



Employees Pension Board

Regular Board Meeting Minutes

September 23, 2008

Chairman Ron Tomlin called the Employees Pension Board to order for a regular meeting, Tuesday, September 23, 2008 at 8:30 a.m., in the City Commission Chambers, City Hall, 228 South Massachusetts Avenue, Lakeland, Florida. Present: Board Members Eugene Strickland, Laura Hawley, Kerry Charlet and Roger Haar. Mr. Robert Sugarman and Mr. Pedro Herrera of Sugarman & Susskind, P.A. Retirement Services Staff: Director Jennifer Kerr, Dana Blydenburgh, and Debbie Stefanski.

Board member Bertrand gave the invocation.

1. Consent Agenda – Board member Haar made a motion to approve the Consent agenda. Motion passed unanimously.

a. July 22, 2008 Employees Pension Board Minutes

b. Retirement Refunds

| NAME | CHECK DATE | REASON | AMOUNT |
|-----------------------|------------|--------|---------------------|
| Burkhard,Rose M | 8/30/2008 | TER | \$14,931.52 |
| Cilley,Nicholas L | 7/19/2008 | TER | \$2,655.70 |
| Costner,Michael T | 8/30/2008 | TER | \$18,589.63 |
| Dupuis,Diane L | 7/19/2008 | TER | \$4,352.58 |
| Green Jr,Elijah B | 8/16/2008 | TER | \$17,547.02 |
| Guthrie Jr,Wilson | 9/13/2008 | TER | \$46,744.69 |
| Hawsey,Brian H | 8/30/2008 | TER | \$17,949.12 |
| Holland,Charles G | 8/2/2008 | TER | \$1,474.57 |
| Jackson III,Vincent L | 8/16/2008 | TER | \$5,702.12 |
| Lemire,Christina M | 7/19/2008 | TER | \$383.43 |
| Miller,Melinda S | 7/19/2008 | TER | \$283.96 |
| Mulvaney,William R | 7/19/2008 | TER | \$4,592.78 |
| Ritchey,Michael A | 8/16/2008 | TER | \$21,809.54 |
| Spade,Shanna M | 8/16/2008 | TER | \$2,410.66 |
| Vincent,Patrick A | 8/30/2008 | TER | \$382.38 |
| Walker Jr,Charles E | 7/19/2008 | TER | \$46,796.98 |
| Total 16 | | | \$259,853.33 |

| NAME | DOR | AMOUNT | JOB TITLE | CSD |
|----------------------|-----------|--------------|--------------------------------|------------|
| Lump Sum DB | | | | |
| Cardona,Ismael | 8/16/2008 | \$106,268.80 | Operations Support Worker I | 12/11/1994 |
| Lump Sum DROP | | | | |
| Dyess, Nona | 6/25/2008 | \$53,246.65 | Police Officer | 5/15/1994 |
| DROP Employee | | | | |
| Hrusovsky,Kirby C | 8/16/2008 | \$2,440.10 | Police Officer | 11/20/1988 |
| Morgan,Jerry D | 6/21/2008 | \$1,248.76 | Recreation Supervisor I | 3/17/1996 |
| DROP Retiree | | | | |
| Dyess,Nona F | 6/25/2008 | \$1,307.90 | Police Officer | 5/15/1994 |
| Retired | | | | |
| James,Barrington C | 7/19/2008 | \$2,996.70 | Equipment Operator II | 11/16/1980 |
| Miller,Scott A | 8/2/2008 | \$1,807.35 | Engineer III - Lakeland Electr | 3 /9 /1998 |
| Tyson,Carl D | 7/31/2008 | \$4,176.86 | Troubleman | 12/6/1987 |
| Voyles,David B | 7/6/2008 | \$1,141.71 | Parking Svce Attendant | 2 /24/1991 |
| Wieck,Annette R | 8/16/2008 | \$2,835.93 | Pension Benefits Administrator | 6/12/1983 |

9 Total Retirements

2. Fidelity, Intermediate Fixed Income Presentation – Ms. Stacey Hurley and Mr. Paul de Moor provided an update on the Fidelity portfolio. Fidelity currently holds \$281 billion in total bond assets. The Fidelity investment objective is to aim to consistently outperform the index while protecting downside risk.



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The City of Lakeland Fidelity performance for the second quarter 2008 was (0.67) % versus the benchmark of (1.53) %. The year to date performance is 0.80% versus the benchmark of 1.43%. Since inception (3/21/2004) the performance has been 3.66% versus the benchmark of 3.51%.

3. **Allen & Company/Hartford, Defined Contribution Plan and Deferred Compensation Plan**

Mr. Keith Albritton and Mr. Fred Lopez of Allen & Company provided an update. The firm has had 400 meetings in-house with city employees this year. Additionally, they received 3,000 phone calls and conducted 25 on-site meetings. As a result of the research and evaluation that began in June 2008 by the Allen & Company investment committee, Mr. Lopez proposed that the Hartford Value Opportunities Fund and the Western Asset Core Bond Fund from the current line-up should be placed in "review status". Investments in "review status" are on heightened alert to potentially be replaced by a similar fund if they do not show improvement. The current recommendation is to remove the Western Asset Core Bond Fund from the line-up and keep and continue monitoring the Hartford Value Opportunities Fund. Additionally, Mr. Lopez recommended the addition of Eaton Vance Large Cap Value Fund and T. Rowe Price Target Date Funds. The proposed changes are scheduled to occur January 1, 2009. Lastly, the Allen & Company models have been expanded to nine.

Mr. Richard Snyder and Mr. Michael Steffan of the Hartford provided an update. They discussed their role as recordkeepers of the three city sponsored plans – OBRA, 401a plan and 457b plan. The current total assets of the plans are \$48.4 million. Mr. Steffan discussed an expansion on the current educational seminars offered to city employees.

The board questioned their role and authority regarding the plans and decided to not approve the suggested changes at this time.

Board member Charlet made a motion for the board to focus on the defined benefit investments only. Motion passed unanimously.

4. **Consultant Report** -Mr. Jason Pulous, Asset Consulting Group, Inc. appeared to give the investment performance review. Mr. Pulous distributed an updated market report for periods ending August 31, 2008. The total fund is valued at approximately \$490,743,000. For the month of August, the equity composite returned 0.4% compared to the blended equity index of 0.8%. The fixed composite returned 0.4% compared to the blended fixed index of 0.8%. For the month of August, the total fund returned 0.4% vs. the benchmark of 0.7%.

Mr. Pulous discussed the benefits of performing an asset liability study. An asset liability study contemplates various portfolio mixes in an attempt to meet long term portfolio objectives and may include new asset classes not currently utilized in the City of Lakeland portfolio. The study considers asset class risk and correlations, in addition to expected returns, when assessing the relative attractiveness of portfolios. It identifies portfolio structures with varying risk/reward combinations in an effort to find optimal portfolio efficiency and incorporates the liability structure and cash flows of the system while selecting an appropriate asset mix. The results of the study may lead to strategy and/or investment manager changes. Board member Haar made a motion for ACG to move forward in conducting an asset liability study pending the split of the police and fire plans. Motion passed unanimously.

Mr. Pulous discussed the amended Investment Policy Statement, including the watch list language as discussed at previous board meetings.



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Board member Charlet made a motion to approve the amended Investment Policy Statement, subject to the inclusion of language regarding commingled funds. Motion passed unanimously.

5. Director Report – Jennifer Kerr

Ms. Kerr discussed a current situation involving the pension collection procedure for retired members that pass away after pension payment has occurred for a specified period which results in overpayment. The board directed the Retirement Services office to attempt to recoup all over paid dollars.

Ms. Kerr discussed a few of the goals and objectives of the Retirement Services department. Beginning in January 2009, DROP members will begin receiving a statement of their account. Also, an effort to produce a newsletter to the City of Lakeland retirees will begin in January 2009.

6. Legal Report – Mr. Robert Sugarman and Mr. Pedro Herrera of Sugarman & Susskind, P.A. presented a legal report to the Board.

Mr. Sugarman discussed buy back of military time prior to employment with the City of Lakeland. This provision is currently not in the plan. The provision states that if the member was honorably discharged they may elect to purchase up to five years of military time to add to their credited service. This provision is most often offered when the employee becomes vested in the plan.

Mr. Sugarman discussed the City of Lakeland air traffic controller's situation. There are five non-vested employees that are included in a group scheduled to be dismissed in September 2009. According to the Federal Services Contract Act, these employees are entitled to more than just a return on their contributions. Mr. Sugarman opined that the City Attorney will need to dictate the terms of their separation in relation to their pension rights, specifically what is owed to these folks. According to the current ordinance, the board has authority to grant a refund on the member's contributions only.

Board member Charlet made a motion that the board refund the member's contributions and have the city cover the difference. Motion passed unanimously.

Mr. Sugarman informed the board that the plan sponsor has the authority to amend the DROP interest rate; the board merely makes a recommendation.

Discussion ensued on continuous service as defined in the ordinance and a member's inability to enter DROP, even after completing 30 years of service. The service must be continuous. This is a nonsensical oversight in the ordinance that should be corrected. The discussion was tabled.

Mr. Sugarman discussed fiduciary liability insurance. Although the current ordinance provides indemnification to the trustees, section 112.66(4) states that the city could refuse indemnification based upon the statute claiming that the responsibility is void as being against public policy.

Board member Haar made a motion to move forward with the purchase of fiduciary liability insurance. Motion passed unanimously.

Mr. Sugarman discussed the importance of having the actuary certify the final pension calculation. The cost is \$225 per calculation if average final compensation for the member is provided by Retirement Services.



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Board member Haar made a motion to begin certifying the final calculations through GRS. Motion passed unanimously.

Mr. Sugarman mentioned the educational opportunities through FPPTA and the State Division of Retirement.

7. Miscellaneous

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8. Adjournment – Upon motion the meeting adjourned at 12:15 p.m.

Respectfully Submitted

Approval Date: _____

Signed: _____

Ronald Tomlin, Chairman

Signed: _____

Kerry Charlet, Secretary