



Employees Pension Board

Regular Board Meeting Minutes

March 25, 2008

Chairman Ron Tomlin called the Employees Pension Board to order for a regular meeting, Tuesday, March 25, 2008 at 8:30 a.m., in the City Commission Chambers, City Hall, 228 South Massachusetts Avenue, Lakeland, Florida. Present: Vice Chairperson Kerry Charlet, Board Members Eugene Strickland, Roger Haar, Robert Bertrand. Mr. Robert Sugarman and Mr. Pedro Herrera of Sugarman & Susskind, P.A. Retirement Services Staff: Director Kevin Torres, Dana Blydenburgh, Annette Wieck, and Debbie Stefanski.

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

a. February 26, 2008 Employees Pension Board Minutes

b. Retirement Refunds

NAME	CHECK DATE	REASON	AMOUNT
Ali-Muhammad,Raven S	3/1/2008	TER	\$7,323.02
Crump,Anthony E	3/15/2008	TER	\$6,446.31
Gonzalez Andujar,Wally Y	3/1/2008	TER	\$1,096.94
Nowodzelski,Joseph R	3/1/2008	TER	\$1,211.14
Ramos,Garett M	3/15/2008	TER	\$18,793.95
Redfern,Matthew C	3/15/2008	TER	\$23,316.04
Trivedi,Devinaben N	3/15/2008	TER	\$2,651.69
Womble,David L	3/15/2008	TER	\$2,118.81
Total	8		\$62,957.90

c. Retirements

NAME	DOR	AMOUNT	JOB TITLE	CSD
DROP Employee				
Franz,Gordon L	2/2/2008	\$1,466.80	Police Officer	9/11/1995
Knobloch,William T	2/2/2008	\$2,410.19	Police Officer	11/05/1989
Thornton,Paul Michael	2/2/2008	\$2,573.46	Operations Support Spv III	1/15/1978
DROP Retiree				
Caldwell,Elwood D	3/29/2008	\$3,185.49	Plant Mechanic II	4/05/1981
Mathes,Kenneth G	3/01/2008	\$3,450.97	Plant Mechanic II	1/24/1982
Moore,Deborah Ann	1/12/2008	\$3,332.89	Police Sergeant	10/8/1978
Sukhraj,Bal C	3/15/2008	\$2,558.42	Environmental Specialist	9/27/1987
Retired				
Elwing,Paul H	1/26/2008	\$3,742.29	Engineer III - Lakeland Electr	8/10/1980
Phillips,Cynthia D	3/1/2008	\$1,132.97	Office Associate I	12/2/1990
DROP Retirement Pending Final Pay				
Hartman,Byron C	3/15/2008	Pending	Police Officer	6/7/1987
Johnson,Rosa I	3/29/2008	Pending	Office Associate II	11/1/1992
Kidd,Ronald L	3/29/2008	Pending	Housing Rehab Specialist II	3/25/1990

2. Martingale Asset Management, L.P. Small/Mid Cap Value Equity Presentation - Mr. Thomas Cosmer and Mr. Samuel Nathans of Martingale Asset Management presented an overview of the firm and their investment process. Martingale was founded in 1987 and is 100% employee owned. They serve 42 clients with \$5.2 billion under management. The City of Lakeland Employees' pension plan small cap value portfolio managed by Martingale holds 207 positions valued at \$22 million.

Martingale's investment process is comprehensive and systematic. Stocks are measured by proprietary factors that drive future performance and are compared to industry peers. The portfolio is constructed within risk-aware guidelines. The trade execution involves no soft dollars. The principal trading strategy is through competitive auction with guaranteed execution.



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Mr. Tarlas inquired on the possibility of a performance based fee structure going forward. The performance based fee structure is based on a lower flat fee and then a share of any gains realized above a certain threshold. Mr. Cosmer stated that the firm would entertain such possibility. Mr. Tarlas will propose a structure and report back to the board at the next regular meeting.

3. **Consultant Report** -Mr. George Tarlas, Asset Consulting Group, Inc. appeared to give the investment performance review. Mr. Tarlas distributed an updated market report for periods ending February 29, 2008. The total fund is valued at approximately \$506,830,000. For the quarter, the equity composite is (10.3)% compared to the blended equity index of (9.6)%. The fixed composite returned 1.4% compared to the blended fixed index of 2.7%.

Mr. Tarlas will prepare an updated Investment Policy Statement for the board's review. He will include language regarding a watch list as discussed by the board.

4. **Director Report – Kevin Torres**

Director Torres discussed the proposed purchase of the PeopleSoft Enterprise Pension Administration module. He explained that typically a retirement system of the size and nature of Lakeland's pension plan all functions related to the pension plan are performed in a single application package. Currently, staff is required to utilize various applications to perform some if not all of the retirement related duties. This is inefficient and unnecessary and creates a greater workload than is normally required in operating a fund the size of Lakeland's. No action was taken by the Board.

Director Torres updated the Board on the outcome of the retiree COLA. City Management has issued a letter recommending that the City Commission consider implementation of an "ad hoc" pension benefit increase of 1.2% for all retirees and DROP participants effective January 1, 2008. Costs for the increase have been estimated by GRS, the Fund's actuary, to equate to .38% of payroll. Finance Director, Greg Finch, addressed concerns the City is currently facing regarding GASB #45 which requires local governments to actuarially determine the cost associated with health insurance subsidies provided to retirees and disclose how it plans to fund any shortfalls. The preliminary actuarial costs of the City's Retiree Health Insurance subsidy have been determined to be \$97 million, equating to a true annual cost of \$8,750,000. The City must initiate steps to respond to the new GASB regulations or risk downgrades in the financial ratings by bond rating agencies.

5. **Legal Report** – Mr. Robert Sugarman and Mr. Pedro Herrera of Sugarman & Susskind, P.A. provided an update on current legislative items which may impact the pension plan. A bill has been proposed to increase the current limitation of 10% exposure on international equities to 20%-25%.

Mr. Sugarman stated that the contracts currently in place with all of the Board's consultants should be reviewed to ensure compliance with Chapter 112.

6. **Miscellaneous**

City of Lakeland retiree, Mr. Jerry Reynolds, presented his concerns to the Board regarding the retiree COLA. He inquired as to whether the unfunded accrued actuarial liability can be amortized over a longer period of time. He stated that if the amortization schedule were to be extended beyond a ten year period, more dollars could be available for the retiree COLA. Mr. Reynolds also discussed his concern over the actuarial gains and losses language in the plan's ordinance. Board Counsel, Mr. Sugarman,



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explained that according to Chapter 112 part VII, actuarial experience may be used to fund additional benefits, provided that the present value of such benefits does not exceed the net actuarial experience accumulated from all sources of gains and losses.

Mrs. Penny Chappell thanked Mr. Torres and the Board for their efforts in assisting COLAR with the benefit increase.

The Board discussed Mr. Torres' upcoming departure in May. A committee was formed to review the Retirement Services Director job description and pre-screen applicants. Those volunteering to serve on the committee are Ron Tomlin, Roger Haar and Kerry Charlet with Director Torres as an advisor.

- ◆ Pension Board Meeting May 27, 2008
- ◆ FPPTA 24th Annual Conference June 29 – July 2, 2008, Omni Champions Gate

7. **Adjournment** – Upon motion the meeting adjourned at 11:10 a.m.

You are hereby notified that the regular meeting of the Employees Pension Board of Trustees will be held in the City Commission Chambers, 228 South Massachusetts Avenue, Lakeland, Florida on Tuesday, March 25, 2008 beginning at 8:30 a.m. The purpose of this meeting is to consider items on the above agenda. Minutes will be available upon request from Retirement Services. In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this proceeding should contact Dana Blydenburgh no later than three (3) days prior to the proceeding at (863) 834-8797 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers, (800) 955-8771 (TDD) or (800) 955-8770 (VOICE), for assistance.
