



Employees Pension Board

Regular Board Meeting Minutes

November 24, 2008

Chairman Ron Tomlin called the Employees Pension Board to order for a regular meeting, Monday, November 24, 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, Laura Hawley, Robert Bertrand, Tim Hart and Roger Haar. Mr. Robert Sugarman of Sugarman & Susskind, P.A. Retirement Services Staff: Director Jennifer Kerr, Dana Blydenburgh and Debbie Stefanski.

Board member Strickland gave the invocation.

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

a. September 23, 2008 and October 17, 2008 Employees Pension Board Minutes

b. Retirement Refunds

NAME	CHECK DATE	REASON	AMOUNT
Cooper,Robert A	10/25/2008	TER	\$48,317.00
Ducar,Terry L	9/27/2008	TER	\$13,473.78
Guevara,Angel I	11/8/2008	TER	\$1,192.23
Hanshaw,Marcus A	9/27/2008	TER	\$3,926.87
Linton,Ewanna J	10/25/2008	TER	\$82,174.66
Mathis,Kathryn	9/27/2008	TER	\$10,129.28
Morales,Joshua A	9/27/2008	TER	\$2,939.63
Reeves,Duane D	10/11/2008	TER	\$257.68
Ryan Jr,Shawn P	10/25/2008	TER	\$4,674.11
Simmons Jr,Jonathan	10/25/2008	TER	\$3,802.46
Wilkins,Charles E	9/27/2008	TER	\$138,318.71

NAME	DOR	AMOUNT	JOB TITLE	CSD
Lump Sum DB				
Linton,Ewanna J	9/23/2008	\$82,174.66	Office Assistant II	9 /21/1998
DROP Employee				
Bassford,Patricia A	8/30/2008	\$2,412.54	Account Clerk III	3 /5 /1973
Morris,Frank E	10/11/200	\$3,133.88	Electrician 1st Class	5 /17/1992
Trout,Susan V	10/11/200	\$1,968.88	Contracts Analyst	6 /7 /1987
Webb,Cynthia	8/30/2008	\$3,419.48	Purchasing Agent	7 /26/1971
Exit DROP Retiree				
Cooper, Robert	10/25/2008	\$3,082.00	Station Election	6/1/1987
Wilkins, Charles	9/20/2008	\$2,612.19	Station Election	2/27/1984
Retired				
Blanke,Thomas J	9/27/2008	\$1,915.60	Fleet Manager	12/1 /1997
Chambers,Michael E	8/22/2008	\$1,863.21	Construction Pipefitter	12/30/1990
Clark,Nanette E	9/20/2008	\$1,947.93	Administrative Assistant	12/6 /1987
Hoffman,Craig Eugene	10/18/2008	\$1,748.07	Operations Support Tech I	11/4 /1979
Ryan,Timothy James	9/3/2008	\$3,031.21	Police Officer	4 /3 /2005
Williams,Alfreda J	9/27/2008	\$1,008.17	Janitorial Lead	9 /18/1994

2. Global Transition Solutions - Mr. David Bergman appeared before the board to discuss the transition of assets from the Employees' Pension Plan. GTS is a Brokerage and Transition Consulting firm formed with the exclusive purpose of helping pension funds reduce costs in their trading of stocks and bonds. In addition to serving as an independent watchdog on overall execution quality, GTS adds direct economic value during the fund's larger, event based portfolio trades. GTS' consulting processes, available at no incremental cost, have historically helped funds save 40%-60% in execution costs when compared to industry averages. They serve as



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fiduciaries to every client and help reduce costs through a proven process. **The Board decided to call a special meeting on December 1, 2008 to discuss feedback on GTS from the references provided.**

3. INTECH, Large Cap Growth Manager Presentation - Mr. George Tarlas provided a brief overview of INTECH. Mr. Russell Bjorkman, of INTECH, was unable to attend the meeting. INTECH is a global investment management firm with a record of mathematically driven equity investing spanning more than two decades. The Large Cap Growth strategy experienced an annualized relative return of -0.46% for the three years ended 4/1/1997. Despite the negative relative performance for the first three years, the Large Cap Growth strategy's annualized relative return for the five years ended 4/1/1999 was 4.02%, which approximated its targeted excess return range.

4. 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 October 31, 2008. The total fund is valued at approximately \$390,099,000. For the month of October, the equity composite returned (17.8)% compared to the blended equity index of (18.0)%. The fixed composite returned (4.9)% compared to the blended fixed index of (1.9)%. For the month of October, the total fund returned (12.8)% vs. the benchmark of (11.9)%.

Mr. Tarlas noted that a watch list has been added to the quarterly report. INTECH, INVESCO, Loomis Sayles and Fidelity have been placed on "watch" status per the direction in the updated investment policy statement.

5. Legal Report – Mr. Robert Sugarman of Sugarman & Susskind, P.A. presented a legal report to the Board. Mr. Sugarman obtained permission from the board to issue an RFP for securities litigation services. His firm will contract directly with the chosen vendor.

Mr. Sugarman provided quotes from fiduciary liability insurance firms. **Board Member Haar made a motion to contract with ULLICO \$5M coverage. Motion passed unanimously.**

New DROP language will be added to the ordinance to reflect the current practice of coordinating DROP entry at the beginning of a pay period for interested and eligible plan members.

Mr. Sugarman discussed the current language in the ordinance regarding sick leave payout. Further research is required to ascertain when the practice began.

A letter was provided regarding the recently downgraded GMAC bonds in the Loomis Sayles portfolio. Mr. Sugarman asked that the portfolio manager, Mr. Stephen Doherty, provide a formal notification to the consultant of the downgraded GMAC securities and informed them that the decision to hold the downgraded securities is solely placed on the investment manager not the trustees.

Mr. Sugarman mentioned his attendance at the 60t rulemaking workshop and his delight in the fact that Ms. Sara Beth Suggs of the Division of Retirement provided reassurance that concerns of the stakeholders will be taken into account and the entire process will be thoroughly vetted.



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Mr. Sugarman discussed a concern over the current state of the pension and its sustainability. He remarked that the City has committed its full faith to sustaining the pension plan. They are responsible to make the pension plan actuarially sound.

Mr. Sugarman reported that in order for the pension to maintain its qualified plan status he must assist with obtaining an IRS Determination Letter. He is expecting legislative relief and feels it is reasonable to wait approximately two years before pursuing this item.

The Travel and Education Policy was introduced. See attached policy. **Board Member Haar made a motion to accept the policy. Motion passed unanimously.**

6. **Director Report** – Director Kerr suggested that the board meet monthly. All agreed that this would be beneficial going forward.

Ms. Kerr provided an update on the Investment Consultant RFP process. **Board Member Charlet made a motion that Ms. Kerr narrow the responses and choose three for the board to interview on December 17, 2008. Motion passed unanimously.**

Ms. Kerr discussed an error detected by the plan's actuary regarding rounding the age of the plan member when calculating pension estimates. For example, a plan member that is 55.6 should be rounded to age 56. This error has been resolved with the assistance of the IT department.

Ms. Kerr provided the November 2008 Collection Report for review.

Ms. Kerr provided a copy of ordinance no. 5039 relating to the City of Lakeland Employees' Pension and Retirement System: Amending Sections 23 of Article II of Division II of the Charter of the City of Lakeland, Florida; Increasing Employee Pension Contribution; Making Findings; Providing an Effective Date. A copy of the actuarial impact statement, submitted by GRS, was also provided.

7. **Miscellaneous**

Chairman Tomlin presented a plaque of appreciation to Board Member Laura Hawley for her dedicated service on the board.

8. **Adjournment** – Upon motion the meeting adjourned at 11:45 a.m.

Respectfully Submitted

Approval Date: _____

Signed: _____

Ronald Tomlin, Chairman

Signed: _____

Kerry Charlet, Secretary



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TRUSTEE EDUCATION

It is the policy of the Board to encourage all Trustees to regularly attend seminars, conferences and trustee schools (hereinafter "seminars") which are designed to increase their knowledge of pension administration, investments, and fiduciary standards. The adoption of this policy is consistent with the obligations set forth in Section 112.661(14), Florida Statutes, concerning continuing education of trustees relating to investments and board responsibilities.

APPROVAL POLICY

All educational opportunities shall be noted on the agenda. The Board shall reasonably approve those seminars appropriate for Trustees to attend, prior to the seminar date. Absent unanimous consent by the Pension Board, trustees shall not be reimbursed for attendance at more than two conferences per fiscal year.

EXPENDITURES

The Fund shall pay the full cost of tuition at all approved seminars. The Fund shall pay for the coach fare to the nearest airport to the seminar site. The Fund shall pay the cost of lodging at the seminar beginning the night before the commencement of the seminar and ending the morning following the end of the seminar. Subject to the approval of the Chairperson or Board, Trustees shall be permitted to depart earlier for a conference, provided that such early departure results in net travel savings for the Fund. A Trustee may rent a standard vehicle, with appropriate liability insurance, where public transportation is not readily available. If a Trustee uses a personal vehicle to attend a seminar, the Trustee shall be reimbursed at a rate of 58.5 cents per mile traveled in connection with the seminar.

Trustees traveling on "Board" business are eligible for reimbursement of associated expenses as follows:

A. Lodging

The Plan will pay the actual cost of lodging at a single occupancy rate.

B. Meal Reimbursement

The Plan will pay a per diem meal allowance using the Internal Revenue Services (IRS) High-Low schedule which identifies "High" and "Low" travel areas. If the employee is traveling in a "High" rate area then the "High" rate is used, otherwise, the "Low" rate will be used.

	<u>LOW</u>	<u>HIGH</u>
Breakfast	\$8	\$10
Lunch	\$12	\$15
Dinner	\$22	\$30
Total:	\$42	\$55

No trustee shall be reimbursed for any meal or lodging included in a conference or convention registration fee paid by the City. To qualify for a meal allowance the trustee must meet the following time requirements:

Breakfast: When travel begins before 6:00 AM and extends beyond 8:00 AM

Lunch: When travel begins before 12:00 PM and extends beyond 2:00 PM

Dinner: When travel begins before 6:00 PM and extends beyond 8:00 PM



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A meal allowance will not be paid for meetings or seminars held in Lakeland or the immediate vicinity (10-mile radius) unless included in the registration fee for the specific event.

No expenses not attributable to the Trustee shall be reimbursed in the event that a Trustee is accompanied to a seminar by a spouse or companion. Trustees may upgrade accommodations from a single occupancy rate at their own expense by providing the Fund with a personal check to cover those expenses if the room charges were prepaid by the Fund. The personal check shall be delivered to the Fund on or before the Board meeting immediately following the seminar. If such expenses are charged on a credit card provided by the Fund, the Fund shall be reimbursed with a personal check prior to the due date of the credit card bill. The Fund shall expend no monies for any purpose unrelated to the seminar.

All requests for reimbursement shall contain a statement that the expenses were actually incurred by the Trustee as necessary travel expenses in the performance of official duties and shall be verified by a written declaration that it is true and correct as to every material matter.

This policy recognizes that any person who willfully makes any claim that they do not believe to be true and correct as to every material matter, or who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation of such a claim that is fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such claim, commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. Whoever receives an allowance or reimbursement by means of a false claim is civilly liable in the amount of the overpayment.

This policy is adopted pursuant to Section 166.021, Florida Statutes, which permits the Board to depart from the provisions of Section 112.661, Florida Statutes.

CONFERENCES WITH INVESTMENT MANAGERS

As a part of its due diligence, the Trustees may authorize travel to meet with investment managers. In such cases, the expenditure rules applicable to seminars shall apply.

LIMITATIONS

No Trustee may be reimbursed for educational travel unless the Trustee receives a certificate of completion of the minimum number of sessions at the seminar. In those cases where no certificate is provided, the Trustee shall certify in writing at the time the expenses are presented that the Trustee attended at least 80% of the sessions. Notwithstanding the foregoing, in the event that extraordinary circumstances prevent a Trustee from satisfying this attendance requirement, reimbursement shall be permitted with the approval of the Chairman or Board.

Trustees are encouraged to present reports at the next ensuing meeting of the Board, sharing their educational experiences with their fellow Trustees and the Board staff.

This policy was considered by the Board of Trustees at a public hearing, following proper notice, on _____, 2008. The policy was adopted by vote of the Trustees on _____, 2008.

Chairperson