

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
TUESDAY, DECEMBER 15, 2009 at 2:00 PM**

I. ROLL CALL: 2:05 PM

A. Employees' Retirement Board:

A meeting was called to order at 2:05 PM.

Those persons present included:

Trustees: Valerie Hurley, Chair	Others: Ken Harrison, Sugarman & Susskind
Robert Lepa, Vice-Chair	J. Scott Baur, Resource Centers
Rene Varela, Mayor	Dixie Martinez, Resource Centers
Robert Kahant	Members of Public:
Michael Geoghegan	Jacqueline Wildman

B. Police Retirement Board:

A meeting was called to order at 2:05 PM.

Those persons present included:

Trustees: Lt. Kenneth White, Chair	Others: Ken Harrison, Sugarman & Susskind
Rene Varela, Mayor	J. Scott Baur, Resource Centers
Michael Geoghegan	Dixie Martinez, Resource Centers
	Members of Public

II. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

The Board discussed reordering the Agenda and to postpone Janet Petrone's appeal until her arrival.

Action: Consensus of the Board to reorder Agenda

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:

b. Boards Review of Letters of Appeal:

The Board reviewed the letters of appeal from Holly B Johnson, Joseph Brockway Donald Mead, Allen Blawn, and William Openshaw. Mr. Harrison recommended to the Board to hear each case individually.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to schedule the appeals in order of receipt and two per meeting.

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

Jacqueline Wildman:

Mr. Baur explained that he had sent an e-mail to the Board regarding his firm's internal controls and procedures due to Ms. Wildman's situation. Mr. Baur explained that Ms. Wildman had received an estimated calculation through his office in August as the City was introducing the early retirement incentive program which included non pensionable wages. Mr. Baur reported that his office receives payroll updates from the City and that somewhere around mid July his office had received payroll which included non pensionable items along with the rest of the regular payroll. Mr. Harrison asked Mr. Baur if Ms. Wildman was currently receiving a check. Mr. Baur explained that she was receiving a check based on a final calculation of her benefits pending the actuary's certification and Board's approval. Mr. Baur reported that due to the urgency to send payment to Ms. Wildman his office had further provided her with an estimated calculation and had sent her payment while still going through the normal internal review. Mr. Baur reported that once Ms. Wildman's calculation went through an internal review it was identified that it included non pensionable wages. Mr. Baur explained that in the mean time Ms. Wildman had gone back to the City with her calculation and that the City had also identified the non pensionable wages. Mr. Baur reported that Ms. Wildman's issue was that she had relied on some of that information in making her decision in accepting the early retirement incentive program and she is here today. Ms. Wildman explained that she had received a final calculation worksheet with her October and November payment that was for a monthly amount of \$2,186.19. Ms. Wildman explained that following her payment she had received a letter explaining that she had been overpaid by \$108 and change each month. Mr. Harrison explained that it was the Board's responsibility to make every effort to make sure the calculations are correct and if an error is discovered they have the responsibility to fix the error. Mr. Baur reported that the system that his office uses in calculating benefits once a person separates from employment will automatically tag a calculation as final even though it is still subject to review both internally and externally. Mr. Harrison

explained to Ms. Wildman that no calculation is final until the actuary has certified it and the Board have approved it. The Board had a discussion regarding the early incentive program. Ms. Hurley stated that since the Board did not have the actuary's certification on Ms. Wildman's calculation her recommendation would be to table this matter until the next meeting. Mr. Baur reported that no deduction will be taken out of Ms. Wildman's check for the overpayment and that she is currently receiving the correct amount.

Action: A motion was made by Mr. Geoghegan and seconded by Mr. Lepa to table Ms. Wildman's appeal until the January meeting.

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

c. Retirees to address the Board:

There were no retirees to address the Board.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Benefit Approvals:

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Refund of contributions for Sophia Raymond, John Black, and Dathan Griffiths; Application to enter the DROP for Jessie Webster.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve the Refund of contributions for Sophia Raymond, John Black, and Dathan Griffiths.

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

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve the Application to enter the DROP for Jessie Webster.

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. Presentations by Gabriel Roeder Smith & Company -Steve Palmquist

- a. Actuarial Valuation Report as of October 1, 2008
- b. Nine Year Experience Study Covering Period October 1, 1999 to September 30, 2008 (Employees Retirement Board)

- c. Impact on future investment returns on the Annual Required Contributions (Employees Retirement Board)
- d. Recommended Changes in Actuarial Assumptions and Methods (Police Retirement Board)

Mr. Palmquist introduced Duane Howison to the Board. Mr. Palmquist reported that the 2008 Actuarial Report for the Police Plan reflects the transition of the Police services to the County and it also reflects the decisions made by the police officers to stay in the Plan versus going into the Florida Retirement System. Mr. Palmquist reported that for the General Plan the 2008 Actuarial Valuation Report has a cost increase compared to last fiscal year to the present fiscal year by $\frac{1}{2}$ a million dollars. Mr. Palmquist reported that both Plans have similar situations as well as his other clients where they had losses due to the investments for fiscal year 2008 and both Plans' pay increased more than their assumptions. Mr. Palmquist reported that for the Police Plan the required contributions for fiscal year 2009 were \$1,452,892 and for fiscal year 2010 were \$1,397,276. Mr. Palmquist reported that for the General Plan the required contributions for fiscal year 2009 were \$2,900,325 and for fiscal year 2010 were \$3,413,861. Mr. Palmquist reviewed with the Board how the average salary increases are calculated. Mr. Palmquist reported that for the Police Plan the net actuarial loss for the year is \$1,860,263 and for the General Plan \$4,594,545 which means that the actuarial experience was less favorable than expected. Mr. Palmquist explained that these numbers are added to the unfunded liability. Mr. Palmquist reported that for the Police Plan the actuarial experience translates into a cost increase of 4.67 % of covered payroll and for the General Plan a cost increase of 3.09% of covered payroll. Mr. Palmquist reported that for the Police Plan the funded ratio this year is 69.6% versus 72.3% last year and for the General Plan is 73.6% versus 77.2%. Mr. Palmquist reviewed the participant data information for both Plans'. Mr. Palmquist reviewed with the Boards the amortization period and payments. The Boards had a lengthy discussion. Mr. Palmquist reviewed with the Boards the smoothing method. He explained that the 1st year the Plan would be 1/5 of the way between the current rates and the new rates; on year two the Plan would be 40% of the way and by the end of the 5 years the Plan would be fully there. The Boards had a lengthy discussion regarding the smoothing method.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to approve the General Employees' 2008 Actuarial Valuation Report.

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

Action: A motion was made by Mr. Geoghegan and seconded by Mayor Varela to approve the Police Officers' 2008 Actuarial Valuation Report.

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

Mr. Lepa commented that he would like to see the expected annual rate of return dropped to 7.75. Ms. Hurley agreed and added that she would also like to see it go down in $\frac{1}{4}$ increments per year not just all at once. There was a lengthy discussion about the City's budget. Mr. Palmquist explained that these changes would not apply until October 1,

2010. He also explained that if the assumptions are changed it would not affect this fiscal year, it will affect next fiscal year.

Action: A motion was made for the General Employees' by Mr. Lepa and seconded by Mr. Geoghegan to change the annual rate of return for the coming year to be 8.25.

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

Action: A motion was made for the Police Officers' by Mr. Geoghegan and seconded by Mayor Varela to change the annual rate of return for the coming year to be 8.25.

Action: A motion was made for the General Employees' by Mr. Lepa and seconded by Mr. Geoghegan to adopt all of the recommendations by the actuary and eventually drop the assumed rate of return to 7.75 over a five year period.

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

Ms. Hurley commented that Mr. Palmquist will gradually take the Plan's assumption rate down to 7.75 over five years; he will also change the retirement rate, the salary percentage that is used, the termination rate, and the mortality table.

Mr. Kahant asked Mr. Palmquist when the new mortality table will start being used. Mr. Palmquist explained that the mortality table will be graded 1/5 on the first year, 2/5 on the second year and so on. Mr. Palmquist explained that it will first show up on fiscal year 2011.

Mr. Palmquist explained that it is a little bit different for the Police Plan. He explained that the Police Plan has to consider the interest rate, the mortality rates, and how long they want to pay the unfunded liability. The Board had a lengthy discussion regarding the unfunded liability.

Action: A motion was made for the Police Officers by Mr. Geoghegan and seconded by Mayor Varela to adopt all of the recommendations by the actuary, to adopt the new mortality table, to eventually drop the assumed rate of return to 7.75 over a five year period and to adopt a 25 year amortization to pay the unfunded liability.

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

D. Board Attorney Report:

Mr. Harrison reported that the legal services agreement was ready to be approved and signed. He explained that he had taken the old agreement and had updated it.

Action: A motion was made for the General Employees' by Mr. Kahant and seconded by Mr. Lepa to approve the legal retainer.

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

Action: A motion was made for the Police Officers' by Mr. Geoghegan and seconded by Mayor Varela to approve the legal retainer.

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

Mr. Harrison reported that the Auditors engagement letter was ready to be accepted and signed.

Action: A motion was made for the General Employees' by Mr. Lepa and seconded by Mr. Kahant to accept and approve the Auditors engagement letter.

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

Action: A motion was made for the Police Officers' by Mr. Geoghegan and seconded by Mayor Varela to accept and approve the Auditors engagement letter.

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

Mr. Harrison reported that at the last Pension Board meeting a participant had raised the issue that if he was in the DROP and he had been in the DROP for more then five years if the statue of limitation applied to him. Mr. Harrison explained that the Board has the fiduciary responsibility to correct any errors that are found and that the statute of limitations is not a factor in this case and it's not a relevant factor plus it's not applicable to this participant because this member is still an employee. Mr. Harrison explained that this member has not terminated employment and has not received his DROP money. He explained that basically the only difference would be that the Board has the option for participants who are in the DROP who say that had they known about this miscalculation they would have not entered the DROP, the Board can allow them to come back into the Plan.

D. Administrator Report

Ms. Martinez reported that all DROP statements have been mailed out and all DROP accounts are up to date. She explained that DROP statements from now on will be mailed 6 to 8 weeks after the end of the quarter. Ms. Martinez reported that the issues with the Police Officers' calculations have been resolved.

Ms. Hurley asked Ms. Martinez if she had received a reply from the City Attorney regarding the proposed Ordinance amendments. Ms. Martinez explained that the City Attorney had not responded and that she had gone by the City's Attorneys office before the meeting but had not been able to see the City Attorney.

Ms. Hurley asked Ms. Martinez about the Pension Resource Centers' invoice included on the warrant for Accounts Payable in the amount of \$8,100. Ms. Martinez explained that

the Administrative agreement had a \$100 dollar charge per application/calculation and that this invoice was for all the recalculations processed by Pension Resource Centers.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

Action: A motion was made by Mr. Geoghegan and seconded by Mr. Lepa to approve the Consent Agenda, which included a Warrant for invoices and Minutes from the meeting of November 17, 2009.

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

B. Police Retirement Board:

Action: A motion was made by Mr. Geoghegan and seconded by Mayor Varela to approve the Consent Agenda, which included a Warrant for invoices and Minutes from the meeting of November 17, 2009.

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

Mr. Kahant explained that he wanted to discuss the payroll history for Ms. Janet Petrone. The Board had a short discussion regarding Ms. Petrone's payroll history. Ms. Martinez asked if Ms. Petrone's appeal should be rescheduled for the next Pension Board meeting. The Board agreed. Ms. Martinez asked the Board if the notice of appeal should be sent via certified mail. The Board agreed.

VI. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Tuesday, January 19 at 2:00 PM, the Trustees adjourned the meeting at 4:54p.m.

MINUTES APPROVED: February 16, 2010

Valerie Hurley, Chair Employees' Retirement Board

Kenneth White, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards