

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD  
AND POLICE RETIREMENT BOARD MEETING  
HELD IN THE CONFERENCE ROOM AT CITY HALL ON  
TUESDAY, AUGUST 18, 2009 at 2:00 PM**

**I. ROLL CALL: ..... 2:04 PM**

**A. Employees' Retirement Board:**

A meeting was called to order at 2:04 PM.

Those persons present included:

Trustees: Jeff Clemens, Mayor  
Robert Lepa, Vice-Chair  
Robert Kahant

Others: Ken Harrison, Sugarman & Susskind  
J. Scott Baur, Resource Centers  
Dixie Martinez, Resource Centers  
Tim Nash, Bogdahn Group  
Howard Bos, Richmond Capital  
Paul Lundmark, Richmond Capital  
Members of Public:  
Melody Hughes

**B. Police Retirement Board:**

A meeting was called to order at 2:04 PM.

Those persons present included:

Trustees: Lt. Kenneth White, Chair  
Randy Collier  
Karri Casper (2:07 pm)  
Jeff Clemens, Mayor

Others: Ken Harrison, Sugarman & Susskind  
J. Scott Baur, Resource Centers  
Dixie Martinez, Resource Centers  
Tim Nash, Bogdahn Group  
Howard Bos, Richmond Capital  
Paul Lundmark, Richmond Capital  
Members of Public

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

**A. Employees' Retirement Board:**

No additions, deletions or reordering to the Agenda were made for the General Retirement Board.

**B. Police Retirement Board:**

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

**III. UNFINISHED BUSINESS**

**A. Employees' Retirement Board:**

**B. Police Retirement Board:**

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

**1. Benefit Recalculations:**

Mr. Baur reviewed with the Boards the recalculation sheets which included the added totals for the under/overpayments. Mr. Baur explained that the recalculations are through August 1, 2009 and that he basically had recalculated all the benefits that the City had recalculated. The City had recalculated all the benefits for participants who had separated from employment since 2003. Mr. Baur commented that all the recalculations have been sent to the Actuary for review and he is waiting for the results. The Boards had a very lengthy discussion regarding the recalculations. Mr. Baur explained that he did not have all the historical payroll data from when the City was making the monthly benefit payments. Therefore Mr. Baur based the total amount owed to/from the participants assuming that when the City had modified the participants pension amounts on various occasions, that they had adjusted the differences all the way back to the date of retirement.

Action: A motion was made by Mayor Clemens and seconded by Mr. Kahant to pay the pensioners who were underpaid the total amount of underpayment in one lump sum subject to verification by the Actuary.

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

Action: A motion was made by Mayor Clemens and seconded by Ms. Casper to pay the pensioners who were underpaid the total amount of underpayment in one lump sum subject to verification by the Actuary.

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

Action: A motion was made by Mayor Clemens and seconded by Mr. Kahant to adjust the future payments of the retirees who have been overpaid and underpaid effective October 1, 2009 with at least one month notice of the change subject to verification by the actuary.

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

Action: A motion was made by Mayor Clemens and seconded by Ms. Casper to adjust the future payments of the retirees who have been overpaid and underpaid effective October 1, 2009 with at least one month notice of the change subject to verification by the actuary.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None  
The Boards had a very lengthy discussion on the overpayments.

Action: A motion was made by Mayor Clemens and seconded by Mr. Kahant to send a letter to the participants to inform them of the Board's intent on collecting the overpayments over the same period of time in which they were overpaid, and to also give the participants a 90 day notice prior to making the change pending verification by the Actuary.

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

Action: A motion was made by Mayor Clemens and seconded by Sgt. Collier to send a letter to the participants to inform them of the Board's intent on collecting the overpayments over the same period of time in which they were overpaid, and to also give the participants a 90 day notice prior to making the change pending verification by the Actuary.

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

Mr. Harrison advised that the Board should inform the participants in the letter that they can appeal it.

#### **IV. NEW BUSINESS:**

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

##### **1. Disability Review- Melody Hughes (Non-Duty):**

Mr. Harrison explained that the disability booklet included all of the information needed for the Board to make a decision. He stated that once the Board retains a doctor for the examination, the doctor is provided with specific questions that must be answered based on the criteria of the Plan. Also the doctor has to answer yes to all the questions in order for the Board to have the authority to grant the disability. Mr. Harrison reviewed the questioner and the doctor's answers with the Board.

Action: A motion was made by Mayor Clemens and seconded by Mr. Lepa to grant the non service related disability to Melody Hughes effective today.

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

Mr. Harrison reminded the Board that the disability booklets need to be returned to the Administrator. Also it is very important that this case should not be discussed any further because the information related to medical records is confidential.

Mr. Baur left the meeting at 3:10 pm.

## **2. Benefit Approvals:**

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Refund of contributions for Richard Thomas; Application for retirement for Barbara Eberly, Gerald Moore and Fausto Guifarro and the Application to enter the DROP for Martin Rosenblatt.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve the Refund of contributions for Richard Thomas; Application for retirement for Barbara Eberly, Gerald Moore and Fausto Guifarro and the Application to enter the DROP for Martin Rosenblatt.

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

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

There were no Benefit Approvals for the Police Officers' Pension Board.

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

1. Investment Manager Report: Howard Bos & Paul Lundmark (Richmond Capital)  
Mr. Bos and Mr. Lundmark introduced themselves to the Boards. They explained that they have been managing the fixed income portfolios for both Pension Plans since September 1, 2003. Mr. Bos commented that his firm is 100% employee owned and that they have \$4.6B in assets under management. Mr. Bos stated that their objectives are to achieve a higher rate of return over the longer period of time (3 to 5 years) which will exceed the index, and to also rank in the top 50 percentile compared to other similar managed portfolios. Mr. Bos reviewed the portfolios and the funds performances. He reported that the interest earned since inception for the General Plan is \$8,493,294 and \$2,692,438 for the Police Plan. The market value as of July 31, 2009 for the General Plan is \$27,081,295, and for the Police Plan the market value is \$8,556,609. The total return for the month of July for the General Plan was 2.74% versus the index at 1.65%, and for the Police Plan the total return was 2.9% versus the index at 1.65%. For the year to date returns the General Plan was ahead at 6.13% versus the index at 2.01% and the Police Plan was also ahead at 6.56% versus the index at 2.47%.

Mr. Bos explained that Mr. Nash had requested that he review the Treasury Inflation-Protected Securities (TIPS) with the Board. Mr. Bos explained that the U.S Treasury began issuing TIPS in 1997 and since then they have become the largest issuer of inflation-linked bonds globally. He commented that as of July 31, 2009, TIPS outstanding totaled over \$501B, which is about 15% of Treasuries. Also the interest rate is based on "real" yield at the time of the issuance and the coupon rate remains fixed until maturity. Mr. Bos reviewed with the Board the potential portfolio benefits and the proposed fee schedule. The annual fee is 15 basis points for assets under \$10M, then 10 basis points on the first \$20M and 8 basis points for anything over \$20M. The Boards had a discussion

regarding the TIPS portfolio. Mr. Nash recommends moving 5% from the bonds portfolio and invest it in the TIPS portfolio if the Boards are interested in this investment.

Action: A motion was made by Ms. Casper and seconded by Sgt. Collier to move forward with the 5% allocation from the bonds portfolio to the TIPS investment.

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

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to move forward with the 5% allocation from the bonds portfolio to the TIPS investment.

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

Mr. Nash commented that he will work with the Administrator to make the transfer. Mr. Bos stated that he will be sending Mr. Nash the contracts for TIPS to be executed. Mr. Harrison advised Mr. Nash to work on the Investment Policy first (if needed) before any transfers are done into the TIPS portfolio.

## **2. Investment Consultant Report: Tim Nash (The Bogdahn Group):**

Mr. Nash commented that the numbers for this quarter looked great and that he had good news all around. He also stated that the lower quality stocks and bonds were the strongest performers during the quarter which was surprising. Mr. Nash reported that for the quarter ending June 30, 2009 the assets for the General Plan were \$54,039,772 and for the Police Plan they were \$19,039,446. The total fund for the General Plan was at 9.67% and the Police Plan was at 9.87%. The total domestic equity for the General Plan was at 13.79% versus the index at 15.93% and the Police Plan was at 12.82% versus the index at 15.93%. The total international equity for the General Plan was at 22.79% versus the index at 25.85% and the Police Plan was at 22.84% versus the index at 25.85%. The total fixed income for the General Plan was ahead at 4.35% versus the index at 2.01% and the Police Plan outperformed at 4.70% versus the index at 2.01%. Mr. Nash reported that MD Sass Large Cap Value did very well for the General Plan. They were up 17.60% and the Police Plan was up 17.48% versus the index at 16.70%. Also Aletheia Large Cap Value did very well. The General Plan was up 21.56 % and the Police Plan was ahead of the index at 20.81% versus 16.70%. On the other hand Mr. Nash reported that Riegel Large Cap Growth did not perform well within the quarter. He explained that one of the reasons is that they had 6% in cash which had previously helped them through the down times, but as the market started turning around they missed out on that opportunity which hurt their returns for this quarter. Also they did not own the major banks in the financial sector. Mr. Nash reported that Sawgrass Large Cap Growth was a little behind on the energy sector which hurt them this quarter as well.

Mr. Nash reviewed with the Board the Compliance Checklist as of June 30, 2009 for the General and Police Plan. Mr. Harrison asked Mr. Nash if he recommended any changes at this time. Mr. Nash replied that he has no issues with any of the current managers therefore he does not recommend any changes.

**D. Board Attorney Report:**

Mayor Clemens commented that he needed to leave the meeting early due to having a Commission meeting later in the evening. Mr. Harrison asked Mayor Clemens if he had a chance to look into the three pending pension ordinance proposals. Mayor Clemens commented that he will look over the proposals and asked that an e-mail be sent to him to as a reminder.

Mr. Harrison reported that he had talked to the City Attorney regarding the upcoming hearing of Ann Costello. The City Attorney's opinion is that the City does not have the subpoena power; therefore the City can not delegate it to the Board. Mr. Harrison stated that he relayed this information to Ms. Costello's Attorney.

The Boards moved to approve the consent Agenda before Mayor Clemens left the meeting.

**V. CONSENT AGENDA:**

**A. Employees' Retirement Board:**

Action: A motion was made by Mayor Clemens and seconded by Mr. Lepa to approve the Consent Agenda, which included a Warrant for invoices and revised Minutes from the meeting of July 21, 2009.

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

**B. Police Retirement Board:**

Action: A motion was made by Mayor Clemens and seconded by Sgt. Collier to approve the Consent Agenda, which included a Warrant for invoices and revised Minutes from the meeting of July 21, 2009.

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

Mayor Clemens left the meeting at 4:23 pm.

Mr. Harrison reported that he had received a question from the Administrator in regards to a retiree from the General Employees' Plan. He explained that the retired member had an agreement with his ex wife to give her 30% of his monthly pension payment. He had a question on who is responsible for his ex wife's portion of the taxes. Mr. Harrison's opinion was that the retired member is the participant of the Plan and he is subject to the taxes unless he has a court order that states something different.

**E. Administrator Report:**

Ms. Martinez commented that an updated Financial Statement was included in their meeting packets. She stated that she will be attending the City of Lake Worth's Employee Health & Wellness Benefit Fair on September 15<sup>th</sup> and 16<sup>th</sup>. She explained that she will be there to provide information or to answer questions from the participants of the Plans.

Mr. Kahant asked Ms. Martinez if a letter has been sent to the DROP participants. Ms. Martinez explained that the letter has not been sent yet and that Mr. Baur had requested on numerous occasions information from the City that he needs in order to be able to process the DROP statements.

Mr. Harrison reminded the Boards that the Formal Hearing for Anne Costello will be at 2:00 pm after the next Pension Board meeting.

**VI. ADJOURNMENT:**

There being no other business and the next meeting having been previously scheduled for Tuesday, September 15 at 1:00 PM, the Trustees adjourned the meeting at 4:28 p.m.

MINUTES APPROVED: September 15, 2009

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Valerie Hurley, Chair Employees' Retirement Board

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Kenneth White, Chairman Police Retirement Board

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