

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
TUESDAY, APRIL 20, 2010 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: Valerie Hurley, Chair
Rene Varela, Mayor
Robert Kahant
Steve Carr

Others: Ken Harrison, Sugarman & Susskind
J. Scott Baur, Resource Centers
Dixie Martinez, Resource Centers
Steve Palmquist, GRS
Duane Howison, GRS
Scott Maxwell, City Commissioner
Members of Public:
Lynn Anderson
Mark Thiboult
Donald Mead
Susan Warner
Marisol Pearson
Barbara Hiller

B. Police Retirement Board:

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

Those persons present included:

Trustees: Lt. Kenneth White, Chair
Sgt. Randy Collier, Vice Chair
Rene Varela, Mayor
Steve Carr
Kerri Casper

Others: Ken Harrison, Sugarman & Susskind
J. Scott Baur, Resource Centers
Dixie Martinez, Resource Centers
Steve Palmquist, GRS
Duane Howison, GRS
Scott Maxwell, City Commissioner
Members of Public:
David Moss

II. WELCOME CITY COMMISSION

Ms. Hurley welcomed City Commissioner Mr. Scott Maxwell

III. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Boards:

Mr. Baur introduced Mr. Steve Carr who is the new Finance Director of the City of Lake Worth. Ms. Hurley reminded everyone about the community mediation workshop that will be held on Wednesday, April 21 from 7:00 pm to 8:30 pm. Ms. Hurley suggested reordering item - V. C.2.a. Presentation by Steve Gordon, CPA to be first item on the Agenda and then to proceed with items V.C.1 & 2.

Action: Consensus of the Boards to reorder item - V. C.2.a. Presentation by Steve Gordon, CPA to be first item on the Agenda and then to proceed with items V.C.1 & 2.

V. NEW BUSINESS

C. Employees' and Police Retirement Boards:

2. Presentation by Steve Gordon, CPA – Steve Gordon

a. Audited Financial Statements Report as of October 1, 2009

Mr. Gordon explained that he will first review first the General Employees audited financial statement report. Mr. Gordon reviewed the independent auditors report. Mr. Gordon reported that as of September 2009 the General Employees' Pension Plan had investments at fair value of \$59,365,774 compared to last years at \$61,400,000. He reported that investments are down roughly about \$2.1 million. Mr. Gordon explained the Plan's receivables and prepaid expenses to the Board. Mr. Gordon reported that the total Plan assets as of October 1, 2009 are \$60,896, 102. Mr. Gordon reported that Alethia had not billed the Plan for over a year and a half. Mr. Gordon reported an \$18,281 receivable due from the General Employees Pension Plan to the Lake Worth Police Pension Plan. He explained that this was due to Police Employee contributions that were incorrectly wired to the General Employees' account. Mr. Gordon reported that the net depreciation in fair value of investments was \$-771,996, the employer contributions were \$2,915,829 and the employee contributions were \$1,059,459. He reported that benefit payments were \$6,849,486 just about the same as last fiscal year. Mr. Gordon reported that as of the beginning of the year the funded ratio was 73.6%.

Mr. Gordon proceeded to review the Police Officers' audited financial statement report. Mr. Gordon reported that for the Police Officers' the investments at fair value were at \$22,092,144, a little more than the prior year at \$20, 949,603. Mr. Gordon reported on the due from the Division II Share Plan and he explained that he was uncertain whether or not the State will accept the City not paying the full amount of the difference of what Division II used to pay and what they are actually paying. Mr. Gordon reported that the total receivables for the Plan as of

September 30, 2009 were \$842,272, employer contributions \$1,452,892, employee contributions \$234,514 and Chapter 185 monies \$106,629. He also reported that benefit payments were \$2,714,531. Mr. Gordon recommends that the Police Officers' Pension Plan makes a policy to have the administrator make a request every year to the Division II Share Plan for the contributions. Lt. White explained that it was already a policy and what had happened this year was due to issues with the State going back and forward with the City and it was not due to a lack of Boards action.

Mr. Gordon reported that for both the General Employees' and Police Officers' Pension Plans he had noted when he had tested members files who have been receiving benefit payments for a long time, that they were incomplete. He reported that the administrator had been unable to get all of the documents from the City due to records not being available.

The Board had a discussion regarding the \$18,281 receivable due from the General Employees' Pension Plan to the Police Officers' Pension Plan. Mr. Baur reported that it wouldn't have been possible to correct this in fiscal year 2009 for several reasons. He explained that the Plans did not have the audited financial statements until September 30, 2009 therefore at the end of the fiscal year he was not aware of the receivable. Mr. Harrison reported that legally the only distributions that can be made from the Pension Plans are for participants therefore the General Plan can not make a payment to the Police Plan. Mr. Baur reported that if there was a legal issue, the current contributions could be offset by decreasing by that amount the General Employees contributions and increasing the Police Officers contributions by the same amount to satisfy the obligation.

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to accept the Audited Financial Statements Report as of October 1, 2009.

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

Action: A motion was made by Ms. Casper and second by Mayor Varela to accept the Audited Financial Statements Report as of October 1, 2009.

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

1. Discussion- City Commission
Defined Benefit Plan - Power Point presentation by Mr. Ken Harrison

Mr. Harrison presented an overview of the Lake Worth General Employees' and Police officers' Pension Plans.

3. Presentation by Gabriel Roeder Smith & Company – Steve Palmquist & Duane Howison

a. Actuarial Valuation Report as of October 1, 2009

Mr. Palmquist introduced himself and Mr. Duane Howison. Mr. Palmquist reported that he had noticed Agenda item "V.B.1. Discussion- Process of notifying PBSO upon members entering

the DROP to stop employer contributions” and he wanted to briefly mention that for what he understands the Sheriff’s department has agreed to pay on behalf of the Police members the same rate they pay to the Florida Retirement System (FRS). Mr. Palmquist reported that unlike other governmental Plans those who are members of FRS don’t stop contributions when a member enters the DROP Plan, therefore the Plan should make sure that they do not tell PBSO to stop contributing instead the Plan should request them to pay the FRS DROP rate.

Mr. Palmquist explained that he will review first the Police Officers’ actuarial valuation as of October 1, 2009 report. Mr. Palmquist reviewed the participant data compared to last year. He explained that the Police Officers’ Pension Plan had fewer members in the Plan then last fiscal year. Mr. Palmquist reported that payroll has gone down from \$3.5 millions to \$2.9 millions. He explained that it was a 20% decrease in covered payroll and that has an effect on the required contributions also the changes that the Board had approved of lowering the future returns from 8.5% to 7.75% over a five year period and the change in mortality tables had a significant affect on the annual cost of the Plan. Mr. Palmquist reviewed the annual required contributions for the Plan. Mr. Palmquist reported that for fiscal year end the net investment loss was - \$589,730, the loss was due to investment returns but when looking at all other experiences, salary increases, and members retiring and so on the Plan made a net gain of \$855,480 therefore this has helped offset the loss due to the investment returns. Mr. Palmquist reported that the return that they had recognized under the asset smoothing method was 3% less than the assumptions. Mr. Palmquist reported that the average pay increase for Police Officers’ who were in the Plan was - \$3.7 % due to the longevity paid in 2008 that was not paid in fiscal year end 2009. Mr. Palmquist reviewed the investment rate of return history from 1972 to September 30, 2009. Mr. Palmquist reported that as of October 1, 2009 the funded ratio was 66.7%. Mr. Palmquist reported that compared to other Plans the funded ratio is low but by the Boards action on changing the rate of return and the mortality table it will strengthen the assumptions and this will get the Plan going on the right direction going forward. Mr. Palmquist reviewed the schedule of non-active participant data.

Mr. Palmquist proceeded to review the General Employees’ actuarial valuation as of October 1, 2009. Mr. Palmquist reviewed the participant data. He explained that there are fewer General Employees’ than in fiscal year end 2008. Mr. Palmquist reported that the covered annual payroll it’s just about the same at \$13,274,952 and annual benefit payments were at \$7,168,799. Mr. Palmquist reviewed the annual required contributions. He reported that the required contributions for this year which we are already in the middle of are \$3,413,861 and that for next year it will be \$4,056,252. Mr. Palmquist reported that the net experience loss is - \$4,259,699 due to the investment returns. Mr. Palmquist reported that the Plan will not be paying a COLA this year. He explained that the Plan actuarial gains need to exceed \$38,848,795 before they can pay a COLA. Mr. Palmquist reviewed the summary of assets at market value and the schedule of active participant data.

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to accept the Actuarial Valuation Report as of October 1, 2009.

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

Action: A motion was made by Ms. Casper and second by Mayor Varela to accept the Actuarial

Valuation Report as of October 1, 2009.

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

Ms. Hurley asked Ms. Martinez to start forwarding Mr. Palmquist the Agenda in case he has any comments to make in the future. Lt. White suggested moving to item V.B.1 and Consent Agenda so that the Police Officers' Board could adjourn this meeting.

Action: Consensus of the Boards to move to item V.B.1. and Consent Agenda.

B. Police Retirement Board:

1. Discussion – Process of notifying PBSO upon members entering the DROP to stop employer contributions

Lt. White explained that he had asked Ms. Martinez to add this item to the Agenda because he had started to receive calls from the Sheriff's office regarding this matter. Lt. White commented that based on what Mr. Palmquist reported regarding the FRS DROP rate and for what he sees on a draft copy of the contract it seems that FRS should be contributing the FRS DROP rate once members enter the DROP instead of stopping the contributions. Mr. Harrison advised that once a member enters the DROP the administrator should notify the Sheriff's office in writing to adjust contributions accordingly to the DROP provisions of FRS.

Action: A motion was made by Mayor Varela and second by Ms. Casper to instruct the administrator to send the Sheriff's office written notification to follow FRS DROP rate for members in the DROP.

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

E. Administrator Report:

1. Disability Review

Ms. Martinez reported that all of the disability review letters with corresponding doctor's notes and financial affidavits have been received. She explained that further research will be needed in Mr. Daniel Lynch's case; since he received a \$140,000 workers comp settlement in 2009 therefore she has requested Mr. Lynch's disability documents and final salary from the City.

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to accept the 2009 disability review.

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

Action: A motion was made by Ms. Casper and second by Mayor Varela to accept the 2009 disability review with the exception of Mr. Daniel Lynch.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.
Ms. Martinez reported that Trustee terms for Lt Ken White and Robert Kahant will expire on August 1, 2010. She will start the election process in May. Ms. Martinez reported that Trustee term for Karri Casper will be expiring May 31, 2010 and Trustee term for Mr. Robert Lepa will also be expiring on August 31, 2010. She will send notice to the City. Ms. Martinez reported that Sawgrass would like to attend the next pension Board meeting.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to approve the Consent Agenda, which included a Warrant for invoices and Minutes from the meetings on March 16, 2010.

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

B. Police Retirement Board:

Action: A motion was made by Mayor Varela and seconded by Ms. Casper to approve the Consent Agenda, which included a Warrant for invoices and Minutes from the meetings on March 16, 2010.

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

The Police Retirement Board adjourned the meeting at 3:55 pm

IV. UNFINISHED BUSINESS

1. Benefit Recalculations

a. Appeal to the Board by Sue Warner

Mr. Baur reported that Ms. Warner's revised recalculation as well as the other members listed on the agenda today has not been certified by the actuary's yet. Mr. Baur briefly discussed the changes he had made to the revised recalculations. Mr. Harrison advised that the Board should wait for the actuary's certification before making any decisions. Mr. Harrison also advised the administrator not to schedule any appeals without having certification by the actuary first. Ms. Hurley explained to Ms. Warner that Ms. Martinez will notify her once the revised recalculation has been certified by the actuary. Mr. Baur reported that in Ms. Warner's case he expected a reduction of about \$25.00 per month.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to table this item to the next pension Board meeting or until certification from the actuary is received.

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

b. Appeal to the Board by Mark Thiboult

Mr. Thiboult explained that he had just wasted two hours of his time when it could of only been two minutes had the Agenda not been reordered. Mr. Thiboult reported that he was in agreement with his revised recalculation since his benefit increased. Mr. Harrison reported that if he did not have to attend the next Pension Board meeting if the actuary certifies his revised recalculation the Board will act on it. Ms. Martinez will notify Mr. Thiboult as soon as the actuary's certification has been received.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to table this item to the next pension Board meeting or until certification from the actuary is received.

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

c. Boards review of Letters of Appeal from: Godfrey Thomas and Vann B Ross

Ms. Martinez reported that the next available times for appeals would be June 15th and July 20th. Ms. Martinez will send Mr. Thomas and Mr. Ross a letter to notify them.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to schedule Mr. Godfrey's appeal to June 15th and Mr. Ross to July 20th.

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

1. Benefit Approvals:

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Application for retirement for Sandra Fehr-Evans; Application for Refund of Contributions for Lynda Golden, Gregory Freeman, and Chaucey Horne.

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to approve the application for retirement for Sandra Fehr Evans.

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

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to approve the application for refund of contributions for Lynda Golden, Gregory Freeman, and Chaucey Horne.

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

D. Board Attorney Report:

Mr. Harrison reported that the legislative session is still going on and that nothing has passed so far. Mr. Harrison reported that he will keep the Board updated. The Board had a discussion

regarding the pending changes in the state legislature.

VII. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Tuesday, May 18 at 2:00 PM, the General Employees' Board adjourned the meeting at 4:26 p.m.

MINUTES APPROVED: May 18, 2010

Valerie Hurley, Chair Employees' Retirement Board

Kenneth White, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards