

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
TUESDAY, MAY 18, 2010 at 2:00 PM**

I. ROLL CALL: 2:08 PM

A. Employees' Retirement Board:

A meeting was called to order at 2:08 PM.

Those persons present included:

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

Others: Ken Harrison, Sugarman & Susskind
J. Scott Baur, Resource Centers
Dixie Martinez, Resource Centers
Tim Nash, Bogdhan Group
Gregory Gosch, Sawgrass Asset Management
Members of Public:
Donald Mead
Sue Warner

B. Police Retirement Board:

A workshop was called to order at 2:08 PM. There was not a quorum when the workshop was called to order.

Those persons present included:

Trustees: Kerri Casper
Steve Carr

Others: Ken Harrison, Sugarman & Susskind
J. Scott Baur, Resource Centers
Dixie Martinez, Resource Centers
Tim Nash, Bogdhan Group
Gregory Gosch, Sawgrass Asset Management
Members of Public:

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 Rodney Seagraves:

Ms. Martinez reported that Mr. Seagraves had not arrived to the meeting yet. The Board deferred this item until Mr. Seagraves arrival.

b. Discussion of Benefit Calculation for: Anatole Bezugly, Joseph Brockway, Douglas Lovelace, Robert Marquis, Donald Mead, William Openshaw, Connally Thomas, Mark Thiboult and Sue Warner

Mr. Baur reviewed the changes to Mr. Anatole Bezugly's revised re-calculation. Mr. Baur explained that the City's recalculation had used 3% multiplier for all years of service, offset by using 52 pay periods instead of 53 pay periods in final average salary. He also explained that a longevity payment once it was included increases the benefit over the recalculation completed by the City. Mr. Baur explained that the revised re-calculation was based on the original final average salary methods and it resulted in an overall increase to the monthly benefit amount. Mr. Baur reported that Mr. Bezugly will owe \$477.09 in contributions. Ms. Martinez reported that Mr. Bezugly was one of the members who were being represented by an attorney. Mr. Harrison reported that the matter before the Board now was to approve the revised re-calculation which had been certified by the actuary. Mr. Harrison also reported that the administrator needed to notify Mr. Bezugly of the employee contributions he owed for the longevity pay. Mr. Baur reported that if any monies were owed to him that this would offset the contributions owed.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve and accept as final the revised re-calculation for Mr. Bezugly.

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

Mr. Baur reviewed the changes to Mr. Joseph Brockway's revised re-calculation. Mr. Baur reported that an IBEW retro pay increases Mr. Brockway's revised re-calculation when added back into his final average salary. Mr. Baur reported that he had not done any further changes to his calculation and no employee contributions were owed. Mr. Baur reported that the revised recalculation had been certified by the actuary.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to approve and accept as

final the revised re-calculation for Mr. Brockway.

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

Mr. Baur reviewed the changes to Mr. Douglas Lovelace's revised re-calculation. Mr. Baur reported that the City's recalculation excluded a retro pay, although the retro pay appears to have been pensioned at the time of payment. Mr. Baur reported that the re-calculation he had processed in 2009 had also excluded the retro pay. Mr. Baur reported that the revised re-calculation increases above original calculation amount once the IBEW retro pay is included in the final average salary.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve and accept as final the revised re-calculation for Mr. Lovelace.

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

Mr. Baur reviewed the changes to Mr. Robert Marquis' revised re-calculation. Mr. Baur reported that the City's recalculation used 3% multiplier for all years of service and excluded a longevity pay since the longevity pay had not been pensioned at the time of payment. Mr. Baur reported that once the longevity payment is added to the final average salary the monthly benefit is increased. Mr. Baur reported that the revised re-calculation of Mr. Marquis benefit included the longevity pay and it was based on the same final average salary method used at that time. Mr. Baur reported that Mr. Marquis will owe \$404.33 in employee contributions.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to approve and accept as final the revised re-calculation for Mr. Brockway.

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

Mr. Baur reviewed the changes to Mr. Donald Mead's revised re-calculation. Mr. Baur reported that the City's recalculation used 52 pay periods and had excluded a retro pay which was not pensioned. Mr. Baur reported that the revised re-calculation including the retro pay and using the original final average method is still smaller than original calculation. Ms. Martinez reported that Mr. Mead will owe about \$982.26 in overpayments and \$35.90 in employee contributions.

The Board had a discussion. The Board deferred this item until after all reviews have been completed.

Mr. Baur reviewed the changes to Mr. William Openshaw's revised re-calculation. Mr. Baur reported that the revised re-calculated monthly benefit is significantly greater than original, due to a selection of different final average period. Mr. Baur reported that no further changes were made to this calculation. He also reported that Mr. Openshaw will owe \$830.57 in employee contributions. Mr. Harrison reported that letter of notification should be sent to Mr. Openshaw's attorney.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to approve and accept as final the revised re-calculation for Mr. Openshaw.

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

Mr. Baur reviewed the changes to Mr. Connally Thomas' revised re-calculation. Mr. Baur reported that the inclusion of longevity pay increases benefit over recalculation completed by the City. Mr. Baur reported that the revised re-calculation was based on the original final average salary method with the inclusion of the longevity pay. Mr. Baur reported that Mr. Thomas will owe \$394.30 in employee contributions.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve and accept as final the revised re-calculation for Mr. Thomas.

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

Mr. Baur reviewed the changes to Mr. Mark Thiboult's revised re-calculation. Mr. Baur reported that the City's recalculation had excluded a retro pay, although the retro pay appears to have been pensioned at the time of payment. The new revised re-calculation includes the retro pay and it's based on the original final average method which results in an overall increase to the monthly benefit. Mr. Baur reported that Mr. Thiboult will owe \$394.30 in employee contributions.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to approve and accept as final the revised re-calculation for Mr. Thiboult.

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

Mr. Baur reviewed the changes to Ms. Sue Warner's revised re-calculation. Mr. Baur reported that the original City's calculation included a pro-rated payroll in the amount of \$1,268.33 which was not pensionable. Mr. Baur reported that the new revised re-calculation excluded this amount, resulting in a decrease to the final average salary.

The Board had a discussion. Mr. Harrison reported that there were two members whose benefit had decreased therefore the next step would be to schedule an appeal and let the members present their case. Mr. Harrison reported that if the Board wanted to allow the members to appeal today and present their case the Board needed to make a motion. The Board deferred this item until after all reviews have been completed.

Mr. Baur reviewed the changes to Mr. Rodney Seagraves revised re-calculation. Mr. Baur reported that the City's calculation at 2.75% and 3.0% multipliers were slightly high on the original calculation. Mr. Baur reported that the revised new re-calculation is slightly lower than original. Mr. Seagraves will not owe any employee contributions. Ms. Martinez reported that Mr. Seagraves had been notified of today's appeal but had not arrived at the

meeting yet. The Board deferred this item until last in the Agenda.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to hold an informal hearing for Mr. Donald Mead.

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

Mr. Baur had previously explained the changes in Mr. Mead's new revised re-calculation. The Board had a discussion regarding the amounts owed by Mr. Mead. Mr. Mead introduced himself. He explained that at this time he does not dispute the new revised re-calculation of his benefit. He explained that he thought his overpayment was about \$30.00 less than what had been reported by the administrator. Ms. Martinez explained how the overpayment amount had been calculated. Mr. Harrison commented that the \$30.00 difference could be the employee contributions owed by Mr. Mead. Mr. Mead's explained that this all had been the City's mistake and for what he has seen so far just a few members will owe back to the Plan therefore he believes this whole process has cost the Plan more than what it will collect. Ms. Hurley reported that she understands his frustration and she agrees that if the Board had never gone down this road it would have been easier for everyone but once a mistake was brought to their attention, the Board has to deal with it whether they want to or not. Mr. Harrison explained that the options the Board had as he understands them is that there is no dispute with the revised re-calculation therefore the Board has the option of accepting the revised re-calculation as final and if the Board wanted it could waive the overpayment. Ms Hurley reported that she would support accepting the revised re-calculation as final, waving the overpayment but requesting Mr. Mead pay the contributions owed.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to accept Mr. Mead's revised re-calculation as final, to waive the \$982.26 in overpayment and to request Mr. Mead to pay the \$35.90 in contributions owed.

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

Mr. Harrison will draft a letter to notify Mr. Mead in writing of the Board's decision.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to hold an informal hearing for Mr. Sue Warner.

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

Mr. Baur had previously explained the changes in Ms. Warner's new revised re-calculation. Ms. Martinez reported that the overpayment amount was estimated to be \$797.01. The Board had a discussion regarding the amounts owed by Ms. Warner. Ms. Warner introduced herself to the Board. She explained that all of this had been the City's error and that she had no way of knowing how the City was calculating her benefit at the time of her retirement. Therefore the City should pay for this error and not her. Mr. Harrison explained as he understands there is no dispute with the revised re-calculation therefore the Board has the option of accepting the revised re-calculation as final and if

the Board wanted it could waive the overpayment.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to accept Ms. Warner's revised re-calculation as final and to waive the \$797.01 in overpayments.

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

Mr. Harrison will draft a letter to notify Ms. Warner in writing of the Board's decision.

V. 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 John Elick, Mona Feigenbaum and Timothy Baldwin; Application of DROP Distribution for Leonard Thorpe.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to approve the application for refund of contributions for John Elick, Mona Feigenbaum and Timothy Baldwin.

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

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to approve the application for distribution of DROP account for Leonard Thorpe.

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

B. Police Retirement Board:

2. Benefit Approval

The Board does not have a quorum. This item will be presented to the Board at a special meeting.

C. Employees' and Police Retirement Boards:

Mr. Gregory Gosch's plane was delayed therefore he is running late. His report will be deferred until his arrival.

2. a. Investment Consultant Report: Tim Nash (The Bogdhan Group):

Mr. Nash reported that the Market was down a little bit but it is still looking good. Mr. Nash reported that everything for the quarter ending March 31, 2010 had been positive. He reported that international stocks were up around 1%, the S&P was up 5.4% and Bonds

were up 1.8%. He explained that everything had done very well. Mr. Nash reported that for quarter ending March 31, 2010 the assets for the General Plan were \$60,283,608 and for the Police Plan they were \$22,287,332. Mr. Nash reported that for fiscal year to date the General Plan was up \$3,825,783 and Police Plan was up \$1,479,148. Mr. Nash reported that for the quarter the net of fees were up 3.75% versus the index at 3.55%. Mr. Nash reported that there had been a little of a market pullback as of last night. Mr. Nash reported that as of last night the General Plan was at \$58,604,038 and the Police Plan at \$22,287,000. Mr. Nash reported that most of the returns for this quarter came from equities. Mr. Nash reported that the General Plan was at 57 percentile and the Police Plan was at 38 percentile. Mr. Nash reported that Sawgrass had a very good performance this quarter. Mr. Nash reviewed each manager's performance for the quarter ending March 31, 2010. Mr. Nash reviewed the compliance checklist.

b. Rigel Capital – (Replacement):

Mr. Nash reported that as of June 30, 2010 Rigel will be closing its doors. Mr. Nash recommends: making the move as fast as possible, hiring a transition manager to sell all stocks in the Rigel portfolio to make sure they receive the best price and execution, and moving dollars to the Russell 1000 Growth Index fund for the short term. Mr. Nash reported that by doing this they will have market exposure at a very low cost for the short term until they find a replacement for Rigel for the long term. Mr. Nash will bring a list of managers for the Boards review at the next Pension Board meeting in June.

Action: A motion was made by Mr. Carr and seconded by Mr. Lepa to accept the recommendations of the investment consultant in relation to the transition from Rigel pending review by attorney.

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

Mr. Nash recommends holding a special meeting for the Police Board to handle the Rigel transition as soon as possible. Ms. Martinez will schedule a special Board meeting.

Action: A motion was made by Mr. Carr and seconded by Mr. Lepa to instruct the investment consultant to conduct a search for a replacement for Rigel.

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

1. Investment Manager Report: Gregory Gosch (Sawgrass Asset Management)

Mr. Gosch introduced himself to the Board. He reported that currently they are the only large cap growth manager for both Plans. He stated that Sawgrass appreciates their business very much. He reported that Sawgrass is 100% employee owned. He then explained to the Board how Sawgrass Asset management is managing their money.

D. Board Attorney's Report:

Mr. Harrison reported that 67 Bills were filed in the Legislative Session that affected or addressed retiree benefits of those only five passed. Mr. Harrison reported that two were specifically for Palm Beach County; one was for Police and the other for Fire. Mr. Harrison reported that this will bring them into compliance with the changes made last year and they will have to change the ordinance to meet the changes in statute. Mr. Harrison explained that the other three were specifically changes made to the Florida Retirement System (FRS). Mr. Harrison reported that FRS employer contribution as of July 1, 2010 will be 22.15% and as of July 1, 2011 is estimated to be 28.7%. Mr. Harrison reported that as of July 1, 2010 the FRS DROP rate will be lowered to 3%. Also there will be an actuary study done to see the impact on local Plans.

Mr. Harrison reported that he did not have an update on the pending Ordinance Amendments.

Mr. Harrison reported that the Palm Beach Sheriff's Office (PBSO) had responded and they believe that they should not make contributions for members in the DROP because it is not part of the agreement with the City. Mr. Harrison reported that the City attorney should be looking into this.

Mr. Harrison reported that they had received an inquiry regarding a refund of contributions due to a promotion. Mr. Harrison reported that since the employee was not under a contract and still considered a full time employee therefore must stay in the pension Plan.

Mr. Harrison reported that they had received a notice for child support for a retired member.

Mr. Harrison reported that there would be no disability offset for Mr. Daniel Lynch since he was a Police Officer and the Plan Document does not have a workers comp offset.

E. Administrator Report:

Ms. Martinez reported that she had received a request from Ms. Holly Johnson who was a member of the Plan and had appealed the Board's decision in recalculating her benefit. Mr. Martinez reported that Ms. Johnson requested her benefit be recalculated to show two other survivorship options. Currently Ms. Johnson is in the DROP and had elected a 100% Joint and Survivorship option. Ms. Johnson has been scheduled to appeal in July. The Board had a discussion regarding her request. Mr. Harrison's opinion is that after what they have been through he would not have a problem allowing Ms. Johnson to do this since no distributions have been made to her while she is in the DROP Plan. Mr. Harrison explained that if there are other members in the same circumstances as her that come before the Board they would have a precedent, but it does not mean that the Board would have to agree to this for everybody.

Action: A motion was made by Mr. Kahant and seconded by Mr. Lepa to allow the administrator to send the two new calculations with new survivorship option to the actuary for certification.

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

Ms. Martinez reported that the Board needed to nominate judges for the upcoming elections in July. The Board nominated Evanna Stephenson, Patsy Grissom and Diane Ormay. If Diane Ormay is not available than Joan Gill would be nominated as judge.

Ms. Hurley explained that she would like to see at least three ballot boxes, one in City Hall, another in Public Services and one at the 1900 Building.

VI. 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 Minutes from the meetings on April 20, 2010.

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

Ms. Martinez reported that Mr. Seagraves may have been confused with his revised recalculation and may have thought his benefit increased instead of decreasing. Ms. Martinez asked the Board if they would table this item to next meeting in June so that she could contact Mr. Seagraves again and confirm that he understood his revised recalculation.

Action: A motion was made by Mr. Lepa and seconded by Mr. Kahant to table Mr. Rodney Seagraves appeal to June 15, 2010.

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

B. Police Retirement Board:

The Board does not have a quorum. This item will be presented to the Board at a special meeting.

ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Tuesday, June 15 at 2:00 PM, the General Employees' and Police Board adjourned the

Pg. 10, ERB/PRB Minutes, 05-18-2010

meeting at 4:28 p.m.

MINUTES APPROVED: June 15, 2010

Valerie Hurley, Chair Employees' Retirement Board

Kenneth White, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards