



Employees Pension Board

Regular Board Meeting Minutes

Tuesday, February 28, 2006

Chairperson Laura Hawley
Vice-Chairperson Art Rowbotham

Chairperson Laura Hawley called the Employees Pension Board to order for a regular meeting, Tuesday, February 28, 2006, 8:30 a.m., in the Civil Service Conference Room, Department of Civil Service and Retirement, 500 North Lake Parker Avenue, Lakeland, Florida. Present: Chairperson Laura Hawley, Board Members Robert Andrew, Roger Haar, Eugene Strickland, Ronald Tomlin and Executive Director Gary Clark. Chairperson Hawley gave the invocation. Absent: Vice-Chairperson Art Rowbotham and Board Member Phil Allen.

❖ **Consent Agenda** - Consent agenda was unanimously approved.

➤ **January 24, 2006, Employees Pension Board Minutes**

➤ **Retirement Refunds**

NAME	CONTR. DATE	CHECK DATE	REASON	AMOUNT
Armijo, Carlos	8/8/2005	2/4/2006	TER	\$825.01
Bailey, Sherry A	10/6/2003	2/18/2006	TER	\$3,368.81
Cowan, Timothy J	5/5/2003	2/4/2006	TER	\$6,330.31
Dodd, Janice C	3/6/2005	2/4/2006	TER	\$902.09
Flowers, Tianyvu B	12/30/2001	1/21/2006	TER	\$9,081.37
Floyd, Brian S	3/4/1995	1/21/2006	TER	\$19,084.62
Green, Kris A	2/7/2005	1/21/2006	TER	\$1,961.76
Kellner, Michael A	4/3/2005	2/18/2006	TER	\$27,287.52
Krajewski, Jonathan M	1/2/2005	2/18/2006	TER	\$2,178.86
Leonard, John C	12/4/2000	2/4/2006	TER	\$17,894.75
Scott III, John J	8/11/2002	1/21/2006	TER	\$6,225.27
Total 11				\$95,140.07

➤ **Retirements**

NAME	DOR	AMOUNT	JOB TITLE	CSD
DROP Employee				
Coffee, William D	1/21/2006	\$2,982.64	Plant Welder	7 /24/1983
Hooven, Lona J	1/21/2006	\$1,229.53	Administrative Assistant	11/18/1990
Patterson, Marcus Alton	1/7/2006	\$3,175.31	Police Officer	12/27/1982
Wiedmer, Terry F	2/4/2006	\$2,296.25	Air Traffic Controller	12/21/1986
Retired				
Claycomb, David George	12/29/2005	\$3,234.36	Control Center Oper - Larsen	5 /29/1979
Gibson, Stanley A	12/28/2005	\$1,969.64	Automotive Mechanic II	5 /13/1980
Lawrence, Carolyn H	12/31/2005	\$3,432.83	Engineering Tech Supervisor	6 /3 /1979
Lawrence, Gary T	12/31/2005	\$5,181.15	Mgr of Corporate Pricing & Rpt	4 /4 /1982
Medley, Gene W	2/2/2006	\$3,039.13	Manager of Lakes & Stormwater	5 /10/1987
Roberts, Robert L	12/31/2005	\$3,202.44	Power Production Foreman	1 /18/1987
Summerall, Charles David	12/31/2005	\$3,508.64	Lead Trans/Distrib Lineperson	4 /8 /1975
Tynan, Jerry Lee	1/4/2006	\$2,214.52	Wastewater Equipment Mech III	8 /12/1979
Walton, Robert J	1/7/2006	\$3,484.82	Manager Of Water Production	3 /27/1977
Vested				
Moss, John N	7/4/2014	\$924.99	Operations Support Spv II	8 /2 /1994
Retirement Pending Final Pay				
Cooper, Gary A	2/18/2006	Pending	Asst Dir of Infor Technology	12/3 /1978

15 Employee Plan Retirements

Consultant Report

- Quarterly Report - Mr. George Tarlas of Asset Consulting Group, Inc. (ACG) appeared to give the investment performance review for the period ending December 31, 2005. Total fund value was \$454,807,770 representing a gain for the quarter of 1.9% and 4.7% for the one year period.
 - INTECH our large cap growth manager gained 4.0% during the quarter.
 - Lord Abbett (LA) our large cap value manager gained 2.5% for the quarter.
 - Rice Hall James (RHJ) our small cap growth manager gained 1.4% for the quarter. Mr. Tarlas is scheduled to meet with RHJ in their home office in San Diego, CA.
 - Martingale (MG) our small cap value manager lost 1.0% for the quarter. MG was hired in September 2005.
 - INVESCO (INV) our international manager gained 3.6% for the quarter.
 - Fidelity gained 0.6% for the quarter.
 - Loomis Sayles (LS) was flat for the quarter.
- International Manager Search
 - Board agreed to postpone the International Manager Search discussion.



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❖ Actuary Report

- Mr. Murray Cohen of Boggs and Associates appeared before the Board to give the annual actuarial review. Actual annual investment return was 9.5% versus the assumed investment return of 7.5%. The smoothed investment return was 5.5%. Salary increases were 8.3% versus the assumed salary increase rate of 5.0%. Mr. Cohen stated with the incorporation of Chapter 175/185 minimums into the plan and the addition of DROP and Defined Contribution alternatives this plan has become one of the most complex plans in the state of Florida. Contributions minimum for this year must exceed \$21,710,618. Employee contributions are expected to be 7,797,562, leaving a city required contribution of 14,147,790.
- Retiree Ted Jacobson asked if a retiree increase could be awarded since the plan's market value exceeds the present value of accrued benefits by \$30 million. No increase will be given as long as actuarial losses exist in the plan. With the loss experienced in past years the cumulative gains as of 9/30/05 amount to negative \$56,174,698. Until this amount is recovered an increase for retirees cannot occur in accordance with the plan document. Awarding a one percent increase to retirees would cost the plan \$2 million. If the plan made 9.5% per year it would take about 7 years before we could award an increase.
- Board Member Ron Tomlin asked about our mortality tables. Mr. Cohen stated we would be updating from the 1983 mortality table in the next few years. Updating the tables will increase liabilities by 4% therefore increasing plan cost by 1%.

❖ Executive Director's Report

- Executive Director Gary Clark gave the Board a presentation regarding the proposed structure for a Human Resource organizational change he will be giving at the City Commission retreat.
- Executive Director Gary Clark commented on the US Pension and Investment Summit he attended last month.
- Executive Director Gary Clark indicated he had received a call from Fidelity regarding hybrid securities. Mr. George Tarlas explained the security and indicated ACG supported Fidelity acquiring hybrid securities. Since our guideline and policy doesn't specifically allow the hybrid securities the board would need to take action. **Board Member Tomlin made motion to modify the guideline and policy statement to allow up to 2% in hybrid securities. Board Member Andrew seconded. Motion carried.**
- City Commission approved the ordinance change regarding allowing multiple joint pensioners. Retirees now have the option of designating individuals other than spouse as their joint pensioner.
- Executive Director Gary Clark commented on the conversion of the Deferred Compensation Program.
- Hand out was given to Board Members comparing Lakeland plan cost to other cities.
- PORF Share distribution process was briefed.

❖ Miscellaneous

- Board Member Roger Haar discussed with the Board the appointment of Tommy Hamrick as the interim Director. Executive Director Gary Clark strongly endorses the recommendation of Tommy Hamrick. **Board Member Haar made motion to appoint Tommy Hamrick as the interim Director. Board Member Andrew seconded the motion. Motion carried. Board Member Strickland made motion to authorize a 15% pay increase to Mr. Hamrick for the additional duties. Board Member Haar seconded the motion. Motion carried.**
- Retiree Ted Jacobson addressed the Board concerning Pension Fund Expenses and fears expenses for the new pension office will fall on the pension fund. City Manager Doug Thomas commented.
- Board Member Strickland expressed concern over the estimated 3 month time frame to start the process to search for a new Pension Administrator. Retiree Gary Hamilton urged the Board not to act to quickly in this process.
- Next regular meeting is April 25, 2006.
- FPPTA June 25 - 28, 2006.

❖ Adjournment

- Upon motion meeting adjourned at 11:10 a.m.