

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
WEDNESDAY, MARCH 23, 2011 at 1:30 PM**

I. ROLL CALL: 1:39 PM

A. Employees' Retirement Board:

A meeting was called to order at 1:39 PM.

Those persons present included:

Trustees: Valerie Hurley, Chair
Robert Kahant,
Rene Varela

Others: Ken Harrison, Sugarman & Susskind
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Steve Palmquist, GRS
Members of Public:
Vivian Salmon

B. Police Retirement Board:

A meeting was called to order at 1:39 PM.

Those persons present included:

Trustees: Sgt. Randy Collier, Chair
Karri Casper, Secretary
Rene Varela

Others: Ken Harrison, Sugarman & Susskind
Dixie Martinez, Resource Centers
Scott Baur, Resource Centers
Members of Public:
Frank Conforti, via phone conference

II. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

The General Employees' Pension Board added item V.D. Ordinance Amendment; item IV.E.3. Disability Review Letter: item IV.E.3. Overview and Procedures.

The General Employees' Pension Board deleted items IV.A.1. Benefit Approval

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

B. Police Retirement Board:

The Police Officers' Pension Board added item IV.E.3. Overview and Procedures.
The Police Officers' Pension Board deleted items IV.B.1. Benefit Approval.

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

III. UNFINISHED BUSINESS:

A. Employees' and Police Retirement Boards

1. Benefit Recalculations

a. Appeal to the Board by Vivian Salmon:

Mr. Baur reported that the original City calculation pro-rated years of pay to determine the two highest consecutive years of final average salary. He noted that the City used this method for relatively few calculations. He explained that the revised City calculation used exactly 104 weeks and rounded service down by 4 days. The difference in the final average salary method primarily accounts for the reduction in the monthly benefit for the recalculation. Mr. Baur explained that the original recalculation processed by Pension Resource Centers in 2009 used exact service and 104.3 weeks, but the differences in the final average salary still resulted in a modest reduction in the final monthly benefit. He explained the revised recalculation from Pension Resource Centers still included exactly 104.3 weeks in the final average salary period but pro rate the pay periods in a different manner on the front and back ends of the two year consecutive period. Therefore this new revised calculation mirrors the original City calculation. Mr. Salmon's revised recalculation's monthly benefit is in the amount of \$ 2,559.53.

Mr. Vivian Salmon withdrew his appeal.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to accept Mr. Salmon's revised re-calculation with a monthly benefit in the amount of \$ 2,559.53 as final and to waive overpayment

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

b. Appeal to the Board by Frank Conforti:

Mr. Baur reported that the revised City calculation used noted a difference of payroll used in the final average salary. He explained that Mr. Conforti also reached a settlement with the City regarding employment and retirement, but this settlement did not actually play any role in the calculation of his final pension benefit other than noting his retirement date and restoring a period of service credit and payroll. Mr. Baur explained that the original calculation processed by Pension Resource Centers in 2009 used exact service and 104.3 weeks, but the differences in the final average salary still resulted in a modest reduction in the final monthly benefit. Mr. Baur explained that during the appeal process, Pension Resource Centers obtained detailed payroll history for Mr. Conforti from the City. This payroll history included \$1,877.06 pensionable compensation for the pay period beginning August 1, 2005 until retirement date for Mr. Conforti. The previous final average salary calculation still used 104.3 total weeks of payroll, but pro-rate the pay periods differently to include the pay for the first week of August 2005. The resulting calculation increased the benefit amount to \$3,057.21, a monthly benefit increase of \$14.98 over the original calculation.

Mr. Conforti joined the meeting via teleconference. Mr. Conforti explained that he had been terminated by the City in December 2004 at which time he received a final pay check and lost all City benefits. While he was awaiting arbitration in early 2005 the City had approached him and offered him a settlement. He explained that he had reached an agreement with the City in August of 2005. At that time, prior to reaching an agreement he had met with the City Attorney and he had been told that the settlement would include a single check covering all issues and that the amount of that check would be added to his total salary for 2004 for purposes of calculating his pension. He explained that he had been further told that a deduction for pension would come out of that check to allow it to be used in calculating his 2004 earnings. As he understands his benefit has not been calculated this way either by the City or by Pension Resource Centers. As he has been told by Pension Resource Centers the monies received in the settlement in 2005 were spread out from January to August to calculate his final average salary. He noted that he had reviewed the Ordinance and he does not agree that this payment should be spread out. He believes the payment should be treated as a lump sum payment therefore he disagrees with the revised recalculation from Pension Resource Centers. Mr. Baur reported that if the payment was treated as a lump sum payment and was not spread out Mr. Conforti's estimated monthly benefit would be \$4,319.08.

Mr. Harrison noted that from the Pension Board's perspective Mr. Conforti was an employee through out that year. He explained that the Pension Plan had received pension contributions for that time. He noted that paragraph 3 of Mr. Conforti's agreement is very clear on his back pay and it also clearly credits him for time from November 30, 2004 to August 10, 2005. Mr. Harrison explained that case law indicates that where there is back pay, it is applied over the period of the time that the back pay is being awarded for. He explained that this is the general rule and that if it is to be treated different then the settlement agreement would say so; otherwise the Plan would follow the procedures that have been set up by case law that sets precedent. Mr. Harrison disagreed to Mr. Conforti's position on the interpretation of State law, the Ordinance, and his understanding of the settlement agreement.

Mr. Harrison explained the appeal process to Mr. Conforti. Mr. Conforti withdrew his appeal. The Board had a discussion regarding Mr. Conforti's appeal. Mr. Conforti changed his mind and does not want to withdraw his appeal.

Action: A motion was made by Mayor Varela and seconded by Ms. Casper to deny Mr. Conforti's appeal.

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

Action: A motion was made by Mayor Varela and seconded by Ms. Casper to accept Mr. Conforti's revised re-calculation with a monthly benefit in the amount of \$ 3,057.21 as final and to pay any back payments.

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

Mr. Harrison will draft a letter of denial to Mr. Conforti.

Police Retirement Board:

1. Discussion regarding the Manager Presentations at Special Board Meeting on February 16, 2011.

The Board had a discussion regarding the manager presentation at the Special Board meeting on February 16, 2011. Ms. Martinez reported that Mr. Moss had said that he preferred a 5% investment in Cornerstone. The Mayor agreed.

Action: A motion was made by Mayor Varela and seconded by Ms. Casper to allocate a 5% investment into Cornerstone.

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

IV. NEW BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

C. Employees' and Police Retirement Boards

1. Presentation by GRS – Steve Palmquist

a. Actuarial Valuation Report as of October 1, 2010

Mr. Palmquist reported that for the General Employees the City's required contributions for FYE 9/30/12 will be \$3,293,953 compared to \$2,786,433 from FYE 9/30/11. He noted that it increased by \$507,520. He explained that the increase was due to the following reasons; experience loss due to investment returns; the grading in the new actuarial assumed investment return; payroll decreased but the unfunded liability stayed the same.

Mr. Palmquist reported that for the Police Officers the City's required contributions for FYE 9/30/12 will be \$1,057,595 compared to \$764,140 from FYE 9/30/11. He noted that it increase by \$293,455. The required Palm Beach County Sheriffs Contributions are estimated to be for FYE 9/30/12 \$473,800 and Chapter 185 Revenue \$202,000. He explained that the Total required contribution for FYE 9/30/12 is 1,733,395. He explained that the increase was due to the following reasons; experience loss due to investment returns; the grading in the new actuarial assumed investment return; payroll decreased but the unfunded liability stayed the same.

Mr. Palmquist reviewed the participant data and the reconciliation of Plan assets for both Plans. Mr. Palmquist noted that for the General Employees' Plan the actuarial rate of return for FYE 2010 was 2.8% and the market value rate of return was 8.3%. For the Police Officers' the actuarial rate of return for FYE 2010 was 2.5% and the market value rate of return was 8.2%. The Board had a discussion regarding how much the Plan may have earned on the DROP accounts of those members who have been in the Plan longer than 5 years. Mr. Palmquist reviewed the assumed rate of salary increase for both Plans.

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

Valuation Report as of October 1, 2010.

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

Action: A motion was made by Mayor Varela and seconded by Ms. Casper to accept the Actuarial Valuation Report as of October 1, 2010.

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

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to direct the administrator to send a letter of annual determination of rate of return to the State of Florida.

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

Action: A motion was made by Mayor Varela and seconded by Ms. Casper to direct the administrator to send a letter of annual determination of rate of return to the State of Florida.

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

2. Membership in FRS: Vested Deferred Members at PBSO.

Mr. Harrison reported that FRS position regarding the vested members of the Plans is that they are not eligible to join FRS retirement because they are currently enrolled as vested deferred members of either the Lake Worth General Employees' Pension Plan or the Lake Worth Police Officers' Pension Plan. Mr. Harrison disagrees with the position taken by FRS concerning the 4 individuals that are vested terminated from the Lake Worth Pension Plans. The Board had a discussion regarding this matter. The Board directed Mr. Harrison to challenge FRS on this issue. The Board will also consider allowing these individuals to reenter the Lake Worth Plans until the matter can be resolved.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to authorize Mr. Harrison to challenge FRS position regarding the individuals that are vested terminated from the Lake Worth General Employees' Pension Plan.

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

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to authorize Mr. Harrison to challenge FRS position regarding the individuals that are vested terminated from the Lake Worth Police Officers' Pension Plan.

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

Ms. Martinez will contact the individuals that are vested terminated from the Lake Worth General Employees' and Police Officers' Pension Plan to let them know FRS position and that the Plan's attorney has been authorized to challenge this matter.

D. Board Attorney's Report:

Mr. Harrison reported that there are proposed Ordinance amendments for Division I and Division II addressing the increase in employee calculation and the reduction by transferring money from Division II. Mr. Harrison updated the Board on the State Legislature. He commented that House Bill 1130 is moving along. Mr. Harrison briefly reviewed an article from the Miami Herald "Employee Pensions aren't bankrupting States."

Ms. Hurley asked Mr. Palmquist to point out how much the unfunded liability is. Mr. Palmquist reported that for the Police Officers' Pension Plan the unfunded liability is \$15.3 million and for the General Employees' Pension Plan the unfunded liability is \$34.7 million.

E. ADMINISTRATORS REPORT:

1. Request from Anne Costello

Ms. Martinez reported that Ms. Anne Costello had sent a letter to the Board with a request to pay back what is owed to the Plan in 29 installments instead of 23 installments.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to approve Anne Costello's request and allow her to pay back what is owed to the Plan in 29 installments instead of 23 installments.

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

2. Disability Review Letters

Ms. Martinez reported that the Disability Review letters will be mailed out within the next couple of days.

3. Overview & Procedures

Mr. Baur reported that the identities for some police officers and firefighters in South Florida were recently compromised. Investigators and various news media outlets have established the administration of the local retirement systems in the affected municipalities as a possible link between the separate employee groups affected. He assured the Board that his clients and the data that is maintained in his office have not been compromised in any way. He noted that Pension Resource Centers and its clients are not involved or connected to the reported data leaks, and that they are not part of the ongoing investigation into this incident. He provided the Board with a brief overview of the controls and procedures set up by the Pension Resource Centers

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: Special Meeting February 16, 2011.

2. Approval of Minutes: Meeting February 23, 2011.

Action: A motion was made by Mayor Varela and seconded by Mr. Kahant to approve the Consent Agenda, which included a Warrant for invoices and Minutes for Special Meeting on January 16, 2011 and Regular Meeting on February 23, 2011.

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

Action: A motion was made by Mayor Varela and seconded by Ms. Kasper to approve the Consent Agenda, which included a Warrant for invoices and Minutes for Special Meeting on January 16, 2011 and Regular Meeting on February 23, 2011.

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

D. Ordinance Amendment

Mr. Harrison reported that this Ordinance Amendment is for the General Employees' Pension Plan. He explained that it allows participants in the Drop Plan to serve as Trustees.

Action: A motion was made by Mr. Kahant and seconded by Mayor Varela to approve the Ordinance Amendment to allow DROP participants to serve as Trustees.

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

Ms. Martinez will forward the Ordinance Amendment to the City and will request an impact statement from the Plan's Actuary.

VI. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Wednesday, April 27 at 1:30 PM, the General Employees' and Police Board adjourned the meeting at 3:57 p.m.

MINUTES APPROVED: April 27, 2011

Valerie Hurley, Chair Employees' Retirement Board

Randy Collier, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards