



Employees Pension Board

Regular Board Meeting Minutes

Tuesday, May 24, 2005

Chairperson Art Rowbotham
Vice-Chairperson Laura Hawley

Chairperson Art Rowbotham called the Employees Pension Board to order for a regular meeting, Tuesday, May 24, 2005, 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, Vice-Chairperson Laura Hawley, Board Members Phil Allen, Robert Andrew, Herman Moulden, Eugene Strickland, Ronald Tomlin and Executive Director Gary Clark. Chairperson Art Rowbotham gave the invocation.

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

➤ **April 26, 2005, Employees Pension Board Minutes**

➤ **Retirement Refunds**

NAME	CONTR. DATE	CHECK DATE	REASON	AMOUNT
Berry, Brian	12/04/2000	5/14/2005	RES	\$13,246.91
Buzzell, Bonnie L	12/18/2000	4/30/2005	RES	\$7,956.69
Foster II, Richard E	1/11/2004	5/14/2005	RES	\$2,187.51
Holmes, Annette V	9/19/1993	4/30/2005	PTD	\$18,213.80
Jacobs Jr, Travis S	11/17/2002	4/30/2005	DEA	\$4,308.04
Koturo Jr, George R	9/19/2004	5/14/2005	DIS	\$1,135.36
Lashomb, Angela M	12/3/2001	4/30/2005	RES	\$9,942.62
Mason, Michael J	8/10/2004	4/30/2005	DIS	\$918.57
Masud, Radif J	12/18/2000	5/14/2005	RES	\$15,487.88
Munday, James B	3/8/1971	5/14/2005	RES	\$28,851.32
Speed, Thaddeus S	9/28/2002	5/14/2005	RES	\$4,483.36
Total 11				\$106,732.06

➤ **Retirements**

NAME	DOR	AMOUNT	JOB TITLE	CSD
DROP Employee				
Bowling, Ronald E	4/16/2005	\$1,361.28	Master Police Officer	6/30/1991
Ivancevich, Michael J	4/16/2005	\$3,410.94	Police Sergeant	7/6/1975
Stinson, Donald C	4/16/2015	\$1,781.24	Industrial Pretreatment Tech	8/28/1988
Retired				
Hart, Debra E	4/9/2005	\$1,896.01	License Inspector I	4/29/1974
Vested				
Bennett, Nancy A	10/16/2008	\$1,430.64	Housing Programs Coordinator	6/16/1991
DROP Retirement Pending Final Pay				
Akers, Iris Ann	5/14/2005	Pending	Office Associate I	5/10/1987
Martin, Daniel	5/14/2005	Pending	Water Utl Line Constr Inspr	1/7/1974
Whitten, Michael L	4/30/2005	Pending	Battalion Chief	9/2/1974
Retirement Pending Final Pay				
Bendele, Daniel R	4/28/2005	Pending	Station Electrician	7/5/1987
Whiddon, Yuriko M	5/27/2012	Pending	Account Clerk IV	10/31/1993

❖ **Investment Manager Report**

- Mr. Walter Lindsay and Mr. Paul de Moor of Fidelity Investments (FI) based in Atlanta appeared before the Board to give a portfolio review. FI has managed the fixed income portion of the Employees Pension Fund since February 2004. FI commented on strategy, performance and outlook. Chairperson Rowbotham asked Mr. Kirkland, Mr. Lindsay and Mr. de Moor to comment on the ACG rankings in the March 2005 quarterly report. Board Members asked Mr. Kirkland to modify page 14 in ACG's quarterly report to reflect rankings based on target allocation. Mr. Kirkland agreed to make the modification.

❖ **Consultant Report**

- Mr. Randy Kirkland of Asset Consulting Group, Inc. (ACG) appeared to give the investment performance review for the quarter ending March 31, 2005. Total fund value was \$428,146,541 representing a gain for the fiscal year of 5.5% and 4.4% for the one year period. S&P 500 has returned 2.75% over the past three years making it very difficult to meet actuarial requirements. A number of changes have occurred over the past quarter with the termination of our Large Cap manager Montag and Caldwell and Russell 1000 Growth manager Rhumblin. Both were replaced with the hiring of INTECH. Mr. Kirkland still believes more changes are necessary regarding the fund's small cap allocation. Mr. Kirkland explained some of the alternatives available. Mr. Kirkland recommends RHJ's position be halved and a Small Cap Value manager be hired.
- INTECH was hired during the quarter as our Large Cap Growth manager.



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- Lord Abbett (LA) lost 2.5% for the quarter. LA had a very good quarter compared to last.
- Rice Hall James (RHJ) lost 1.2% for the quarter.
- INVESCO (INV) lost .1% for the quarter year.
- Fidelity lost 1.0% for the quarter.
- Loomis Sayles (LS) lost .8% for the quarter, lagging the LB Aggregate by 30 basis points. Mr. Kirkland explained this was mainly due to their holding of Ford and GM securities.
- Mr. Kirkland discussed Small Cap value manager options. The Board indicated it was not prepared to select any of those recommended at this time. The Board asked to review the issue again at the next meeting.

❖ 457b and 401a RFP

- Executive Director Gary Clark indicated an RFP was issued during the month for 457b and 401a providers. Responses are due by July 1st.

❖ Director Pay

- Chairperson Art Rowbotham indicated he met with the City Manager since the last Board meeting to discuss Director Pay. City Manager Doug Thomas addressed the Board regarding action City Management has taken concerning this issue. The City Manager on two occasions has recommended the Director's pay grade remain at 37 but has urged if the Board desires, to provide additional compensation as a pension expense. The city's Classification and Compensation Manager has reviewed the Civil Service Director's pay. The City Manager maintains the position is appropriately gauged within the market and within the city's TO structure. City Manager explained the city's process reviews the position not the individual occupying the position. The City Manager briefly explained the concept of a program budget where costs are allocated by activity. City Manager and the City Commission recommend that if the Board believes Director Clark should receive an increase due to pension responsibilities, then the Board is free to award the increase from the pension fund. Ultimately the City Manager wants the Pension Board to pick up any cost relating to pension duties for Director Clark and the city will pay for Director Clark's Civil Service duties. City Manager commented on Tracey's position indicating the reimbursement of her salary and benefits from the pension fund to the City was a decision made in 1988, several years before Tracey became a city employee. Board Member Ron Tomlin asked if review of responsibilities would shift to the city manager with respect to Gary's Civil Service responsibilities. City Manager indicated it would remain with the Civil Service Board. Board Member Phil Allen asked if this outcome would put more expenses on the pension fund. City Manager indicated if the outcome of the upcoming pay study resulted in downgrading the Civil Service Director position to less than PG 37, then the Board has the option to pay the difference from the pension fund to maintain Director Clark's current salary and any increase. Board Member Allen asked how other cities functioned regarding funding. City Manager indicated some cities use split funding for positions. Director Clark presented data indicating most Boards administering a plan of our size normally employ a Director and staff and all expenses are allocated as pension expenses. Board Member Laura Hawley asked the City Manager to clarify that the upcoming pay study process would review Director Clark's position as a two separate positions: as a Civil Service Director and then an additional position as Retirement Systems Director. City Manager indicated that when Gary decides to leave consideration will be given to replacing him with either one or two individuals. However, the decision will largely depend on the recommendation of the two Boards. Board Member Tomlin indicated he does not object to the pension responsibilities of the Director being paid from the pension fund. Board Member Hawley stated the Board does not take spending pension fund money lightly. Board Member Moulden asked if the city's supplemental pension funds would be responsible for cost associated with duties that Gary performs in support of those plans. City Manager Doug Thomas stated under a program budget it would be consistent to charge the other pension funds as well. Chairperson asked if the Board was in favor of considering a motion.
- **Board Member Phil Allen made a motion to increase Gary's compensation with a one time pensionable bonus of \$4,662, plus \$674 to cover the 14.45% city pension contribution cost for a total of \$5,336,**



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to be paid by the pension fund. Board Member Herman Moulden seconded. Discussion - Board Member Strickland indicated he would be voting nay given he is not in favor of having different pay policies among the department heads. Board Member Ron Tomlin asked if this increase was pending the pay study. Chairperson Rowbotham indicated it is not pending the study being conducted by the city but would be a bonus. Board Member Ron Tomlin asked if other department heads received increases when Gary didn't. Board Member Phil Allen disagreed with Strickland as this position is unlike other department heads within the city. Ayes - Board Members Rowbotham, Allen, Hawley, Tomlin, Moulden and Andrew. Nay - Board Member Strickland. Motion carried.

❖ **Retirement Fund Manager**

- Executive Director Gary Clark gave PowerPoint presentation on the issue of dividing the Civil Service and Retirement responsibilities. Board Member Moulden asked for a discussion on this matter to start Board members thinking about a post Director Clark time period.

❖ **Executive Director's Report**

- Letter to City Manager regarding recommendations for 457 and 401a Retirement Planning and Benefits.
- Working with the plan attorney to receive qualification for our Defined Contribution plan from the IRS.
- Letter from the State relating to changes for police members in the Employees Pension Plan.
- Lynch Jones and Ryan (LJR) was recently acquired by the Bank of New York.
- Subscription to Pension and Investments available to Board members.

❖ **Miscellaneous**

- Next regular meeting is July 26, 2005.
- FPPTA June 26 - 29, 2005.

❖ **Adjournment**

- Upon motion meeting adjourned at 11:17 a.m.