year 2006-2007 the required City's contribution was 1,053,508, which was 21.65% of covered payroll (increase of 9.07% of covered payroll).

There were no revisions in benefits. The assumed rate of investment return was 8.5%, and no changes to funding methods.

There was a net actuarial loss of \$346,092 for the year which meant that actual experience was less favorable than expected. The loss was due to investment return below the assumed rate of 8.5%. Based on the actuarial value of assets, the net investment return for the fund was 5.7%, and the market value rate of return was 7.2%.

Salary increases averaged 3.4% which was below the assumed rate of 6.5%. Below average salary increases were favorable to the experience of the plan, however, the loss due to investment return was more significant. The actuarial experience translated into cost increases of 0.70% of covered payroll for Police.

The Police plan provided that a COLA was payable on June 1st if there was an actuarial gain for the previous year. Because the plan experienced a loss during the last year, there was no COLA payable June 1, 2007.

Questions arose regarding lowering the assumption rate.

Mr. Bates recommended waiting a year before adjusting the assumption rate.

Mr. Palmquist said that Mr. Slavin from Division of Retirement would be asking cities to update their mortality tables soon, and that would cost the plans.

The Board Attorney asked Mr. Palmquist if he recommended changes to the assumption rate at this time.

Mr. Palmquist said he did not recommend any changes now, but the Board should review it at least once a year.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to accept and approve the Actuarial Valuation Report as of October 1, 2006.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to accept and approve the Actuarial Valuation Report as of October 1, 2006.

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

The Board Attorney asked the Boards to pass a motion establishing the expected annual rate of investment return at 8.5% so that a letter could be sent to Mr. Slavin at Division of Retirement.

Action: Motion made by Mr. Bates and seconded by Mayor Clemens to establish the expected annual rate of investment return at 8.5% and direct the Board Attorney to draft a letter to Division of Retirement.

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

Action: Motion made by Mr. Bates and seconded by Mayor Clemens to establish the expected annual rate of investment return at 8.5% and direct the Board Attorney to draft a letter to Division of Retirement.

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

2. Discuss Actuarial Services Agreement regarding buy back calculations

Mr. Palmquist explained there was an issue where one employee asked for a buy back calculation and after she saw the amount of the buy back, she wanted another calculation done.

Ms. Hurley asked how much it would cost if the member came back at a later time.

Lt. White asked if the charge was still \$350 for the first calculation and \$50 for additional calculations.

Mr. Palmquist explained if a member asked for three calculations at the same time, it was considered as one request. The charge would be \$400. It took less time to do multiple calculations at one time, than coming back and asking for a calculation at a later date.

Ms. Hurley asked if members were allowed to ask for three or four calculations at one time.

Mr. Palmquist said the contract did not specify a limit.

Mr. Bates asked about the process for making a request and who paid for it.

Lt. White said members go to the Board Secretary and request in writing that the calculation be done, and the members were responsible for paying for the calculation.

Ms. Hurley said the request was then forwarded to the Actuary. When the Board Secretary received the calculation, she forwards a copy to the member. If the member decided to purchase the time, the request was forwarded to the Board for approval.

Mr. Lepa said the process did not include the Finance Department.

Mr. Bates said there were some issues with the DROP.

The Board Attorney said the Boards were discussing prior service and military buy back calculations.

Mr. Bates asked if there was a separate charge for DROP calculations.

Mr. Palmquist said he did not figure DROP benefit calculations.

Ms. Hurley asked if Mr. Palmquist was verifying the calculations.

Mr. Bates asked for clarification and whether the Actuary was doing calculations for prior service and military calculations, but not DROP calculations.

Ms. Hurley said participants do not pay for DROP calculations or retirement calculations.

Mr. Bates asked if members could request multiple retirement calculations.

The Board Attorney explained that when someone wanted to retire, they went to the Finance Department to get estimate calculations done on every option available to them. There was not a charge for that service.

Mr. Kahant said calculations done by the Finance Department could be wrong.

The Board Attorney said that was why Mr. Palmquist was asked to verify the DROP and retirement calculations, and this should be done before it came to the Board.

Mayor Clemens recommended putting this item on a future agenda to discuss the process.

Mr. Bates said he recommended checking into a third party administrator because the Finance Department did not have the training, skills, or resources to do the job.

The Board Attorney said that past Finance Directors had other opinions.

Mr. Bates said there were no controls in the pension process and asked if the process should be fixed or changed.

The Board Attorney said that a change just occurred in the Finance Department where calculations were forwarded to the Actuary for verification.

Mr. Bates asked that military buy back request forms include language that additional buy back calculations would cost the participant \$400 a calculation.

Lt. White asked Mr. Palmquist if he knew of any third party administrators that he would recommend.

Mr. Palmquist said he would not recommend anyone because of performance and lack of receiving information from them. He said the plans that were most successful were the ones who have their own dedicated employees like Pompano Beach and Boca Raton. It gets complicated to have to go to an outside administrator, and it was best when the Board hired its own employees.

Mr. Lepa said the Board already paid the City for administrative and financial services.

Mr. Bates said what the City appeared to be doing was receiving some fee for administrative services, calculation of benefits, and distribution of payments.

Mr. Palmquist recommended looking into some of the Boards who have their own staff. Fort Lauderdale General Employees had its own staff of three people and Boynton Beach had one person dedicated for their three pension boards. He said a head administrator might cost \$80,000 and an additional person \$40,000 to \$50,000.

The Board Attorney agreed with Mr. Palmquist's comments regarding putting another level of bureaucracy in the process and the Actuary receiving the information he needed. It created problems, but it gave the Board a step towards hiring their own in-house person. The Board paid the City to perform recordkeeping, disbursement and reconciliation information, and secretarial services. Each Board had an agreement with the City for these services, and it predated the former Finance Director.

Ms. Hurley asked if the Board preferred to suspend discussion until further research could be done.

Mr. Bates asked if the Board felt strongly about enhancing what it had or would they be open to alternatives.

Ms. Hurley said she was originally open to alternatives, but changed her mind because of objections by Mr. Palmquist.

Mr. Bates said if the Board had a preference, it was best to do it in-house and asked if the Board could afford to do it in-house.

The Board Attorney suggested the Board Secretary make a records request to the Pension Resource Center for a copy of their contract with the Lake Worth Firefighters Pension Fund. He said the Board did have a contract with the City, and the City needed to fulfill the agreement at this time.

Action: Motion made by Mr. Lepa and seconded by Mr. Kahant to direct the Board Secretary to request a copy of the contract between the Lake Worth Firefighters Pension Fund and the Pension Resource Center and provide a copy of the agreement between the Boards and the City for administrative services.

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

Action: Motion made by Officer Bouchard and seconded by Mr. Bates to direct the Board Secretary to request a copy of the contract between the Lake Worth Firefighters Pension Fund and the Pension Resource Center and provide a copy of the agreement between the Boards and the City for administrative services.

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

3. Letter dated June 5, 2007, from Gabriel Roeder Smith & Company, regarding GASB 45 and a letter of engagement

Mr. Palmquist said the GASB 45 was a City issue and not a pension board issue. This item pertained to how the City accounted for post retirement medical benefits and how they are reported.

Action: Motion made by Mayor Clemens and seconded by Mr. Lepa to direct the Board Secretary to forward the GASB 45 letter of engagement to the City.

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

Action: Motion made by Mayor Clemens and seconded by Officer Bouchard to direct the Board Secretary to forward the GASB 45 letter of engagement to the City.

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

4. Larry Cole, Merrill Lynch, to review of March 31, 2007 Summary Reports

This item was discussed earlier in the meeting.

5. Summary reports from Richmond Capital Management, for quarter ending June 30, 2007

Ms. Hurley explained that summary reports were normally received and filed because Mr. Cole included this information in his reports.

Action: Motion made by Mayor Clemens and seconded by Mr. Lepa to receive and file the summary reports.

Action: Motion made by Mayor Clemens and seconded by Officer Bouchard to receive and file the summary reports.

Ms. Hurley asked if Items 6 and 7 could be combined and received and filed as well.

Action: Amended motion made by Mayor Clemens and seconded by Mr. Lepa to combine Items 5, 6, and 7 and receive and file the summary reports.

Action: Amended motion made by Mayor Clemens and seconded by Officer Bouchard combine Items 5, 6, and 7 and receive and file the summary reports.

6. Portfolio appraisal from Calamos Asset Management, Inc, as of June 30, 2007

7. Performance summary from MD Sass as of June 30, 2007, and electronic delivery authorization

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

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

8. Discuss bill payment process

Ms. Hurley said the former Finance Director had asked at the end of the year that bills be paid first and then approved by the Board at the following meeting, and this would help to close the books faster at year end.

Mr. Bates said the Finance Department could not pay a bill that was not approved by the Board.

The Board Attorney said bills covered by a contract could be paid and then ratified after the fact.

Mr. Bates said he spoke with the Board Secretary, and bills that have not been approved by the Board would not get paid.

9. (Added) A letter from The Pension Resource Center LLC regarding retained sick time and retained vacation time as pensionable

Ms. Hurley said she brought this issue to the Board because she became aware that the Firefighters plan was currently including retained sick and vacation time in pension calculations.

Mr. Bates asked if Ms. Hurley was certain this was occurring.

Ms. Hurley said that Pension Resource Center sent a letter to the City several years prior to this, and she was told that the Trustees did not get a response from the City. After a second letter was sent to the City with no response, retiree calculations were refigured. Scott Bauer, CEO of Pension Resource Center, was having the calculations refigured based on the Board's interpretation of the Code, and he had also spoken with the Actuary regarding this issue.

Mr. Bates asked if any of the Trustees knew if the City Attorney had seen the letter.

The Board Attorney said the letter from Pension Resource Center to the City had nothing to do with the Employees' or Police Boards unless there was a motion to take similar action. He explained that the Firefighter plan interpreted the Code that accumulated leave and vacation time was excluded from pension calculations and retained sick time and retained vacation time was not, therefore, if it was not excluded, it should be included. He said the Boards were vested with the authority and responsibility to administer the plan as interpreted and enacted.

Lt. White said he had two members from the Police Department asking why the Police plan was not interpreting the pension code the way the Firefighter plan was interpreting it. He said he spoke with a Firefighter Trustee and asked what they had done and then he spoke with the Chair of the Employees' Board.

Ms. Hurley said they were told that the Firefighters challenged it and won their position. She said she also had made a few phone calls to see what she could find out.

The Board Attorney said he was consulted regarding this issue. If the Boards wanted the same provision, it should be placed on the agenda for discussion and possible action.

Mr. Palmquist said the Firefighters Board reviewed the issue for two years, and they finally implemented it. He said there was added liability to their plan.

Mr. Bates recommended waiting before taking any action until he could speak with the City Administration and City Attorney.

Mayor Clemens asked if the Firefighters were being paid this now.

Mr. Palmquist said the Firefighters benefits were already recalculated to add additional benefits.

Mr. Bates said the Firefighters Board did not have City Administration representation on the Board, and the City Administration did not know what the Board was doing. He said he never saw this letter before today, and it was possible that this benefit was implemented unilaterally without City Administration knowing about it.

Lt. White said he wanted the Police plan treated the same as the Firefighters plan regarding this issue.

Mr. Bates asked the Trustees to wait until he could speak with City Administration because it had not been anticipated in the Employees' and Police plans, and it would be a significant cost.

The Board Attorney recommended deferring this issue to the next meeting pending a response from Mr. Bates.

CONSENSUS - defer to the next meeting pending a response from Mr. Bates.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

- 1. Authorize payment of invoice from Sugarman & Susskind, for June retainer, in amount of \$1,093.96**
- 2. Authorize payment of invoice from Sugarman & Susskind, for July retainer, in amount of \$1,093.96**
- 3. Authorize payment of invoice from Aletheia Research and Management, Inc, for management fees April 1, 2007 - June 30, 2007, in amount of \$19,621.91**
- 4. Authorize payment of invoice from Gabriel Roeder Smith & Company, for charges since 4/30/07 for preparation of the 10/1/06 Actuarial Valuation Report, (Proj #100780-106), in amount of \$4,785 and buy back calculation for Elizabeth Allmond (Proj #100780-606), in amount of \$400, total amount due from invoice \$5,185 and accept credit balance, in amount of \$1,500; total amount due - \$3,685**
- 5. Accept payment of credit balance from Merrill Lynch, for January 1, 2006 - December 31, 2006, in amount of \$33,043.77**
- 6. Authorize payment of invoice from Richmond Capital Management, Inc, for management fees for quarter ending June 30, 2007, in amount of \$20,124**
- 7. Receive fee advice from Salem Trust Company, for April 1 - June 30, 2007, in amount of \$7,846.06**

B. Police Retirement Board:

1. Authorize payment of invoice from Sugarman & Susskind, for June retainer, in amount of \$1,640.94 and copies of medical records, in amount of \$184.47; total amount due - \$1,825.41
2. Authorize payment of invoice from Sugarman & Susskind, for July retainer, in amount of \$1,640.94
3. Authorize payment of invoice from Aletheia Research and Management, Inc, for management fees April 1, 2007 - June 30, 2007, in amount of \$6,502.36
4. Authorize payment of invoice from Gabriel, Roeder, Smith & Company, for charges since 4/30/07 for preparation of the 10/01/06 Actuarial Valuation Report, (Proj #100790-106), in amount of \$3,417 and accept credit balance, in amount of \$1,000; total amount due - \$2,417
5. Authorize payment of invoice from University of Miami Hospitals & Clinics, for Robert Barrett's independent medical evaluation, in amount of \$75
6. Authorize payment of invoice from Richmond Capital Management, Inc, for management fees for quarter ending June 30, 2007, in amount of \$6,577
7. Approve minutes of June 15, 2007, special meeting, as presented
8. Authorize payment of invoice from FedEx, in amount of \$21
9. Receive fee advice from Salem Trust Company, for April 1 - June 30, 2007, in amount of \$3,566.94

C. Employees' and Police Retirement Boards:

1. Approve minutes of February 27, 2007, joint meeting, as presented
2. Ratify refunds of pension contributions as reported by Finance Department

Employees Pension Fund:

Checks Disbursed 05-31-07

Joseph Thompson, PW - Waste Removal, 5 Months/7 Days, \$631.71, separated April 13, 2007

Joan Whilby, PD Dispatch, 3 Months/25 Days, \$756.16, separated April 5, 2007

Linda Winger, Licensing & Permitting, 1 Month/20 Days, \$224.98, separated May 2, 2007

Checks Disbursed 06-30-07

Paul Luberto, PW - Building Maintenance, 13 Days, \$54.89, separated June 11, 2007

Samuel Rodriguez, Golf Course, 4 Years/5 Months/16 Days, \$6,541.66, separated June 1, 2007

Police Pension Fund:

Check Disbursed 03-30-07

Steven Robertson, Police Department, 2 Years/7 Months/20 Days, \$8,144.51, separated May 31, 2007

Action: Motion made by Mayor Clemens and seconded by Mr. Lepa to approve Consent Agenda Items A-1-7 and C-1 & 2, in its entirety, as presented.

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

Action: Motion made by Mayor Clemens and seconded by Officer Bouchard to approve Consent Agenda Items B-1-9 and C-1 & 2, in its entirety, as presented.

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

D. Board Attorney's Report:

The Board Attorney briefly explained there was a study on corporate government, and he also noticed the roll back of taxes on the website.

VI. ADJOURNMENT:

The meeting adjourned at 5:07 p.m.


MINUTES APPROVED: 8-28-07



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.