

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON TUESDAY,
January 22, 2008 at 1:00 PM**

I. ROLL CALL: 1:08 PM

A. Employees' Retirement Board:

The meeting was called to order at 1:08 PM.

Those persons present included:

Trustees: Valerie Hurley, Chair	Others: Ken Harrison, Sugarman & Susskind
Robert Lepa, Vice-Chair	J Scott Baur, Pension Resource Center
Robert Kahant	Members of Public
Mayor Jeff Clemens	
Mark Bates	

B. Police Retirement Board:

The meeting was called to order at 1:08 PM.

Those persons present included:

Trustees: Lt. Kenneth White, Chair	Others: Ken Harrison, Sugarman & Susskind
Sgt. Randy Collier, Vice-Chair	J Scott Baur, Pension Resource Center
Mayor Jeff Clemens	Members of Public
Mark Bates	

The Trustees reported that Alex Tiligadas resigned from the Board due to a conflict with changes in his work schedule.

II. ADDITIONS/DELETIONS/REORDERING:

A. Employees' Retirement Board:

(Added) Unfinished Business, Item A-1 – Stipend

(Added) Consent Agenda, Item A-1 – Invoices for Rigel and Sugarman Susskind

B. Police Retirement Board:

No additions or deletions to the Agenda were made for the Police Retirement Board.

C. Employees' and Police Retirement Boards:

(Added) Consent Agenda, Item C-2 – Approval of October Minutes

(Added) Unfinished Business, Item C-4 – Hurricane Pay Status.

(Added) New Business, Item C-5 – DROP Account Statements.

Trustee Mark Bates objected to the addition of stipends to the Agenda, since he did not receive materials in advance of the meeting to review the topic. The Board agreed to defer the matter to the next regular meeting.

The meeting proceeded with the Agenda as amended.

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

The Employees' Retirement Board had no items to discuss for unfinished business.

B. Police Retirement Board:

The Police Retirement Board had no items to discuss for unfinished business.

C. Employees' and Police Retirement Boards:

1. Salem Trust Custody Fees

Valerie Hurley reported that Ken Harrison addressed the manner used by Salem Trust, custodian for the plans, to pay fees. Salem previously deducted custodial fees directly from each manager account quarterly after providing a notice regarding the amount of the fee. The practice came into question following the termination and transition of a manager. Ken Harrison advised that Salem Trust should invoice the plans for custodial fees. Mr. Baur indicated that Salem would invoice the plans in the future, and the Boards would approve the amounts along with other accounts payable.

2. Definition of Pensionable Earnings

Action: A motion was made and seconded to table the discussion until the next meeting pending receipt of additional backup materials.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

3. Merrill Lynch Tolling Agreements

Ken Harrison explained that the proposed tolling agreement allowed the Board additional time to bring a claim against Merrill Lynch. Loeb & Loeb, counsel for Merrill Lynch, declined to execute the tolling agreement. Mr. Harrison also reported that Larry Cole subsequently left Merrill Lynch and went to another firm. Ken White also inquired about actions taken by other Boards that retained the services of Merrill Lynch.

Action: A motion was made and seconded to direct the attorney to issue a letter soliciting bids for investment consulting services.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Trustee Robert Lepa joined the meeting.

4. Hurricane Pay Status

Mark Bates stated that Finance Department was completing new pension benefit calculations for all retired members requesting an adjustment for hurricane pay. He also said that Finance was reviewing older pension benefit calculations as well, a process that the City should complete rather than the new administrator. He estimated that up to about 3 dozen pensions needed revision. The Trustees discussed the number of calculations that might require revisions for members in the DROP.

Mr. Bates will report to the Board once the Finance Department has completed the process. He noted that some retired members might owe additional contributions to the plan. Valerie Hurley asked if an offset could be made to the monthly pension payment for the contributions. Mr. Bates responded that each member should sign an acknowledgement.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

1. Administrator Agreement

Ken Harrison reported that the Pension Resource Center executed the agreements for administrative services with the respective Boards. He indicated that the Trustees need to take no further action, since the Boards had previously approved the agreements. The Trustees requested a copy of the executed agreements.

C. Employees' and Police Retirement Boards:

1. Local Checking Account for Payment of Benefits and Invoices

Scott Baur reported that his firm would need to establish separate local checking accounts for each Board to pay benefits and invoices. He presented the Boards with a summary of accounts from recently completed Requests for Proposals that included local, regional, and national banks. His firm requires certain cash managements in the course of normal operations on behalf of the plans. While the administrator has accounts with all of the banks listed on behalf of other plans, his firm receives no compensation or other benefits from any of the banks.

Mr. Baur noted that the local banks provided the most competitive terms, including both fees and credit of interest. All of the banks on the list are Florida public depositories, a requirement to do business with the plans. The Trustees discussed the payment of plan expenses from the accounts, including the payment of invoices to Salem Trust. Trustee Robert Lepa disclosed to the Board that Wachovia had purchased AG Edwards, his

employer.

Action: A motion was made and seconded to open new checking accounts with First Southern.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

2. Updated Signature Authorizations: Salem Trust

The Boards executed updated signature authorizations for Salem Trust, custodian for the plans. Mr. Bates indicated that he did not want to become an authorized signor for either the custodian or the new checking accounts.

3. Inactive Suntrust Accounts

Scott Baur reported that Suntrust, the prior custodian for the plans, returned funds from accounts closed in 2001. The Trustees discussed the receipt of the funds after such a long period, along with invoices from Suntrust for services that were never paid.

Action: A motion was made and seconded to direct Ken Harrison to obtain additional clarification from Suntrust regarding the closed accounts and invoices for services.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

4. Benefit Approvals

Scott Baur provided benefits for approval for Ralph McCleod and Calvin Smith. The Trustees discussed the process to approve of benefits. Mark Bates stated that, since members have a right to the benefits, an approval by the Board should not be required. He suggested an informational item on the agenda instead. The Trustees decided to accept benefit applications by members, without an approval for the actual benefits.

The Trustees further discussed the process to recalculate benefits, including calculations for vested deferred members. Mr. Bates stated that the City had inconsistent documentation of benefit calculations by former staff members. The Board received and filed the benefit for Ralph McCleod.

5. DROP Account Statements

The Trustees discussed statements to members in the DROP, which have not been provided now for 6 months. Mr. Bates indicated that his office stopped providing the statements until staff could verify the benefit calculations. He estimated that most of the calculations in previous years contained errors, with many overpayments, and staff did not consistently send the calculations to the actuary for review and certification. Mr. Bates explained that the benefit calculations per the ordinance were not changing, but some of the information used to calculate the benefits was changing. The plans previously revised calculations because outdated factors were used to calculate the optional forms of benefit payment. Mr. Bates stated that the current process to recalculate benefits would require much additional staff time. Staff is reviewing all calculations completed in the last 5 years, since Mr. Bates stated that the calculations

have a 5-year statute of limitations.

The Board considered the lack of information going to retired members and members still in the DROP. The Trustees asked whether the new administrator could assist with the process. Mr. Baur responded that he can recalculate benefits once he receives the data necessary to do so.

Action: A motion was made and seconded by the Employees' Retirement Board to send members in the DROP a letter of explanation regarding the delay for the quarterly statements.

Mark Bates stated that his staff prioritized recalculation of benefits to retired members receiving checks first and then to members in the DROP. The Trustees considered that retired members previously did not repay any overpayments in benefits, when benefits were recalculated due to the factors used to determine the optional forms. Scott Baur briefly discussed the payroll data that his firm receives from the City on behalf of the Firefighter Board of Trustees, as well as missing payroll data from the period in 2007 when ADP did the payroll.

Mark Bates stated that his staff addresses questions from members in the DROP on an individual basis during the process to recalculate benefits.

Vote: The motion failed on a 3-2 vote. Trustees Robert Lepa and Robert Kahand voted for the motion, while Mark Bates, Valerie Hurley, and Mayor Clemens voted against the motion.

Karen Russo and Brad Rinsem from Salem Trust briefly addressed the Board of Trustees. She reviewed the process to review and pay invoices. The custodian will typically communicate most matters through the administrator, although Salem Trust would like to report at least annually to the Board. The Trustees thanked Salem.

V. CONSENT AGENDA:

A. Employees' Retirement Board: and

B. Police Retirement Board:

Scott Baur provided a warrant for the accounts payable. He noted that he included Suntrust on the Warrant only because the Board received an invoice, but he had no way to verify the accuracy of the amounts. The Trustees previously deferred consideration of the Suntrust invoices to legal counsel.

Action: A motion was made and seconded to approve the warrants for payments of invoices with the exception of Suntrust.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

The Boards considered additional invoices received from Sugarman and Rigel. The

Trustees discussed the split of legal fees related to Merrill Lynch between the two plans.

Action: A motion was made and seconded to add an agenda item for the payment of invoices for Sugarman and Rigel to the Agenda.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: A motion was made and seconded by the Employees' Retirement Board to pay invoices to Rigel in the amount of \$10,779.97 and Sugarman Susskind in the amount of \$1,747.21.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: A motion was made and seconded by the Police Officers' Retirement Board to pay invoices to Rigel in the amount of \$3,620.78 and Sugarman Susskind in the amount of \$2,293.94.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

C. Employees' and Police Retirement Boards:

Approval of Minutes

The Trustees did not consider the approval of the minutes.

D. Board Attorney's Report:

Attorney Kenneth Harrison reported new requirements by the State on use of Social Security Numbers. He suggested revision of forms used by the plans to request a member's SSN only one time, with removal of the SSN as an item from other forms.

Mr. Harrison then discussed action taken by the state to divest from companies doing business in Iran and Sudan. He noted the March 15 deadline for submission of the Annual Report to the Division of Retirement for Police.

E. Administrator Report:

Scott Baur updated the Board regarding the transition in plan administration from the City to his firm. He asked the Boards about the provision of materials in advance of the meetings. The Trustees indicated they would accept electronic distribution of meeting related materials. He also provided the Trustees with updated contact lists for the Boards and Service Providers. The Trustees requested a schedule of meetings through October 2008.

The Trustees decided to move the start time for the monthly meetings to 2 PM.

VI. ADJOURNMENT:

The meeting adjourned at 3:33 p.m.

MINUTES APPROVED: February 26, 2008

Valerie Hurley, Chair
Employees' Retirement Board

Kenneth White, Chairman
Police Retirement Board

J. Scott Baur, Administrator
Employees' & Police Retirement Boards