



Employees Pension Board

Regular Board Meeting Minutes

Tuesday, July 22, 2003

Chairperson Art Rowbotham
Vice-Chairperson Jim Ogg

Chairperson Art Rowbotham called the Employees Pension Board to order for a regular meeting, Tuesday, July 22, 2003, 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 Art Rowbotham, Board Members Phil Allen, Jeff Cox, Laura Hawley, Jim Ogg, Eugene Strickland, Ronald Tomlin and Executive Director Gary Clark. Board Member Jeff Cox gave the invocation.

❖ **Appreciation Plaque**

- Civil Service Director Gary Clark presented Mr. Arthur Chappell with a plaque of appreciation for his dedicated service to the Civil Service and Pension Boards.

❖ **Oath of Office**

- City Clerk Kelly Koos administered the oath of office to Board Member Ronald Tomlin to serve on the Civil Service / Pension Board effective July 1, 2003 through December 31, 2004. The Board Members welcomed new Board Member Ronald Tomlin.

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

- **May 20, 2003, Employees Pension Board Minutes**

- **Retirement Refunds**

NAME	CONTR. DATE	CHECK DATE	REASON	AMOUNT
Browne, Ryan L	10/05/99	06/30/03	RES	\$11,899.83
Bruns, Lorraine E	01/16/01	05/31/03	RES	\$7,330.15
Burke, Benjamin J	08/07/00	06/30/03	RES	\$11,060.99
Eager, Julie C	12/06/99	05/31/03	RES	\$4,137.70
Fernandez III, Cecil	03/01/87	06/30/03	RES	\$27,394.78
Hebner, Pamela S	09/07/70	05/31/03	DEA	\$47,830.19
Morrell, Ignacio E	02/19/01	05/31/03	RES	\$14,667.30
Nichols, James R	04/26/98	05/31/03	RES	\$9,718.88
Reese, Diane L	04/29/02	06/30/03	RES	\$2,147.23
Smallwood, Kenneth L	02/25/01	06/30/03	DEA	\$6,129.93
Turner, David M	04/25/99	06/30/03	RES	\$9,597.51
Westbrook, Sherry A	11/18/01	05/31/03	RES	\$3,221.34
Yon, Jerry A	04/23/01	06/30/03	RES	\$3,365.73
Total		13		\$158,501.56

- **Retirements**

NAME	RET. DATE	AMOUNT	JOB TITLE	CONTR. DATE
Barlow, Donald R	05/07/09	\$1,328.76	Meter Service Worker	04/13/86
Carew, William E	05/31/03	\$3,416.72	Police Lieutenant	06/18/78
Hennery, Bruce E	06/28/03	\$3,105.24	Police Sergeant	04/15/74
Hutto Jr., William S	10/05/10	Pending	Operations Support Spv V	07/30/78
Martin Jr., Darrel C	05/30/03	\$2,478.86	Power Production Foreman	11/16/80
Miller, Frankie A	08/18/04	\$3,330.68	T&D Supervisor	07/23/73
Ostrander, Cathy Ann	07/12/03	Pending	Account Clerk III	12/03/78
Whitehouse, Maureen E	07/26/03	Pending	Customer Service Coordinator	05/22/88
Total Retirements	8			

❖ **Large Cap Value Manager Report**

- Mr. Bill Sadler of Lord & Abbett (LA) appeared before the Board to give a portfolio review. Mr. Sadler's report covered the firm's investment philosophy and process, investment performance, portfolio characteristics and market outlook.
- LA has \$58.1 billion in assets under management as of June 30, 2003 and is independently owned and is solely an investment management firm. Portfolio value as of June 30, 2003 was \$86.6M with 81 holdings. Rate of return since inception was 11.7% versus S&P Barra Value of 8.1%. LA believes we are in a gradual economical expansion. LA is very underweighted in the financial sector by -17.1% compared to the index whereas they are very overweighted in the material sector by 8.4%. LA is maintaining a cyclical bias in the portfolio, focusing on consumer discretionary, basic material and



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technology stocks. LA expects the market to continue to advance over the next year, the economy to accelerate through the second half of 2003 and into 2004 and does not anticipate any further interest rate cuts by the Federal Reserve. They believe this is one of the best periods for stocks.

❖ Executive Director's Report

- Executive Director Gary Clark reported on the information he has received from recent conferences he had the opportunity to attend. Board members were given a copy of a recent article in the Tampa Tribune titled 'Police, Firefighters Brace to Refill Pension Fund' regarding the Tampa Police and Fire Fund. After Oct. 1 pension contributions by Tampa police officers and firefighters will increase from 4.77% to 12.15%. This increase will cost the city of Tampa an estimated \$11million in matching contributions. Most all plans are experiencing a shortfall. However, there is optimism going forward. As of yesterday the fund is up 14.56% for the fiscal year.
- Board members discussed the recent recommendations presented by the City Manager regarding the \$5.6 million under funding in the employee pension plan. The City Manager is recommending that the City increase its annual contribution to the plan by 1.5%, bringing the total city contribution to 14.4% of covered payroll. It is currently 12.87%. The proposed increase will cost approximately \$1.5 million in FY04. The City Manager is also recommending increasing the employee's contribution by 1% to 8%. No other changes will be made in the plan for current employees next year. The City Manager is also recommending changing the plan for all new employees, effective October 1, 2003. This plan will increase the retirement age, increase the penalty for early retirement, increase the time used to average income for benefit computation, and change the credit earned annually for service. All these changes are designed to reduce the overall cost of the plan. These changes may not be enough to offset the funding shortfall. As a result, this issue may have to be readdressed next year.
- Board Members voiced differing views of the recommended changes. Board Member Jeff Cox stated police, fire and electric employees should participate in separate plans. He opined that a plan that offers 80% of salary at 30 years of service is exceedingly rich. Board Member Gene Strickland disagreed stating there are other positions within the city that are equally as dangerous such as Solid Waste Collectors. Executive Director Gary Clark stated if Police and Firefighters were to pull out of the Employee Plan he would predict they would receive a lesser benefit over all due to the minimum benefit provisions in Chs 175/185 needing to be satisfied in any plan restructuring. Board Member Jeff Cox stated the City Manager's recommendation is not fully addressing the problem. Board Member Gene Strickland stated this is not an issue a new City Manager should face at the start. Board Members requested the plan actuary address the City Manager's recommendation at the August 26th board meeting.

❖ Miscellaneous

- Next regular meeting is scheduled for August 26, 2003 at 8:30 a.m. in which the plan consultant and actuary will be present. Board Member Jim Ogg will not be present at the August 26 meeting.

❖ Adjournment

- Upon motion meeting adjourned at 10:15 a.m.