

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
WEDNESDAY, OCTOBER 26, 2011 at 1:30 PM**

I. ROLL CALL: 1:37 PM

A. Employees' Retirement Board:

A meeting was called to order at 1:37 PM.

Those persons present included:

Trustees: Robert Kahant, Chair
Steve Carr
Alexis Easterday

Others: Ken Harrison, Sugarman & Susskind
Tim Nash, The Bogdhan Group
Dixie Martinez, Resource Centers
Members of Public:
Fornah Faye
Valerie Hurley

B. Police Retirement Board:

Sgt. Collier will act as Chair in Lt. Moss absence.

A meeting was called to order at 1:37 PM.

Those persons present included:

Trustees: Sgt. Randy Collier
Karri Casper
Steve Carr

Others: Ken Harrison, Sugarman & Susskind
Tim Nash, The Bogdhan Group
Dixie Martinez, Resource Centers
Members of Public:

II. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

The General Employees' Pension Board added to the Agenda item IV.C.2. Letter from GRS.

Action: Consensus of the Board to add the above mentioned items to the Agenda.

B. Police Retirement Board:

The Police Pension Board added to the Agenda item IV.C.2. Letter from GRS.

Action: Consensus of the Board to add the above mentioned items to the Agenda.

IV. UNFINISHED BUSINESS:

A. Employees Retirement Boards:

1. DROP Amendment

a. Members of the Public to address the Board

Ms. Fornah Faye reported that she had received a letter from the Plan Administrator regarding the changes to the DROP fixed interest rate from 7% to the LIBOR rate. She asked the Board to explain. Mr. Kahant reported that the LIBOR rate is a variable rate and it will be determined on September 30 plus one-percent (1%) of every year and such rate shall be paid commencing on January 1 of each year. He reported that at the last Pension Board meeting that he attended, the Board made a motion for these changes to be effective January 1, 2011. He reported that the LIBOR rate plus one-percent (1%) is not to exceed the plan's annual assumed rate of investment return. Provided however that should the Plan's net investment return be negative DROP accounts shall be credited with zero return. Mr. Harrison reported that these changes will not affect what has been already earned up to the end of December 2010. Starting January 1, 2011 is when these changes go into effect. Ms. Martinez reported that the December 2010 DROP statements have been sent to participants. Her office will be mailing the quarterly statements for March and June of 2011 shortly. Mr. Kahant reported that he had misinterpreted what the motion was at the time. He thought that the change would be effective January 1, 2012 and not January 1, 2011 and he wants to know if it is legal to do this. Mr. Harrison reported that the Board has the authority to do this. He explained that the motion had originally been for the change to be effective October 2010 but since the DROP statements had already been done for quarter ending December 2010 the Board had decided not to adjust members DROP accounts and instead agreed to make the change effective January 1, 2011. Mr. Carr reported that the discussions regarding these changes started in April of this year and since then the Board has been working on making these changes.

Mr. Nash reported that for both Plans the net of fees for fiscal year end are not positive. The Police Plan as of September 30, 2011 was -.91% and the General Plan was -1.73%.

Action: Consensus of the Board to direct the administrator to proceed with the processing of DROP statements as per the resolution.

2. IBEW Contract - Discussion

Mr. Kahant reported in the IBEW contract it had been negotiated that the DROP Plan should be implemented again. He wants to know what the City has to do now to make this happen. Mr. Harrison explained what happens procedurally from the Trustees perspective. When there is a collective bargaining agreement and it requires a change in the Ordinance, the City is obligated to make the change. His understanding of the discussion is that the City in paragraph 15.06 a of the IBEW contract, says that the current Pension Plan is described in Ordinance 2010-19. That Ordinance is the Ordinance that did away with the DROP Plan. Until the Ordinance is amended by the City there is no DROP Plan. The Board does not enforce the contract. The Boards job is to administer the Plan as enacted by the Commission. If the parties agree to reinstitute the DROP for this group, then they need to go to the City and get the Ordinance amendment. The IBEW contract is bargaining for a specific group and it is not bargaining for all general employees. The City could

in theory reinstitute the DROP Plan for this group of people. But at this point the Board can not do anything as they do not have the authority to do this without an Ordinance change. Mr. Carr reported that as he understands it the City is not planning to reinstitute a DROP Plan.

3. DROP application for Mr. Charles R Renfrow

Mr. Harrison reported there is an application to enter the DROP but as the Plan is now, there is no DROP Plan. There is a step that it is required if there is to be a DROP Plan re instituted for this group. The City must initiate an ordinance change. Until the Ordinance change is passed and enacted there is no DROP in the Pension Plan for General Employees. Therefore the Board can not accept the DROP application at this time and they will need to deny it.

Action: A motion was made by Mr. Carr and seconded by Ms. Easterday to deny the DROP application for Mr. Charles Renfrow.

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

Ms. Martinez will send Mr. Renfrow a letter.

B. Police Retirement Board:

C. Employees' and Police Retirement Boards

1. GRS Letter

Mr. Harrison reported that the letter from GRS is due to the legislative changes in Senate Bill 1128. He explained that if the Pension Plan is assuming an investment return that is different than FRS which is 7.75 %, the actuary for the Plan must provide a parallel report using the 7.75% return as one if it's assumptions. According to this letter the fee to do this is \$750.00.

Action: A motion was made by Ms. Easterday and seconded by Mr. Carr to approve the fee of \$750.00 from GRS.

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

Action: A motion was made by Ms. Casper and seconded by Mr. Carr to approve the fee of \$750.00 from GRS.

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

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 Pension Contributions for Patrick Kewley, Chris Waller, Kenneth Hamon; Application to Exit the DROP for Robert Reitano.

Action: A motion was made by Mr. Carr and seconded by Ms. Easterday to approve the following benefit applications for approval: Application for Refund of Pension Contributions for Patrick Kewley, Chris Waller, and Kenneth Hamon.

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

Action: A motion was made by Mr. Carr and seconded by Ms. Easterday to approve the following benefit applications for approval: Application to Exit the DROP for Robert Reitano.

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

B. Police Retirement Board:

Ms. Martinez presented to the Police Pension Board the following benefit applications for approval: Application for Distribution of DROP Account Balance for Deborah Wilson.

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to approve the following benefit applications for approval: Application for Distribution of DROP Account Balance for Deborah Wilson.

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

C. Employees' and Police Retirement Boards

1. Investment Consultant Report: Tim Nash (The Bogdahn Group)

Mr. Nash reported that both Pension Plans are as of yesterday (October 25, 2011) up by 3%. He explained that there has been pure fear in the market place. It did not matter where you were invested this quarter because everything was down. All sectors lost money across the board for the quarter. He reported that for September 30, 2011 international was down -19.0. The S&P 500 was down -13.9%, the Russell Midcap was down -18.9%, and the Russell 2000 was down -21.9%. He reported that there was no place to hide this quarter. Mr. Nash reported that his firm will be sending a client survey to the Board.

Mr. Nash reported that for quarter ending September 30, 2011 the assets for the General Plan were \$53,428,767 and for the Police Plan they were \$20,272,599. He reported that for quarter ending September 30, 2011 the General Employees' Plan was down -11.33% and the Police Plan was down -11.40%. For Fiscal Year ending September 30, 2011 the General Plan was down -1.73% and the Police Plan was down -0.91%. Mr. Nash reviewed the performance by manager. He reported that as of yesterday (October 25, 2011) the General Employees assets were \$54,819,563 and for the Police Plan the assets were \$21,362,267. He reported that the performance of all of the Plans' investment manager's longer term is good but this quarter was not a good quarter for anybody. He reviewed the cash flows for both Pension Plans for the quarter. Mr. Nash reviewed the compliance checklist. He is

not recommending any changes at this time. He noted that the investment Policy has been updated. Mr. Nash handed out a report where it showed all of the investment managers that both Pension Plans have today. This sheet showed what the returns would have been had the Plans had these managers in the last 3 and 5 years.

D. Board Attorney's Report:

Mr. Harrison reported that he had received an e-mail from Mr. Carr asking for a definition of salary. Mr. Harrison reported that the definition of salary could be improved. This was discussed in the Costello matter. Ms. Martinez will forward Mr. Carr the information on file on the Costello matter regarding the definition of salary.

Mr. Harrison reported that the American Realty agreement is ready for execution. Ms. Martinez reported that she also has copies of the side letter for the Board to sign.

Mr. Harrison reported that he had received an e-mail from the administrator with questions regarding a member who was 5 days away from retiring and it seemed that the City would be terminating his position. Ms. Martinez reported that this matter had been taken care. The City will allow the member to work the 5 days he needed in order to retire before they terminated his position.

Mr. Harrison reported that Palm Beach County passed an Ethics Ordinance and it does apply to the municipalities. He reviewed the Ethics Ordinance. He explained that if any Board member has any questions regarding this matter to please call him.

Mr. Harrison reported that the legislation that was passed last year really has no impact on these Plans because they do not include any of the items in the final average salary.

E. ADMINISTRATORS REPORT:

1. Heartland Signature Authorization Cards

Ms. Martinez reported that the Heartland signature authorization cards are ready for execution.

2. Financial Statements

Ms. Martinez provided the Board with an unaudited financial statement and an income and expense report for review through the month of September 2011.

The Board received and filed the un-audited financial statements through the month of September 2011.

Ms. Martinez reported that at the last meeting the Board had approved the renewal of the Fiduciary Liability Insurance in the amount of \$ 12,396.00 which had increased \$761.96 from last year. She had been asked to see if it was refundable if the Board found a better rate. So far she has contacted two companies regarding quotes but none of them will quote a midterm account ,however, they will be happy to quote for next years renewal.

Ms. Martinez reported that she has received the check for \$202,000 for the Lake Worth Police Pension from Division II.

The updated Summary Plan Description for the Lake Worth Police Plan is ready and will be mailed to participants.

Ms. Martinez reported that in the past the Board has combined the November and December meeting to one meeting early in December. She wants to know if they would like to do the same this year. The Board discussed alternative meeting dates. The Board agreed to have the November and December meeting on Wednesday December 7th at 1:30 pm.

IV. CONSENT AGENDA:

A. Employees' Retirement Board:

1. Warrant for Accounts Payable

B. Police Retirement Board:

1. Warrant for Accounts Payable

C. Employees' and Police Retirement Boards:

1. Approval of Minutes: Regular Meeting September 28, 2011.

Ms. Valerie Hurley addressed the Board. She reported that on page 8 under the first motion there is a typographical error. The motion was made and seconded by Mr. Carr. Ms. Martinez will correct this.

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to approve the Consent Agenda which included the approval of the warrant for accounts payable and the approval of the Minutes of the Regular Meeting on September 28, 2011 as revised.

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

Action: A motion was made by Ms. Easterday and seconded by Mr. Carr to approve the Consent Agenda which included approval of the warrant for accounts payable and the approval of the Minutes of the Regular Meeting on September 28, 2011 as revised.

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

Action: A motion was made by Ms. Casper and seconded by Mr. Carr to have the November and December meeting on Wednesday December 7 at 1:30 p.m.

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

Action: A motion was made by Mr. Carr and seconded by Ms. Easterday to have the November and December meeting on Wednesday December 7 at 1:30 p.m.

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

VI. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Wednesday, December 7 at 1:30 PM, the General Employees' and Police Officers' Pension Board adjourned the meeting at 3:20 p.m.

MINUTES APPROVED: January 25, 2012

Robert Kahant, Chairman Employees' Retirement Board

Lt. David Moss, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards