MINUTES OF THE SPECIAL JOINT MEETING OF THE GENERAL EMPLOYEE BOARD OF TRUSTEES AND POLICE OFFICER BOARD OF TRUSTEES HELD ON TUESDAY, AUGUST 18, 2009

I. Call to Order

The Special Joint Meeting of the General Employee Board of Trustees and Police Officer Board of Trustees of Tuesday, August 18, 2009, at 2:00 p.m. was called to order at 355 S. County Road, Palm Beach, Florida 33480, in the Central Fire Station, in the Emergency Operations Center (EOC) by Police Chair Raymond Snow. On roll call, Chair Raymond Snow, General Employees Chair James Karman, Police Trustees Michael Lynch, Chris Proscia, General Trustees Peter Elwell, Lisa Gorman and Brett Madison were present. Police Trustee James McCartney Wearn attended by telephone. Police Trustee Alvin Parven was absent. Trustee Gerry Goldsmith was absent at roll call, but arrived later in the meeting.

II. Approval of Agenda

Trustee Snow announced that he was nominated to be the Chair of the meeting. Trustee Snow asked that comments by citizens be added to the agenda after Trustees Comments. He also announced that the meeting was being broadcast over the internet. The meeting was being held in accordance with Town Council Resolution 64-09.

Motion to approve agenda as amended by Trustee Madison, seconded by Trustee Lynch. On voice vote, the motion carried unanimously.

III. Issues and Trends in the Public Pension Community – William P. Hanes

Chair Snow announced that the Town has an unusual unique situation where there are extremely qualified elected officials, appointed members of Boards and Commissions, very dedicated employees and very interested citizens. He introduced Mr. William Hanes, the Pension Consultant for the Town of Palm Beach Police and Fire Retirement Boards. Mr. Hanes' background is as a lawyer, and he has argued successfully before the United States Supreme Court. Mr. Hanes is also the retired head of the State of Kentucky Retirement Systems. Mr. Hanes brings a wealth of experience both tactically on a daily basis, and strategically. He is now the Administrator for the Police and Firefighter retirement plans. He attended an annual meeting a few weeks ago by the National Association of State Retirement Administrators (NASRA) and he is a past president of NASRA. Mr. Hanes brought back a wealth of information from around the country to the Police Pension Board regarding pensions and retirement issues. The Town of Palm Beach is not alone, and no city is exempt from the economic crisis that Palm Beach is facing. There are many moving parts in public pensions. Mr. Hanes will present a summary of the information to the public.

Presentation

Mr. Hanes noted that he brought back several charts and presentations from the NASRA conference. He presented a power point to the board. A copy was submitted into the record. He noted that Mr. Jose Fernandez was also in attendance at the NASRA conference. Mr. Hanes stated that what trends observed with for the State systems is also very relevant to the Town of Palm Beach pension systems.

Mr. Hanes announced that the first series of slides were presented by Keith Brainard, NASRA Research Director at the conference. They outlined:

- Aggregate Public Pension Funding Level 1990-2008
- Projected Aggregate Funding Levels Based on Selected Rates of Investment Return
- A Plausible ARC (Annual Required Contribution) Scenario
- Change in Use of Smoothing Periods

According to Standard & Poor's:

- "Increased pension contributions will likely phase in gradually beginning in fiscal 2011."
- "States and localities will likely see stiff, but manageable, increases in the coming years."
- "It is possible that recent market pullbacks may cause actuaries in the next year or two to recommend reducing the long-term assumed actuarial rate of return."

The Forecast, according to Mr. Brainard was:

- Sharply lower funding levels
- Higher required contribution rates
- Talk of raising employee contribution rates
- Efforts to defer higher contributions
- New tiers with lower benefits for new hires
- Increased use of hybrid plans and other variations on traditional DB plan designs
- Longer vesting periods
- Pressure to reduce investment return assumptions
- Rising levels of ire directed at public employees and their retirement benefits

Mr. Hanes announced that the next set of slides were from actuary Kim Nicholl, of FSA (Florida State Administrators) with PriceWaterhouseCooper. She has over 25 years of experience as a consultant. She spoke at the conference about:

- Market losses
- Aging Workforce, Negative Publicity and Budget constraints
- How to address funding issues
- Future Plan Design

Mr. Hanes discussed the historical perspective showing much of the same trends that the Town of Palm Beach has gone through.

- Good asset returns in the 1990's resulted in significant improvement plans' funded ratios
- For many plans, benefit enhancements were granted "paid for" with investment returns
- Markets crashed FY 2002 and FY 2003
- Markets boomed FY 2004-2007

- Then bottom fell out of the market
    - Downturn in global financial markets is deeper and faster than ever projected
    - Impact on all retirement systems has been exponential
    - Market recovery expected to be long and gradual

The next few slides outlined the typical plan:

- projection of funded status based on 8% return for all years (No market crash)
- projection of funded status based on -25% return in FY 2009, 8% thereafter
- projection of funded status based on -25% return in FY 2009, 15% for next 3 years and 8% thereafter

Mr. Hanes continued and stated "Where are we now?"

- The average funded ratio at June 30, 2008 was approximately 85%
- For plans invested 70% in equities, the loss on the market value of assets is -20% to -25%
    - As of June 30, 2009, the average funded ratio based on actuarial assets is roughly 75% to 80%
    - If funded ratio is based on market value of assets, the average funded ratio is roughly 60% to 65%
- State and local pension systems have lost over $1.2 trillion
- Market crash
    - Funded status projected to decline 45%
    - Contribution rates projected to double or triple
- Aging Workforce
    - Population is getting older impacting plan demographics
- Mortality Improvements
    - Longer life expectancies contribute to increasing pension and health care costs
- Negative publicity and budget constraints
    - Public employee pension plans are under attack.

Mr. Hanes stated that the Town Police and Firefighter funds already are experiencing a 1-1 ratio of retirees to employees. It creates a negative cash-flow. The Fundamental actuarial equation of balance is:

Contributions + Investment Earnings = Benefits + Expenses

That means that there are three levers to keep the equation in balance (Expenses relatively fixed and minor when compared to the others)

- Contributions
- Investment earnings
- Benefits

The next slide asks the question if you can rely on investment returns to address funding issues?

- Unable to predict, but many believe that economic conditions likely to remain flat for a number of months or even years
- The likelihood of investment returns resolving the funding issue is remote
- That leaves changes in benefits as the remaining lever available to resolve the funding issue

Mr. Hanes recapped the current situation by stating that:

- Market losses hit public sector plans so hard that many are at a solvency risk
- Demographics are adding fuel to the fire with an aging population impacting payroll and mortality improvements increasing costs
- Unlikely that contributions can be increased to cover shortfall or that investment returns will close the gap
- No sympathy from private sector employers and taxpayers.

Some of the benefits and changes for the Town of Palm Beach to consider are COLA, retirement age, benefit multiplier, final average salary period, and spiking. Other possible changes could be to eliminate the lump sum death benefits, eliminate interest on member accounts and charge more for purchase of service benefits. He noted that he has not calculated any purchases on any plans in Palm Beach and that Brad Armstrong, the actuary, once told him that it would cost over half of an annual salary for one year of service credit purchase and that would seem to mitigate against the purchase for most public employees for the public safety plans in the Town of Palm Beach.

In summary:

- The market downturn is the worst since the Great Depression
- Private sector taxpayers have seen their retirement benefits slashed
- Negative articles on public employee benefit plans have become the norm as opposed to the exception
- Benefit concessions will be necessary to keep many plans solvent
- Disclaimer – the presentation reflects actuarial analysis and not the support for cutting benefits. Benefit changes for public safety employees should reflect their job duties.

Mr. Hanes noted that this was not reflective of anyone that serves on the Town Boards or the membership views, but they are reflective of the actuaries and other experts who presented at the NASRA conference. He felt that in the many years that he has attended the conferences, there was more of a "gloom and doom" attitude this year. It is mostly due to the downturn in the economy.

Chair Snow reminded the audience that the Boards, as fiduciaries, are obligated to look out for the retirees, and also for the current employees. Plan design is clearly in the laps of the Town Council. He noted that what Mr. Hanes was conveying is the context in which the Boards operate.

Chair Snow introduced Mr. Jose Fernandez and indicated there would be an opportunity for the public to speak afterwards.

IV. Cavanaugh McDonald Consulting, LLC Presentation on Town Review of Pension Plans – Jose Fernandez

Presentation

Mr. Jose Fernandez presented a power point to the Trustees. A copy was submitted into the record.

He described the scope and purpose of the project. He has been asked by the Town Council to:

- Review the Town's three pension plans (General Employees, Police and Fire)
- Review Town's retiree medical benefits
- Confer with Pension Board Plans regarding ideas and comments
- Develop cost savings options
- Estimate amount of cost savings for each option
- Compare Town's pension and retiree medical benefits to local market.

He provided a brief background of the three employees that would be working on the project: Jose Fernandez, Ed Macdonald and Todd Green. He next listed numerous state clients and local clients.

The basic retirement funding equation is contribution + investment income = benefits paid + expenses. He provided a current summary of the Town's pension plans which included the contribution rates as well as the funding for General Employee, Ocean Rescue, Police and Fire Pension Plans.

Mr. Fernandez stated that his clients and the Town are not unique in their situation. They are looking at many different options. The market losses have been so severe, that it will be practically impossible to get out of the downturn just by expecting future investment returns to boost the financial status of the plans. Contributions are slated to move dramatically up.

Mr. Fernandez next described Pension and Retirees Medical Benefits Survey by looking at other municipalities and employers in FRS. He stated that they would take into account what other municipalities are considering. His firm would be looking at:

- Palm Beach County employers in FRS
- Palm Beach County governments
- Private employers in local marketplace
- Benchmarks Town's benefits
- Investigate pension changes other employers are considering.

Next, he described the options to consider:

- Florida Retirement System (FRS)
    - Terminate or freeze current plans – all employees join FRS
    - Close current plans to new members – all new hires join FRS and employees in current plans may stay or move to FRS
    - Limitation on buying past service
    - Lose future tax premium distributions
    - No member Contributions

Council Member William Diamond asked about FRS being frozen later and Mr. Fernandez stated that he was not sure. Trustee Lynch responded that once you go into FRS you cannot get back out. Mr. Fernandez indicated there are complications when you freeze a benefit because you have to protect the accrued benefit that the members have. One option is to try to transition to FRS only with future accruals or through the employee's entire career. The prior service benefit does have to be looked at carefully.

Mr. Hanes stated that once Fire and Police close the plans, the Town could lose the subsidy per the Florida Statutes at Chapter 175 and Chapter 185 that regulates Municipal Firefighter and Police Officer plans. That also needs to be considered and studied. Mr. Fernandez indicated that those are the types of things that would drive costs up and could impact decisions. He stated that another alternative would be to close the current plan to new hires. Any new hires, whether they be Police, Fire, or General Employees, would all begin with the FRS. There are certain limitations as well, as to what can be placed into FRS, regarding prior service. One issue with Public Safety is that FRS allows you to buy past service credits but only up to a 2% multiplier, in the event the member chooses to transfer past service from the Town to the FRS. If the current multiplier is higher than that, then there would be a considerable gap in prior service credit. The same is true of general employees with a multiplier of 1.6%. Trustee Lynch questioned that if the Police went to FRS, the current multiplier of 3.5% and FRS is 3% for Police, that 3% would be used going forward. Mr. Fernandez indicated that in Police, there would also be the issue of past service.

Trustee Lynch asked Mr. Fernandez to provide an example. He noted that would be one of the downsides of making a transition to FRS since it would be less money for the employee. Moving to FRS the Town would lose it's future tax premium distributions from the State.

Mr. Fernandez indicated the Town could consider a two-tiered pension plan, hybrid plan, defined contribution plan, or combination of both. Other options to consider are changes to existing plans:

- COLA
- Retirement Age (20 and out, Rule of 65)
- Benefit multiplier
- Limit overtime in pension pay
- Eliminate 13^{th} check (police and fire)

- Share Plan (fire)
- Highest average pay period.

Another option would be to increase member contributions to pension plans by a fixed contribution rate increase, or variable member contribution rate based on total cost of plans. There could also be an increased pay in exchange for lower benefits.

Next, Mr. Fernandez presented his firm's approach to the project:

- Gather ideas from Town and Pension Boards
- Generate ideas for benefit changes and financing of pension plans
- Analyze plan design alternatives and possible benefit changes:
  - Evaluate short and long term financial impact
  - Work with plans' actuary Gabriel Roeder Smith to estimate cost impact
  - Implications of benefit changes- competitive with marketplace, retention, recruitment
- Present preliminary findings to Town for discussion
  - Financial and human resources impact of changes
  - Pros and cons of alternatives
  - Consequences of changes
  - Additional scenarios to evaluate
- Present final report to the Town and the Pension Boards.

Mr. Fernandez noted that the timetable is to have a draft report by the end of October. His firm plans to present the final report to the Town Council at its December meeting. He reminded everyone that what he outlined were options and not recommendations. The Town Council will make the final determination regarding which option to choose. He also mentioned that other municipalities are offering higher pay for lower pension benefits.

Trustee Goldsmith asked if the contributions would be broken down year to year on a tax basis as well as by the individual participant. Mr. Fernandez indicated that they would provide a projection of the contribution rates, on a one year, five year and ten year basis.

Mr. Fernandez stated that after the analysis and benchmarking is completed, they will present a draft report which will show all of the different options that would be evaluated. The report will also show the pros and cons of each option. His role is not to advocate for any particular change, but present the options to the Town Council to make an informed decision.

Mr. Hanes noted there was no mention by Mr. Fernandez of change in assumptions or perhaps going to a corridor along with the current five year smoothing, or would that not be too much exposure? Will you consider Projected Unit Credit versus the currently used Entry Age Normal as a funding method? Mr. Fernandez indicated that those items are some of the things that they will be looking at short term in order to relieve the impact of the market losses. Florida Statutes require that anything done with actuarial asset methods have to comply with ERISA.

Trustee Goldsmith asked who makes the decision as to whether 8% or 15% or 5% percent is correct. He asked if Mr. Fernandez would be making recommendations on that. Mr. Fernandez said they would make some recommendations based on asset allocations that the pension boards have. He noted it really is a very broad timetable right now and they have not gotten into the specifics of timing, but they plan to have a draft report by the end of October which will be discussed with the Town. At that point, they will go over the findings and there will be discussions that will considered if items need to be considered further or changed. The final report will be presented to the Town Council in December.

Town Manager Peter Elwell clarified that the timeline is not concrete. In between the delivery of the report at the end of October and the consideration by the Town Council in December, the Boards will be meeting in November with the consultants to review the draft report. They can offer additional input at that time. The input to the consultants prior to the final report being presented to the Town Council by employees, Board Members, and members of the public is encouraged, and the sooner the better. The Town Council made it clear that they are looking for input from the boards when they consider the options that are presented.

V. Comments by Trustees

Chairman Snow next asked for comments from several of the General Employee Trustees.

General Employee Chairman Karman indicated his concern today was what input will come from employees. He is more concerned with the process and getting good ideas on the table. Mr. Fernandez indicated that he is beginning the benchmarking and gathering data. They will bring that information back to the Town and accept any ideas they may have in benefit design changes. Mr. Fernandez indicated that he welcomes ideas.

Town Manager and Trustee Elwell indicated the process is intended to be open and the primary purpose of the meeting today is to inform the Boards and the public of what and how the process will happen. If someone does have a comment, it should be received as soon as possible. Chair Karman asked again about a formal process and Fernandez indicated he would prefer that people contact the Town staff first and then they will forward the comments to Mr. Fernandez. The board realizes they must do something, they have to do something and this is why everyone is here. The e-mail address to send comments to is: hr@townofpalmbeach.com.

Trustee Gorman had two questions. She asked how far out the consultant would project in their comparisons. Mr. Fernandez said generally they project out twenty years. Her second question asked about the assumed rate of return being 8% or 15%, and would they use actual rates of return. Mr. Fernandez indicated they will use the assumed rate of return of 8% .

Trustee Goldsmith asked to see the result of a 5-6% investment return assumption as well as 8%.

Mr. Fernandez indicated he would be looking at the worst case scenario. For a more realistic projection, their firm will do a statistical forecast choosing random returns going forward, but they are extremely time-consuming. Trustee Goldsmith asked for Mr. Fernandez to us at 5%, 8% and 12% return assumptions..

Trustee Gorman mentioned employees that are currently in the system. Mr. Fernandez indicated that he was referring to all employees, not just those whom are vested.

Trustee Madison asked about comparisons to other municipalities and asked who they were. Town Manager Elwell listed the comparable organizations:

- Florida Retirement System which includes PBSO, county, local public colleges and universities, public agencies such as SFWMD, SWA and several municipalities.
- City of West Palm Beach
- City of Boca Raton
- Town of Jupiter
- City of Palm Beach Gardens
- City of Delray Beach
- City of Boynton Beach
- City of Riviera Beach
- City of Lake Worth
- Village of Tequesta
- Village of North Palm Beach
- Village of Greenacres
- Palm Beach County (includes Palm Beach County Fire Rescue)
- Florida Public Utilities (FPU)
- Florida Power and Light (FPL)
- Waste Management (private sector)
- Wackenhut Corporation (private sector with corporate headquarters in Palm Beach Gardens)

Trustee Madison asked when the report would be presented to employees. Mr. Fernandez responded they are on a tight time schedule and was not sure how much employee information would be provided. He repeated that the draft was due in October and would be available for everyone, employees and the public, to view.

Town Manager and Trustee Elwell indicated that the intent was to work toward the November Board meeting of the Pension Boards to solicit input. The December Town Council meeting would be late (mid-December).

Chairman Snow informed the public that the fiscal year ends on September 30, 2009-2010 and asked when any adopted changes would be implemented. Mr. Fernandez responded that it would be October 1, 2010.

Trustee Gorman asked why the October 1st draft report date, when the budget process does not start until February. She asked why the push for November and not allowing time the employees to look at the preliminary report. She felt the report timeline was rushed and did not allow appropriate time for the employees to provide feedback. Town Manager Elwell indicated that it was a work plan that allows for 7 weeks in between the October draft report and the final December Report. He clarified that no one has identified an implementation date yet. Everyone has been focusing on gathering possible solutions rather than timelines for implementation.

Chairman Snow announced that they would now hear from the Police Officer Trustees, beginning with Trustee Wearn, who was attending via telephone.

Trustee Wearn indicated that he had a significant concern about the selection of the entities that are being studied. He asked what the criteria was for selecting the companies and municipalities, and thought that perhaps more unique cities, such as Palm Springs, should be included. He commented that the Town of Palm Beach is unique, not only in Palm Beach County, but in the United States, and perhaps the world. He questioned the value of a benchmark and how the comparables will be equated to the value that Palm Beach has.

Town Manager Elwell stated that he respected Trustee Wearn's concern and it may be shared by others. The degree to which the market data affects the ultimate decisions is something that will ultimately be decided by Town Council and will have a lot of input from the Boards and the public. It seemed prudent to obtain wide-ranging information about what is happening in the market rather than to not know what is happening.

Mr. Fernandez stated that he had nothing to add.

Trustee Wearn continued and stated that the recently retired Police Chief had researched Palm Beach before coming here, coming from Pittsburgh. The Town had been treated as unique in its quality. A major part of that uniqueness is the Town staff. He felt that other unique areas outside of Palm Beach County should be studied. He encouraged the consultant to broaden the criteria for comparables. Town Manager Elwell said they would take another look at it and review it with the consultant.

Trustee Goldsmith commented that when the report is presented, he would like to see an actual analysis of the employees with the numbers for each employee. He doesn't want pages of statistics. Mr. Fernandez responded that they will look at benefit design and if there is a benefit cost. Town Manager Elwell added that they will take the information from the consultant and relate that to town taxes as well as the town budget.

Trustee Lynch stated that only having five months to make major decisions and employee choices is too soon and it affects a large amount of people and their futures. He asked why the comparables include private employers, such as Wackenhut. Mr. Fernandez responded that the thought was to look at governmental agencies in Palm Beach County. There was some concern that it might make sense to look at what private employers are offering also, since the Town essentially competes with those entities for employees. Town Manager Elwell added that it was appropriate to ask the question and one of the unpleasant realities that everyone is dealing with is the public opinion across America. The recurring theme is how different public pensions are from private pensions. It may be that the Town will not find that the two major utility companies are that different from the Town, but it would prudent to include major employers in Palm Beach County and have private sector information.

Trustee Lynch next asked about a quote on what is a fair fiscally responsible retirement program. Mr. Fernandez indicated it would depend on whose point of view you are asking about. Members contributions are factors and how much is a municipality willing to pay needs to be considered. Trustee Lynch asked Mr. Fernandez if he would consider recommending a plan less than what FRS provided. Mr. Fernandez responded that he has been asked to look at different options and lay out benefit and cost implications are. He asked that if the FRS multiplier of 3%, with a 25 year, but their COLA is 3% after 13 months, where currently the Police Pension is currently 2% after 36 months. To him, that would be a fair option to give for the police, for a stepping stone to a tier-two. But unfortunately that is probably a more expensive option based on the COLA, than what the police board has currently.

Mr. Fernandez stated that there are many different factors in benefit design: COLA's are different, retirement ages are different, the multipliers, final average pay etc. It is difficult to analyze. Again, those are things he will be looking at.

Trustee Goldsmith said to isolate the extras, the last two years, overtime, and all that will fit into the equation. There can also be offsetting. Trustee Lynch gave an example of overtime pay and asked Mr. Fernandez about the other Police Pensions Boards that he works for.

Trustee Lynch next asked about 185/175 pension plans for Police and Fire and asked if there was a limit that the Town can take away based on that. Mr. Fernandez indicated there are no hard rules from the Division of Retirement. Generally you can reduce benefits for new tiers but not below the 1999 level. Trustee Lynch's last statement was that when people come here they present the pensions not as recruitment tool, but as a retention tool. People who come to Palm Beach stay here once hired and this is not a place to just put a foot in the door and then leave. Mr. Fernandez responded that was out of his scope and more of a policy issue.

Trustee Lynch asked if Mr. Fernandez was evaluating just pensions and he was informed that it is pensions and medical benefits after retirement.

Trustee Proscia asked a follow-up based on Trustee Lynch's point regarding competition in the marketplace and what the study entailed. He asked that when looking at other municipalities if it was their entire benefit package or any the medical and pensions. Town Manager Elwell indicated that it would be retiree medical and not the other benefits.

Trustee Proscia then asked about what other agencies bring to the table as part of a benefit package would be a wash on this study, but would it be looked at in the future. Town Manager Elwell said that the effort right now is on the retirement boards related to budget challenges.

Trustee Proscia asked if the Town opts to go with FRS, was there a way to demonstrate the current commitments to the retirees and how would the Town contributions increase. Mr. Fernandez responded that it was a good point and if the Town goes to FRS, the retirees stay with the Town. That would be something that does get factored in when they look at the cost impact.

VI. Comments by the Public

Chairman Snow noted that although the joint meeting did not formally include the Firefighters Board, two trustees were in attendance and invited to address the meeting. Firefighter Trustee Jason French, Palm Beach Fire Rescue employee, asked Mr. Fernandez that when doing the study if they consider property taxes and special assessments of municipalities have used funding for public safety. Mr. Fernandez indicated that they do not use those factors, but will discuss with Town Manager. He stated that his firm generally looks at what the total cost of benefit is and not necessarily the source. Trustee French stated the Firefighters are ready to be cooperative with the findings..

Firefighter Trustee Michael Hayes, Palm Beach Fire Rescue, asked if they will consider ways to cut costs. The Firefighter Board did a study extending the DROP from 5 to 7 years and it would drop the cost by 1/3 of a percent. He asked if that might be something that Mr. Fernandez could use to cut costs. He also stated that the Fire Board had discussions that when they were hired, the employee does look at the benefits and how they compare with other departments. Employees plan their future on what is promised them when they are hired.

Mr. Fernandez has looked at DROP and extending drop with other cities to see what it does. Overall, it is something for everyone to keep in mind what the impact will have on its members.

Council President Pro Tem Gail Coniglio was in the audience and was recognized. She reserved her comments until later in the meeting.

Council Member Diamond asked Mr. Fernandez if the report will provide a menu of choices or a recommended course of action. Mr. Fernandez reiterated that he will provide a menu of choices but will not be making any recommendations. He stated that is the role of the Town Council.

Council Member Richard Kleid reiterated that the consultant is not providing recommendations, but providing the Town with options. They will provide costs to those options and what the effect may be. Mr. Fernandez agreed.

Council President Pro Tem Coniglio had the same concerns as Chairman Karman that the collaborative part of the process is very piece-meal. She had a fear that the anxiety of both the employees and the residents in the end, will not have the ability to have a proactive involvement and exchange of information. She understands the timeframe and how it would operate, but she is clearly cognizant of both the employees and their livelihood as well as the challenges the Town has to balance the budget. She would like it done as carefully and methodically as possible, and hopefully with as much information exchanged as can be allowed.

Council Member Kleid stated he was only speaking for himself, that he did not think the Council was married to a particular time schedule. He found that once you have a specific time schedule then people will try to adhere to it. But clearly, if in November, and there were huge discussion about it, new ideas and more information needed, there should be flexibility in the schedule. There needed to be a set time schedule to try and commit to it. Otherwise, the study could go on and on and on.

Town Manager Elwell added two additional points. First, there are seven weeks in the schedule from the point of receiving the draft report until the final report is issued. The town has had this conversation for about a year already, but interest in it only picked up since last September when the economy changed and the stock market fell. He remains optimistic that the Boards and Town

Council should be able to meet the deadlines imposed. But if that cannot be attained, the elected officials can collectively change the deadline. Employees can submit information up until then as well. The email address to use is hr@townofpalmbeach.com that will go into the Human Resources office. They will collect the suggestions and share them all with the consultant. He underscored again, that the sooner the input is received, the more likely it will have an impact.

Mr. Heinz Gundlach, a new member of the Town's Investment Advisory Committee, commented that he was shocked at the losses in the pension funds. He stated that he is a former Wall Street Banker. He expressed his shock that every investment from one of the Town's investor's was in a mutual fund and even the advisor admitted that they did not know the funds that were being invested in. He noted this was unacceptable. The Town should find a way to combine the pension funds and administer them more efficiently. He noted the economies of London and Germany. Many large companies are eliminating defined benefits and going to defined contribution plans.

Chairman Snow indicated that Board Attorney Robert Klausner had recently presented defined benefits vs. defined contributions analysis to the Town Council. It was posted on his firm's website and is publicly available.

Fred Angelo, Legislative Vice President of the Firefighter's Union, stated that they represent 13 municipalities and Palm Beach County and would be happy to provide any documentation that they have. In his opinion the Town Pensions appear adequately funded. He discussed briefly how the FRS system has affected many firefighter pensions. He noted that every municipality in Palm Beach County has a defined benefit plan.

Joel Brier, Executive Vice-President for the Firefighter's Union, has represented Palm Beach Fire rescue for eight years now. The two most important benefits to employees are the job itself and what happens after you retire. Employees are now worrying about what is going to happen to them when they leave work as well as the current conditions of rising fuel prices, insurance etc. He offered any resources to the Town that may be needed.

Don Taylor, Lieutenant with Palm Beach Fire Rescue, has been an employee for 14 years. His concern was that the Town Council is going to have the final decision. He is concerned about how quickly the entire process is moving. There is a lot riding on whatever change the Council decides.

Council Member Diamond indicated said that it would make sense to him to hold a Special Town Council Meeting for discussion of the item. He said the Town Council needs to be as informed as possible. He wants this done right and hopes the employees will feel they are being treated fairly.

VII. Other business

Chair Snow thanked everyone for participating and articulated that this was a critical debate. The civility that marked the tone of the meeting today should set the tone for the way the discussion is continued. Clearly, the employees should be thinking about the Town, and the Town's citizens are thinking about the Town's employees. This was fruitful and beneficial to the consultant, both Boards, and the employees. The dialogue needs to be clear and articulate.

VIII. Adjournment

There being no further business, the August 18, 2009, Special Joint Meeting of the General Employee Board of Trustees and Police Officer Board of Trustees was adjourned at 4:12 p.m.

Attested by:

APPROVED:

Raymond Snow
Chair

Next Quarterly Meeting Date for Police Officer Board of Trustees: November 12, 2009
Next Quarterly Meeting Date for General Employee Board of Trustee: November 13, 2009