

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
TUESDAY, JULY 20, 2010 at 2:00 PM**

I. ROLL CALL: 2:02 PM

A. Employees' Retirement Board:

A meeting was called to order at 2:02 PM.

Those persons present included:

Trustees: Valerie Hurley, Chair
Robert Lepa, Vice-Chair
Rene Varela
Robert Kahant
Steven Carr

Others: Ken Harrison, Sugarman & Susskind
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Tim Nash, Bogdhan Group
Duane Howison, GRS
Ted Doyle, Alger
Kevin Collins, Alger
Robert Ruland, Atlanta Sosnoff
Charlie Constable, Brown Advisory
Ken Stuzin, Brown Advisory
Raymond Urban, Winslow Capital
Members of Public:
Don Mead
Lt. T Baer

B. Police Retirement Board:

A meeting was called to order at 2:02 PM.

Those persons present included:

Trustees: Lt. Ken White, Chair
Sgt. Randy Collier, Vice-Chair
Rene Varela
Kerri Casper (2:05 pm)
Steve Carr

Others: Ken Harrison, Sugarman & Susskind
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Tim Nash, Bogdhan Group
Duane Howison, GRS
Ted Doyle, Alger
Kevin Collins, Alger
Robert Ruland, Atlanta Sosnoff
Charlie Constable, Brown Advisory
Ken Stuzin, Brown Advisory
Raymond Urban, Winslow Capital
Members of Public:
Don Mead
Lt. T Baer

II. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

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

B. Police Retirement Board:

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

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Boards:

1. Benefit Recalculations:

a. Appeal to the Board by Randall Bland:

Mr. Baur reviewed the changes to Mr. Randall Bland's revised re-calculation. Mr. Baur explained that the City's recalculation used 52 pay periods and excluded a retro pay, although the retro pay appears to have been pensioned at time of payment. The new revised re-calculation increases above original calculated amount when IBEW retro pay is included in the final average salary. He explained that with both of the recalculated benefits he has processed, the amounts exceed the original calculation once the IBEW retro pay is included in the final average salary. He reported that the issue there is an ambiguity regarding payroll on 12/06/2003, a date where the City appears to have shifted pay from one period to another. The City did provide detailed payroll for the date in question but due to the ambiguity, he recommends to the Board that they approve the revised re calculated monthly benefit of 2,995.42.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to accept Mr. Randall Bland's revised re-calculation with monthly benefit amount of \$2,995.42 as final.

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

Mr. Randall Bland withdrew his appeal.

b. Appeal to the Board by Godfrey Thomas:

Mr. Baur reviewed the changes to Mr. Godfrey Thomas' revised re-calculation. Mr. Baur explained that the City's recalculation used 104.6 weeks in the final average salary but rounded service down to 20 years from 20 years 20 days. He explained that the original revised calculation that he had processed included 104.3 weeks in the final average salary but credited Mr. Thomas with exact service. He reported that a detailed review of Mr. Thomas' payroll history led to a minor revision in his final average salary based on payroll included for pension through his May 31, 2007 separation date. The revision increased the revised re-calculation of his benefit to 1,139.42 per month, only 0.89 less than his original calculated benefit.

Mr. Godfrey Thomas withdrew his appeal.

Mr. Thomas commented that he had been dealing with the City regarding a longevity payment that he believes he should have received when he separated from employment. Ms. Hurley explained the Board could not do anything regarding the longevity payment. He needed to discuss this with payroll administration. Mr. Carr suggested that he speak to Diane Clark. The Board had a discussion regarding how his benefit would be affected if he did receive the longevity payment. Ms. Hurley explained that if he did receive the payment then the payroll department would communicate with the administrator and they would have to once again revise his calculation to include the payment.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to accept Mr. Godfrey Thomas revised re-calculation and to waive any overpayments.

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

Mr. Lepa asked Mr. Harrison if the appeal process should be closed at a certain point. Mr. Harrison recommended setting a date to close the appeals for people who have not responded. The Board had a discussion regarding how this process should be done. Mr. Baur suggested that he could send a letter to all of the members that were affected by this who have not appeal. Mr. Harrison commented that the letter should say that the appeal process will be closed at a certain date and that he would review the letter before it was sent to the members. The Board agreed that the deadline for the appeals should be December 31, 2010.

Action: A motion was made by Mr. Lepa and seconded by Mayor Varela to authorize the administrator to draft a letter to notify members of the appeal end date on December 31, 2010.

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

Action: A motion was made by Sgt. Collier and seconded by Ms. Kasper to authorize the administrator to draft a letter to notify members of the appeal end date on December 31, 2010.

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

Mr. Baur briefly updated the Board on Ms. Janet Petrone's appeal and recalculation of benefits.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Benefit Approval

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Application for Refund of Contributions for Eider Y Diaz and Anne E Steinhauer.

Action: A motion was made by Mr. Lepa and seconded by Mayor Varela to approve the application for refund of contributions for Eider Y Diaz and Anne E Steinhauer.

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

B. Police Retirement Board:

1. Benefit Approval

No benefit approvals for the Police Retirement Board.

C. Employees' and Police Retirement Boards:

1. Interview of Investment Managers to Replace Rigel Capital:

a. Atlanta Sosnoff:

Robert F Ruland introduced himself to the Board. He explained in detail the history of the firm. He reported that they have \$10.6 billion in assets and have been managing accounts for over 30 years. He reported that they are focused on earnings acceleration in large cap stocks. Mr. Ruland reviewed the firm's equity style and the power of earnings acceleration. He explained in detail the stock selection process and the representative holdings. Mr. Ruland reviewed the fees, 80 basis points for the both Plans independent of the size. Mr. Ruland responded to various questions by the Board.

b. Brown Advisory:

Charly Constable and Ken Stuzin introduced themselves to the Board. They explained in detail the history of the firm. Mr. Stuzin explained in detail the investment philosophy of the firm. He pointed out that some of the distinctive features that they have are that they seek business models which can support high absolute growth rate. They are sector agnostic as to where they find consistent growth and their process is built upon fundamental analysis. Mr. Constable explained in detail the investment process and their

consistency of out performance. Mr. Constable reviewed the fees, 80 basis points for the both Plans independent of the size. They both responded to various questions by the Board.

c. Alger:

Ted Doyle and Kevin Collins introduced themselves to the Board. They explained in detail the history of the firm. Mr. Doyle explained in detail their investment philosophy. He commented that companies undergoing positive dynamic change offer the best investment opportunities and that they believe in extensive, original, and fundamental research. Mr. Collins reviewed the portfolio characteristics. He commented that they are consistent and have proven dedication to helping their clients achieve their investment goals. They both responded to various questions by the Board

d. Winslow Capital:

Raymond Urban introduced himself to the Board. He explained in detail the history of the firm. He explained some of the distinguishing characteristics of the firm. He explained in detail their investment philosophy and objective. He reported that they believe that investing in quality companies with above-average earnings growth provides the best opportunity for achieving superior portfolio returns over the long term. He reported that their objective was to construct portfolios to outperform the Russell 1000 Growth by 300 basis points annually measured over 3 to 5 years. Mr. Urban reviewed the fees, 60 basis points for the both Plans. He responded to various questions by the Board.

Mr. Nash reviewed the rolling excess returns these managers had to the Russell 1000 Growth. He also reviewed the correlation matrix versus the Domestic Equity Blend. Mr. Nash reviewed with the Board the management fees for each manager. The Board had a lengthy discussion regarding the presentations.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to hire Alger to replace Rigel Capital.

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

The Board directed the attorney to work on the agreements.

Action: A motion was made by Ms. Casper to hire Atlanta Sossnoff to replace Rigel Capital.

Vote: Motion died for lack of a second.

Action: A motion was made by Sgt. Collier and second by Mayor Varela to hire Brown Advisory to replace Rigel Capital.

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

The Board directed the attorney to work on the agreements.

Mr. Steve Carr left the meeting.

2. Review of the Proposed Recommendations Regarding Pensions from the 2011 City Budget

Ms. Hurley reported that she had asked the City for a copy of the auditors report. She reported that she would like Steve Palmquist, the Pensions actuary, to review the City's actuary's report. Ms. Hurley reported that she had spoken to the City Manager. The City Manager had explained to her that they wanted to decrease cost wherever possible and that if the Board could come back with a proposal that is closer to 17% of payroll instead of the 30% that it is right now she would consider it. Ms Hurley explained that she would also like to look at decreasing the multiplier back to 2.5% and maybe increasing the years of service to see if these changes would help reduce the cost. Mr. Harrison cautioned the Board that all of these changes are subject to collective bargaining and that the Board position is only to make recommendations. Ms. Hurley explained that she understands this but rather than lose the Plan she would at least submit some type of recommendation whether they take it or not. Mr. Harrison reported that what she is asking can be done and there is nothing wrong with asking for the numbers. He just wanted to point out their roll as the Pension Board is not to get involved in the negotiations but to administer the Plan as enacted by the legislative bodies. In Mr. Harrison's opinion the Police Officers' are clearly protected by Chapter 112. The Board had a lengthy discussion regarding the proposed changes by the City and how it could affect the Pension Plans. Mr. Howison reported that the savings that are shown on the report are not really very fair because even if the Plan is frozen they will still have a large unfunded liability and there is no way to get around that. He also reported that it seems that they have applied the same multiplier for all years of service. Mr. Howison responded to various questions by the Board.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to ask the actuary to verify the numbers from the outside actuary that the City hired and to come back with some options to reduce cost to get to near to the 17% of payroll.

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

Ms. Hurley reported that the City has scheduled a workshop on August 3, 2010 to hear from the outside auditor that they have hired and from a pension attorney. She would like Mr. Steve Palmquist and Mr. Ken Harrison to attend.

Action: A motion was made by Ms. Casper to ask the actuary to verify the numbers from the outside actuary that the City hired and to come back with some options to reduce costs to get to nearer to the 17% of payroll.

Vote: Motion died for lack of a second.

Lt. White reported that he would have to vote nay because he does not want to move

forward before he has the collective bargaining representatives input on this. He does not want to come across an unfair labor practice. Mr. Collier agreed.

D. Board Attorney's Report:

1. Merrill Lynch Class Action Participation

Mr. Harrison reviewed the class action with the Board and reported that he needed formal approval.

Action: A motion was made by Mayor Varela and seconded by Mr. Lepa to formally approve the Merrill Lynch Class Action Litigation representation letter.

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

Action: A motion was made by Mayor Varela and seconded by Sgt. Collier to formally approve the Merrill Lynch Class Action Litigation representation letter.

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

2. Approval of Order Denying Appeal – Rodney Seagraves

Mr. Harrison briefly reviewed the order denying appeal and explained that it needs to be formally approved by the Board.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve the order denying Approval for Mr. Rodney Seagraves.

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

E. Administrator Report:

Ms. Martinez reported that Robert Kahant ran unopposed therefore he has been elected by default to serve on the General Employees' Pension Board. Ms. Martinez reported that Lt. David Moss had been elected to serve on the Police Officers' Pension Board.

Action: A motion was made by Mayor Varela and seconded by Mr. Lepa to approve the election of Mr. Kahant for the Board of Trustees.

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

Action: A motion was made by Mayor Varela and seconded by Sgt. Collier to approve the election of Lt. Moss for the Board of Trustees.

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

V. CONSENT AGENDA:

A. Employees' Retirement Board:

The Board reviewed the warrant for accounts payable.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve the Consent Agenda, which included a Warrant for invoices and revised Minutes from the meeting on June 21, 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 revised Minutes from the meeting on June 21, 2010.

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

Mayor Varela said that for the records he want to state that he supports getting as much information as possible for the Board and that in no way he wants to interfere. Obviously he does wear a different hat in the City but he does not want anyone to think that he wants to influence the outcome of whatever this Board may decide. He understands that his role here is distinctively different from his role outside of this room.

Ms. Hurley and Mayor Varela left the meeting at 5:35 pm.

Mr. Harrison updated the Board on Ms. Costello's' case. Lt. White reported that Lt. Moss would be resigning from the Police Officers' Division II Plan at their meeting on August 16 and will be sworn in on August 17 before the Pension Board meeting. Lt. White asked Mr. Harrison what happens if a member submits an application to enter the DROP or an application for Retirement to the administrator but the changes occur before the Board formally approves it. Mr. Harrison explained that the application has an effective date and it always comes to the board to be ratified after the fact. He explained that the effective date on the form has to be prior to the passage of any kind of modification to the plan.

VI. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Tuesday, August 17 at 2:00 PM, the General Employees' and Police Board adjourned the meeting at 5:44 p.m.

MINUTES APPROVED: July 20, 2010

Valerie Hurley, Chair Employees' Retirement Board

Kenneth White, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards