

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD  
AND POLICE RETIREMENT BOARD MEETING  
HELD IN THE CONFERENCE ROOM AT CITY HALL ON  
TUESDAY, MARCH 16, 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  
Barbara Hiller

Others: Ken Harrison, Sugarman & Susskind  
J. Scott Baur, Resource Centers  
Dixie Martinez, Resource Centers  
Members of Public:  
William Openshaw

**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

Others: Ken Harrison, Sugarman & Susskind  
J. Scott Baur, Resource Centers  
Dixie Martinez, Resource Centers  
Members of Public:  
David Moss

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

**A. Employees' Retirement Board:**

**B. Police Retirement Board:**

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

Ms. Martinez suggested adding item III.C.1.c. - Board review of letter of appeal from Douglas Lovelace.

Action: Consensus of the Boards to add item III.C.1.c. - Board review of letter of appeal from Douglas Lovelace to the Agenda.

Mr. Baur suggested reordering item III.C.1. a, b, & c to after item V. Consent Agenda.

Action: Consensus of the Boards to reorder item III.C.1. a, b, & c to after item V. Consent Agenda.

Ms. Hurley suggested adding item III.C.2. - Recap on audit discussions.

Action: Consensus of the Boards to add item III.C.2. - Recap on audit discussions to the Agenda.

### **III. UNFINISHED BUSINESS**

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

##### **2. Recap on Audit Discussions:**

Ms. Hurley reported that she had handed out a memo that she had received from Mr. Duane Howison from GRS regarding the transfers of funds from Division II to Division I. Ms. Hurley explained that this matter had to be resolved as soon as possible because if Mr. Palmquist does not receive the information he requested, the Boards will not be able to invite the City Commission to the next Pension Board meeting in April because the Actuarial Valuation will not be completed. Ms. Hurley reported that Mayor Varela will be absent from the May Pension Board meeting therefore if the City Commission is not invited to the April meeting this will not happen until June. Ms. Hiller explained that the difficulty in explaining the situation was that unfortunately the records seemed to be all over the place and that the employees who had handled these issues in the past are no longer working for the City. Therefore it is very difficult to recreate what had happened and she can not responsibly say to go with it without being certain. Lt. White explained that about \$81,000 comes annually from Division II to Division I to fund certain received benefits. He explained that at a certain point the City had problems in getting the information needed to have the annual report approved on time by the state therefore the state check had been held and did not arrive until the following year. The Board had a lengthy discussion regarding the transfers between Division I and II. Mr. Harrison reported that procedurally what normally happens is that the money goes to Division II and then Division II reimburses Division I for some of the minimum benefits that the Plan has that have to be funded. Mr. Harrison's understanding is that Division II is waiting to be invoiced. Mr. Baur reported that he will send the invoice to Division II. The only question that he had which could delay the Audit is whether the money had actually been paid or not. What the Plan has now is an accrual based on assets that affect the balances of the Plan.

Mr. Harrison advised to send the invoice to Division II for the amount that they have always paid for both years in two separate invoices. Once Division II receives the invoices they can respond and send Div I the payments with an explanation if the amount is lower then the invoice. Mr. Harrison reported that we should not invoice the City for amounts owed because the actuary calculates the cost and whatever that cost is, less employee contributions and state contributions is what the City pays. He explained that normally the Cities do their budgeting based on last years actuarial report. Mr. Harrison reported that the actuarial report the Plan will receive this year which will include the amounts owed, will be used by the City for their budgeting. Whether the money is paid or not, right now the Auditor will show it as a receivable.

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

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

###### **1. Final Average Salary Discussion (semi-monthly versus bi-weekly):**

Mr. Baur reported that this item was a question that Lt. White had raised as to the number of pay periods that are included on the Police Pension side and it also affects the General Employees who are part of the Palm Beach Sheriff's Office (PBSO). Mr. Baur explained that PBSO has a semi-monthly payroll while the City of Lake Worth has a bi-weekly payroll therefore we can not exactly combine the same numbers of semi-monthly payroll with bi-weekly payroll because it skews a final average salary since the payrolls represent different time periods. Mr. Baur explained that he had given this considerable thought and what he had ultimately done was to basically take all payroll in monthly increments therefore the system could look for the highest 12 month periods by month to be able to calculate the final average salary. Mr. Baur explained that the highest non overlapping 12 month periods are being picked for the Police Plan and the highest 24 consecutive month's periods are being picked for the General Plan for the participants who are with the PBSO. Mr. Baur explained that basically what had been done to accommodate for the difference in payroll reporting from the City to the PBSO was to treat each month as a bucket for all payroll received in that month.

###### **2. Historical Payroll Anomaly:**

Mr. Baur reported that once his office had received the conversion data from the City of Lake Worth at transition there had been a few members who had duplicate payroll meaning that for every pay date, he had received duplicate reports on the same paycheck therefore the payroll records are being reviewed to identify and eliminate them. Mr. Baur reported that this had come into light through an estimate that had been processed for a Police member. Mr. Baur believes that it could have been a programming malfunction on the City's systems.

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

###### **D. Board Attorney Report:**

Mr. Harrison reviewed with the Boards the changes in the state legislature. Mr. Harrison will be following these changes during this legislature session and will update the Board. The Boards had a discussion regarding these proposed changes in legislation.

Mr. Harrison reported that he had reviewed the new investment agreement with Rigel Capital and that the agreements were ready to be signed.

Action: A motion was made by Mr. Kahant and seconded by Ms. Hiller to approve the new investment agreement with Rigel Capital.

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

Action: A motion was made by Sgt. Collier and seconded by Mayor Varela to approve the new investment agreement with Rigel Capital.

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

**E. Administrator Report:**

Ms. Martinez reported that all of the Disability Review letters have been completed and received. Ms. Hurley suggested doing the review at the next Pension Board meeting.

**V. CONSENT AGENDA:**

**A. Employees' Retirement Board:**

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

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

**B. Police Retirement Board:**

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

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

Ms. Hurley will confirm with Mr. Steve Palmquist first, then she will send invitation to the City Commission.

The Police Retirement Board adjourned the meeting at 2:56 pm.

**III. UNFINISHED BUSINESS:**

**C. Employees' Retirement Board:**

**1. Benefit Recalculations:**

**a. Discussion of Benefit Calculations for: Anatole Bezugly, Joseph Brockway, Holly Johnson, Robert Merquis, Donald Mead, William Openshaw, Connally Thomas.**

Mr. Baur reported that he had spoken to Mr. Openshaw's attorney and had suggested that he did not need to be present at today's meeting for several reasons. Mr. Baur explained that one of the reasons was that he did not have all of the revised recalculations reviewed and

certified by the actuary yet. Mr. Baur reviewed with the Board the revisions made to Mr. Openshaw's revised recalculation. Ms. Hurley explained that the Board will have to hold approval on Mr. Openshaw's new figures until the Board has confirmation from the actuary that he agrees with the revised numbers. Ms. Martinez reported that Mr. Openshaw's monthly benefit had been adjusted in January of this year but no deductions for overpayments have been taken out. Mr. Harrison recommendations are to continue to pay Mr. Openshaw the same amount he is being paid now until the revised figures are certified by the actuary. Mr. Baur reported that he will be keeping the auditor busy with the information he needs to complete the actuarial valuation report therefore he does not know if the auditor will be able to have the certifications ready for the next Pension Board meeting but he will notify Mr. Openshaw as soon as it has been certified.

Mr. Baur reported that Mr. Bezugly has not submitted an appeals letter but has retained the same attorney as Mr. Openshaw. Ms. Hiller suggested that Mr. Baur reviewed Mr. Bezugly's revised calculation with Marisol from the City's finance department. Mr. Baur will review Mr. Bezugly's revised calculation with Marisol. Mr. Baur reviewed with the Board the revisions to Mr. Bezugly's recalculation. Mr. Baur will send the revised recalculation to the Actuary for certification. Once it has been certified he will bring it back for the Boards approval and will notify Mr. Bezugly and his attorney.

Mr. Baur reported that he had not made any further adjustments to Mr. Brockways recalculation. Mr. Baur explained that the revised amount was higher then the original calculation due to the addition of IBEW retro pay, but since Mr. Brockway retired in 2005 he has not changed the method of calculating the final average salary. Mr. Baur will send the calculation to the Actuary for certification. Once it has been certified he will bring it back for the Boards approval and will notify Mr. Brockway.

Mr. Baur reported that at the last pension Board meeting Ms. Holly Johnson's factors for the optional form of benefit was incorrect. Mr. Baur has made the correction. Mr. Baur explained that at the last pension Board meeting he had also revised her final average salary calculation and that change essentially kept her benefit amount in step to where she was, but not all the way back to her original calculation. Mr. Baur reported that revising the method of calculating her final average salary comes to about \$20.00 less then the original calculation. The difference is entirely with the factors used to convert her normal form of benefit to the optional form and there is nothing that he can do to make that go away. The Board discussed the factors for optional forms used in the past and currently. Mr. Harrison advised the Board not to make any approvals until it has been certified by the actuary.

Mr. Baur reported that for Mr. Mead he had believed at the last meeting that his benefit calculation may go up when he changed it back to the original method of calculating the final average salary but in his case this did not push Mr. Mead's calculation all the way back to the original amount however it made up for most of the difference. Mr. Baur spoke to Mr. Mead and explained this to him. Mr. Baur reported that he had also sent a request to the city for a detailed payroll history report for Mr. Mead because it seems that most participants who retired around the same time as he did had longevity pay issues and it does not appear that the issue of longevity pay has ever been investigated in the case of Mr. Mead. Mr. Baur reported that

before he sends Mr. Meads calculation to the actuary for his certification he wants to verify if there is a possible longevity pay issue with relation to his calculation. Ms. Hiller suggested scheduling a meeting between herself, Marisol and Mr. Baur to review all of the revised calculation before they are sent to the actuary.

Mr. Baur reported that the revised recalculations for Mr. Thomas and Mr. Marquis have increased. The Board discussed how the issues with longevity pay and the change in method of calculating the final average salary to the original calculation would affect the participants whose benefits had been recalculated and have not appealed. Mr. Harrison reported that a decision had been made and that the Board needed to move forward. He explained that the opportunity had been given to all participants to send a letter to come forward and address their issues before the Board. Once the participant submits the letter then the Board should follow the same procedures they've set in place with the other participants who have already appealed. Mr. Harrison reported that the Board had not set a time frame for the appeals and it's something they may want to consider. Ms. Martinez stated that the letter sent to the participants explained that should they believe that the re calculation of their benefit was not accurate to please submit a written notice addressed to the Board of Trustees briefly describing the grounds upon which they based their position. The Board had a discussion regarding the claims procedure. Mr. Harrison reported that these procedures are in place once a denial or decision has been made on an appeal and the Board has not gotten to that place in this process yet because nothing has been finalized. Mr. Harrison asked Ms. Martinez if there are participants who have not appealed yet that owe money back to the Plan. Ms. Martinez reported that yes there are but she could say how many at this time. Ms. Martinez explained that she could bring a report with that information to the next pension Board meeting.

**c. Board review of letter of appeal from Douglas Lovelace:**

Ms. Martinez reported that the next available time open for an appeal is June 15<sup>th</sup>. Ms. Martinez will send Mr. Lovelace a letter to notify him. The Board had a discussion regarding the legalities of his request to enter back into the General Employees' Pension Plan.

Mr. Harrison noted that the City Attorney has not acted on the proposed Ordinance Amendments and that they are still pending. Ms. Hurley reported that the City Attorney had an Agenda item asking the Commission to prioritize outstanding items and the Ordinance amendments were on that list. Ms. Hurley explained that Special Assessments and Ordinance Amendments were put on top of the list. Ms. Hurley is hoping that within a month the pending Ordinance Amendments will go through.

**VI. ADJOURNMENT:**

There being no other business and the next meeting having been previously scheduled for Tuesday, April 20 at 2:00 PM, the General Employees' Board adjourned the meeting at 3:43 p.m.

MINUTES APPROVED: April 20, 2010

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Valerie Hurley, Chair Employees' Retirement Board

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Kenneth White, Chairman Police Retirement Board

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Dixie Martinez, Administrator  
Employees' & Police Retirement Boards