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# GENERAL EMPLOYEE RETIREMENT BOARD MEETING
# SPECIAL MEETING
# WEDNESDAY, JUNE 20, 2001, 9:00 A.M.

## I CALL TO ORDER

General Retirement Board Special Meeting 06/20/01

The special meeting of the General Employees Retirement Board of Trustees was called to order by Chairman James McC. Wearn at 9:07 a.m., June 20, 2001 in the Town Council Chambers Conference Room. Attending were Chairman James McC. Wearn, Vice-Chairman, Robert Garvy, Vice-Chairman, Secretary Vernon Richards, and Trustees Charles Boggs, and Peter Elwell. Also attending was Human Resources Director William Crouse.

## II APPROVAL OF AGENDA

There being no changes or additions, Mr. Elwell moved to approve the agenda. Mr. Garvy seconded and the motion carried unanimously.

## III REQUEST TO AUTHORIZE ACTUARIAL STUDY (Verbatim)

Mr. Boggs: I submitted a memo, I believe everyone should have a copy it. If you haven't had a chance to take a look at it, why don't you go ahead and take a look at it now, rather than having me repeat everything that is on it.

Mr. Wearn: Memorandum, just for the record, is dated June 14, 2001. The subject is request for special meeting of the General Employees Retirement Board of Trustees.

Mr. Boggs: If everyone has read it, then I'll go ahead. Basically what we're looking at here is the Town has had, the Board has had a really good return for the last ten or so years, and we've built up a surplus of 125% for the General Employees and 127% for the Lifeguards. That's quite a bit higher than Public

Safety, I believe they are around 115%, aren't they Bill? Public Safety's around 115% of funded? One fifteen or one sixteen, right around there.

Mr. Crouse: (Unintelligible).

Mr. Boggs: Anyway, Public Safety is asking to have their multiplier increase retroactive to 3.25% back to like 1982, I believe, and they've asked for a study at the special meeting, the last one we had to hear the presentations from the applicants for our contract to handle the banking services for us. Right after that they had a five minute special meeting and asked for the study to determine the cost for this retroactive increase of the multiplier and also an increase in the future multiplier to be the same amount 3.25%. To go along with that I wanted to especially since we are so much better funded than the Public Safety, I wanted to see if I could persuade the Board to do the same thing for us, the General Employees and the Lifeguards. What I've asked for is a .35% increase in the multiplier, retroactively for all current employees. Now that would mean that the current 2.4 would be increased to 2.75 back to October 1st of 1990, when it was implemented. It was increased from 2.0 to 2.4 in 1990, and it would go from 2.0 to 2.35 prior to October 1st, 1990. What I'm looking at is funding the retroactive portion from the surplus, just the retroactive portion, the new increase from 2.4 to 2.75 for all future years of service, I'm asking that since the Town has done so well with their contributions that the Town fund that, I believe it will come in around 2 to 2.5%, but, that's why I want to ask for the study, to determine what the cost is going to be.

So what I'm looking at is basically a study to determine the retroactive cost of raising from 2.4 to 2.75 back to October 1, 1990, from 2.0 to 2.35 prior to 1990, October 1, 1990 and then those two things would be paid out of the surplus and then a study to determine the percent of pay required to increase the multiplier from 2.4 to 2.75, from whatever point, if an ordinance results from this, whatever point the ordinance takes effect forward. Are there any questions?

Mr. Wearn: One question before we get into a discussion. I note specifically that your memorandum asks that we defer discussion on the subject until the August meeting.

Mr. Boggs: Well I think it would be much easier to discuss it once we have the numbers at hand, I mean we can talk about the generalities and any variations on the studies now, but, I'd rather not get into a long protracted discussion until we have some numbers that we can look at.

Mr. Wearn: Do we have any costs or what Public Safety is paying for their actuarial study, so that we can some kind of an estimate?

Mr. Crouse: We contacted the actuary to just get a ballpark idea of what is based on Mr. Boggs original letter, which was pretty much what Mr. Boggs has just presented. We contacted Denise Jones and she said that it would be approximately $900 to study the additional benefit forward, and $1500 to the study back, which would be approximately $2300. So for a safety feature you might allow, not to exceed $2500, should cover, definitely cover the study.

Mr. Boggs: I believe there are some folks here that would like to ask that we expand the study.

Mr. Wearn: Let me go ahead and first ask the Board if there are any questions or comments for Mr. Boggs at this point.

Mr. Elwell: I just wanted to ask Charlie, how you determined it to ask for it to be .35% in both cases, whether that's simply a rounding figure in terms of getting to the 2.75 and then why that same figure was used to come up from up the 2.0, as opposed to perhaps also going to 2.75. Historically I just want to know what the thinking is there.

Mr. Boggs: The 2.75 was the number that a lot of my constituents had asked about having the increase to go up to, so that's an increase of .35, and to keep things fair for all people involved, I've left it at .35 all the way back. One thing I wanted to let everybody know is, is I don't know if you've looked at the actuarial statement, but, from about '76 to '77 up until the year 1999-2000, the Town contributed about 12 to 14% of pay for General Employees, but, because we've been doing so well this fiscal year, the Town is contributing 9.58% and next year the Town will be contributing 6.14%, which is less than half of the average for the last twenty some years. So, we're doing really well and I don't think that this benefit is going to take up a lot of the surplus that we've got, the $10 million. We will find out in August when we get the study back, but, I don't believe it's going to require a lot.

Mr. Wearn: Does that answer your question, Mr. Elwell?

Mr. Elwell: Yes.

Mr. Wearn: Any other questions?

Mr. Garvy: Charlie, I note that the you make the point that the General Employees contribution is now 6.47 and the Town is down to 6.14, which is a case unprecedented where the Town is contributing less than the General Employees. So, of the .35, are you asking the Town to come back, the difference between those is .33, are you asking the Town to come up to this level of 6.47?

Mr. Boggs: No, you're talking apples and oranges there. The .35 that I'm asking for there is a multiplier that each employee gets for, in addition to the multiplier for each year of service. Currently we get 2.4% of your final average pay, for each year of service. This 6.47 is how much is taken out of each paycheck to be contributed to the retirement fund, so the .35 will be an increase from the 2.4 to the 2.75 for each year of service, and it really doesn't effect the employee's contribution, what I'm asking for is to have the money to do the 2.75 taken out of the surplus for all the past service and then the Town to pay the additional, and it would go from 6.14 to 8.14 or 9.

Mr. Garvy: That's the question I had, do you have any idea what that number would be?

Mr. Boggs: I believe it's going to be 2 to 3%, is what I think it will be, but, again we'll know when the numbers come in.

Mr. Wearn: Any other questions? I have one observation that I'd like to make. At our last meetings we've talked about the surplus and what to do with the surplus over and above the 100% funding, and I think there are two philosophical approaches that you can have to the surplus. You can have one that addresses a return on the success of that surplus to all employees, whether retired or not, or to current plan participants or as an alternate to that you can look to build the surplus to a point where contributions may not any further be required, and those two philosophies are, appear to be, contrary to me. So I think it would be appropriate for us to have some discussion because this fits in to a bigger picture on what our direction and what our policy is for going forward with the surplus, whether we want to consume it or whether we want to build it. So I'd like to plan on having some discussion on that subject at the next meeting, I just raise it for your consideration in advance.

Mr. Garvy: Maybe we could have a little discussion of that now, so we're not getting into the numbers until we get the numbers in front of us. There's a third thing we can do, I mean you can increase the benefits, which is what Charles is talking about, you can reduce the contributions of both the employees and the Town by building the surplus, and so I think here one of the key questions here is what is the purpose of the retirement plan and is the Town better off in increasing benefits for retention purposes of personnel and retirement security personnel, or is it a better decision to return those funds to the employee and the Town by lower contributions.

Mr. Boggs: I think there is a third thing that you really need to address, and that is the matter of, and I've spoke on this many times before, a matter of equity between General Employees and Public Safety. Public Safety, I am fairly certain will get their increased benefit, just based on past history. Public Safety multipliers have gone up across the state because of the good returns of the pension plans statewide, because of the stock market. So I think to be competitive with these other government agencies, the Town is going to have to raise Public Safety's multiplier. I don't see that not happening, I mean it's, I think it's something that's going to happen, and the point is, that I'm bringing up is that the General Employees see this happen and they feel that they also deserve an increase in their multipliers, a decrease in their contributions into the retirement plan or both. I do think, and I brought it up at the last meeting, that eventually our goal should be to get to the point where neither the Town nor the employees has to contribute to the fund, that it will be self sufficient, you know, that's a given, it should be our goal. But, I don't think in the twenty some years of history that I've seen of the retirement board, I don't believe that we have ever dug into the surplus before, so, although this is unprecedented there's a big surplus there and I don't think that taking a small amount out now is going to effect us that much in the long run and I think that competitively it would help the Town to retain and hire good people and save money by keeping those people.

Mr. Wearn: As you've suggested in your memorandum, we probably should hold these discussions until after we have the actual figures, but, I just wanted to lay on the table that there is a philosophical question that underlies this, that we probably should address, perhaps even in advance of making the decision on this particular item.

Mr. Garvy: What is the Public Safety multiplier again?

Mr. Boggs: It's 3% right now.

Mr. Garvy: And General Employees are 2.35?

Mr. Boggs: Yes. No, General Employees are 2.4. Now Public Safety's was two and a half until 1990, and then it went to 2.75 and then to 3.

Mr. Richards: There's got to be a certain amount of money in there to keep for a cushion?
We won't know that until next meeting when we get all the figures?

Mr. Boggs: That's correct.

Mr. Garvy: I just want to make one observation in regard to this study as well, is that historically when we've had a market, well the market we've had for the past ten years at least, and really for the past fifteen, twenty is nearly unprecedented. It's extraordinarily unlikely to continue, we're seeing that now. In fact some of the major advisors to 401 K plans, asset allocation models T. Rowe Price for example, is estimating the future returns of the stock market in the area of 8%, whereas the general public believes it's going to be 25%.
So, I think in this actuarial study, we may want to have the cost measures, if in the next decade the stock market returns 8 to 9% instead of the 16% that it has returned what's the effect in terms of costs.

Mr. Wearn: I concur, I think that probably is a good addition to the study.

Mr. Elwell: Mr. Chairman, I concur also that we ought to have that looked at, because, one thing building on your statement about the philosophical decision that needs to be made, that I think we need to be mindful of that. I appreciate Charlie presenting the figures about historically what's been contributed. I think this should be studied and I think it should seriously be considered, I think it's an appropriate improvement in terms of competitiveness, and equity, and some of the other things that have been talked about, and that we will talk about in more detail in August, when we have the real numbers in front of us. But, as we consider those real numbers, one thing that I think we need to keep in mind is the fact that the Town traditionally has born a great burden in funding this program, the surplus exists there, partially because we've had such a great market that has returned for everyone, but, also partially because the Town has contributed substantially higher amounts to the fund over the years than the employees have and we are in an interesting and unprecedented moment here, where, because of the combination of factors that have created the surplus actuarially has a year where the Town doesn't have to contribute so substantially. But, I think we have to ask ourselves the question of whether we would be as quick to be looking at reducing benefits or increasing employee contributions if the market goes south, and the surplus disappears, not through any largesse that decisions that we might make, but, because of environmental circumstances that have contributed to tremendous increase, could over time contribute bad times for this fund. I just ask us to think about that and be cautious about in this decision between building the surplus all the way to where it might be a self funded program, which I have some doubt that we might ever actually achieve that, but, certainly steps toward that could reduce the burden to both the Town and the employees. That on the one hand, versus on the other hand consuming the surplus. If we opt to consume the surplus I would just suggest that we do that very cautiously, because we may not have the kinds of returns in the future that we've been getting in the past.

Mr. Crouse: To respond to your comment, Mr. Garvy, the actuary's use set assumptions in all of their studies and in the report. Those assumptions are based upon a 5% cost of living on an annual basis and 8% earnings. Those are the assumptions they make on all their studies, so it should fit with what you brought up.

Mr. Boggs: Eight percent is what we plan on.

Mr. Garvy: But, the 8% is also, we have to keep in mind that we're not investing 100% in the stock market. We have half the portfolio in fixed income, which is not going to yield 8%. So it's the mix of those two.

Mr. Crouse: On an annual basis, this Board can change those assumptions when the actuary comes to us with regards to the assumptions for each previous, each year they discuss what assumptions that they want to establish for the Board.

Mr. Garvy: I often, the 5% wage inflation assumption that the Town uses, has that been met?
Is that a number we're actually increasing wages at that level, because that's an important consideration as well.

Mr. Crouse: Actually, the wages are probably increasing less than that because of turnover, and the Town for the past eight years has made a three percent adjustment in it's pay across the board. Last year it was 3.4. Because of turnover, and with our pay for performance, we're probably adding another percent, percent and a half overall with the change in the salaries. It's got be close to about 5% overall.

Mr. Garvy: So you think it is close to that number?

Mr. Crouse: Yes, there are going to be years where it's greater, and again that's their assumption over the years. When they saw inflation take a dive, that's when we went from, I think we were at six percent, several years ago and we went down to five, and we should address it every year. Mr. Elwell's right, this coming year because of a comp study we have just implemented, and with inflation running above three percent, so there will be a change in the next few years definitely in the inflation of our salaries.

Mr. Wearn: From the Board any other comments or questions? I note that we have a number of members of Town staff present, do any of them wish to be heard?

Mrs. Zamecnik: There are a number of people that aren't here to represent themselves today that would like to have a voice in this matter, those are the retirees, the DROP employees, the people who retired and came back under payroll, under contract, that their needs are not being addressed here today, and I would like to ask the Board to include in your request for study that we also get the number that would include everyone that has contributed to the fund and to the surplus. Who has contributed that was vested, left their money in there to draw a retirement or is drawing a retirement. I think any discussion of the surplus has to include those people.

Mr. Wearn: There is a one page memorandum that I believe you have submitted, has it gone to all of the members of the Board?

Mrs. Zamecnik: No it hasn't, I don't believe so, unless Charlie gave it to them.

Mr. Wearn: Would you care to elaborate on that?

Mrs. Zamecnik: I have some copies of the memo. What some of the employees would like to see is a variety of selection of actuarial studies, so that you will have all of the information in front of you at the August meeting, to make an informed decision on what is cost effective that will not exclude anyone. At this point, we're just asking for you to have the actuary prepare these numbers and leave the merits of this up to the people who want to speak to it in the August meeting. Proposal one being a clean 2.75 annually for all years of service, one for the current employees that are contributing and others for current employees that don't contribute, including DROPS and all retirees and get a separate number for that, and another proposal that is exactly consistent with what Charlie is asking for, is a .35 for all years of service. And in both circumstances currently contributing and those past and currently contributing, separate numbers for each of those

Mr. Wearn: It appears to me that there appears to be a degree of equity that would apply if we're going to go retroactively to 1990 or earlier, that either members who have dropped or those who are current retirees, perhaps should be included in the considerations, I think that is what you are asking for especially.

Mrs. Zamecnik: Everyone that has money in the fund.

Mr. Wearn: Let me ask the board members if you have any questions or comments on this part of the proposal.

Mr. Boggs: I believe proposal one, what Wendy is saying is that she wants the 2.75% all the way back for every year of service, is that...

Mrs. Zamecnik: That's correct. The same as your proposal for .35 for all years of service.

Mr. Boggs: Okay, so what she's asking for is for those years before 1990, to raise those from 2.0 to 2.75.

Mr. Wearn: Yes , I understand that.

Mr. Garvy: Yes, I definitely would agree with that. We ought to look at the whole range of costs for increasing benefits to current retirees, current active, DROPS, everybody, so that we can make an informed decision.

Mr. Richards: Is that because they all threw their money in at one time, and built it up to where we've got it today?

Mr. Garvy: Well, it's also because, I mean, the cost of living go up, people who've worked, they retired ten years ago, if we're able to do it, we ought to consider raising benefits for retirees as well. If we can't we can't, but, I would like to see what the financial implications are.

Mr. Boggs: The only problem I have with the retroactive raise to 2.75 is that it gives a lot more increase for those years of service before 1990, which may not be equitable for those people that have come on board since 1990. And also I think it's going to increase the cost significantly because you've got quite a few people that retired on the retired rolls right now. And unless we set a specific date that we're going back to I can see that the costs would balloon way up, like twenty years or twenty-five years, or something like that. We wouldn't go back farther than a certain date. And also, another thing is I'd like to make sure that these are separate numbers that we can look at, because we've only got a certain amount of money and I don't want to take a significant portion of the money in surplus to fund a benefit that we can't afford. I would prefer to stick with the .35 across the board for everybody, even if it means going back for all the retirees, for all their years of service. I think it would be much cheaper and much more equitable for everybody concerned if we did it that way.

Mr. Wearn: Mr. Elwell?

Mr. Elwell: Mr. Chairman, I'd like to strongly support what Mr. Boggs has just said regarding the separateness, the report needs to include separate cost factors for the separate types of persons involved, as well as periods. I think that it's important that we see for current contributing members separately from DROP personnel, separately from retirees, the impact back to 1990 and then again separately for each group back before that, regardless of whether the increase is a flat 2.75 for all years or whether it's the incremental .35 in the pre-imposed 1990. Quick question for Mr. Crouse, do you foresee any significant change in the cost of the study to include the retirees in this and to look at several different pieces, once they've analyzed it, then to present the report to us, would the number of different decision sets?

Mr. Crouse: Each, and I was trying to write down the different scenarios. Each scenario unfortunately is a separate cost, so once we have, for example I was just writing down. To go back and include the retirees, and by the way, there's no differentiation between a DROP and a retiree, a DROP is a retiree, in fact if you pick up a DROP you have to pick up a retiree, you cant distinguish. So if you go back and pick up the retirees as a group, that would be a separate study. If you change the scenarios for that group, those would be separate studies. In other words if you go back with a 2.75 for everyone as opposed to a .35 for certain groups, these will break down to different studies. Once we've determined what this study will include, I can look at this, I know what she told me on the two. Remember, the previous study was forward .35, which was $900 and the back, because of the extent of the time and the numbers of people, was $1500. So if we go back, I would assume that we'd be looking at somewhere around $1500. So if we just did the retirees back, I think you'd be adding about $1500 to what I said was $2500, we'd be looking at about $4,000. Every study is going mean some additional money.

Mr. Elwell: If we pick one scenario, if we pick either the flat 2.75 or the incremental .35, if we wanted to look at an either or, then we're going to double the cost of the study, is that correct?

Mr. Crouse: I think, by what I'm listening to, I'd ask this board to probably go ahead and approve $5,000, and hope that we can do it with $5,000. I think $5,000 should be able to pick up these different scenarios.

Mr. Wearn: To address Mr. Elwell's pending question is, should we decide to do .35 or go 2.75, I think it would be good for us to see both of those.

Mr. Elwell: I agree, I completely agree, that's why I'm just trying to get a handle on what kind of money we need to authorize to make that happen, I think it should be current employees and the retiree group, and both scenarios, both the flat 2.75 for all years versus the incremental increase for each year of service.

Mr. Crouse: I would suggest $5000 would probably do it.

Mr. Wearn: Are there any other questions or comments on the proposal that Wendy Zamecnik has made.

Mrs. Pollitt: My name is Mary Pollitt, I am the Town Clerk here. I am a DROP. Just to maybe add a little information to it, and I'm sure people are aware of it, I do agree with Mrs. Zamecnik's proposal, I think it's very fair, and with the comments that were made that the people who contributed to this system for a long time are really part of it, and I'm sure they wouldn't want to be forgotten either. General retirees, there are 117 right now, of that 11 are on the DROP, for 106 that go back. I don't know the cost, I'm not an actuary obviously, but, I would think that their salaries were such that we might be surprised to find out. Public Safety on the other hand has 137 retirees, with 21 in the DROP program, so we're less than that group, but, I just would encourage that you at least look at the figures, then we can argue one side or the other in August, but, I think it's very fair of you to consider the ones of us who have made the decision, myself less than six months ago, and there are several of us who had, who probably would have liked to hang around a little for this, but, I would encourage it and I do appreciate your hearing from us.

Mr. Wearn: Thank you very much. Are there any questions or comments for Mrs. Pollitt? Anyone else from...yes please.

Ms. Mclean: My name is Pat McLean, I'm with the Police Department. I'm not an elected official over there, but, I've become the unofficial official. Charlie and I speak frequently. I don't officially represent anyone there, but I just want to congratulate this board, I think you're going in a terrific direction. I would like, without appearing completely stupid, or saying the emperors completely naked or anything like that, I'd like to go back to square one. Peter brought up an interesting point, and that is, where did this surplus come from, and he's mentioned the Town's contributions. Well, I would like to agree with both Ms. Zamecnik and Mrs. Pollitt about the fact that this fund, this surplus came from the blood, sweat, and tears of people who worked thirty years ago. This is their measly little dollars, that had they put into a 401 K, based on today's economy, they'd be kind of sitting pretty. The fact that we're considering taking away the employee contribution means that somebody who gets hired two years from now, may not be putting in anything, and they'll be sitting in a better position than the people who did this twenty, thirty, forty years ago. So I think we have kind of a moral obligation if not just a general obligation that this surplus came from people who were here a long time ago, they have to have some kind of input, they have to have some kind of reflection of what they put in. It has to come out equally. Now, I've only been with the department for seven years, believe me if I could vote on a little proposal that says let's take the surplus and distribute it only to people who were here seven years ago, I'd probably say, yeah, that would be cool. But, it's not the fair thing, it's not the right thing, and it's not the moral thing. So I congratulate you all on at least taking a look at the figures and let's see where we go, we'll see you in August.

Mr. Wearn: Thank you for your comments. Does anyone have any questions or comments from the Board on those comments. Anything else that anyone from the board or the staff wish to present.

Mr. Garvy: I'd like to ask that the board members have this report well in advance of the meeting, to study and analyze. It's going to be an important discussion and we don't want to be walking in having had three days to look at it.

Mr. Wearn: How much in advance do you consider that we really should have? I personally would like to see it at least two weeks if that's possible.

Mr. Garvy: I would too.  Just travel schedules and things that are busy, when you can find a few hours to set aside, if it's possible, Bill, to have that two weeks prior to that meeting, that would be ideal.

Mr. Crouse: Well, before we conclude the meeting, I would just like to go through, I believe I understand exactly what this study should include, but, I want to make sure that when I get with the actuary, I include each and every request, so if you don't mind.

Mr. Wearn: We're going to need a motion, so maybe if you reviewed the pending items so that the maker of the motion can include it or refer to it.

Mr. Crouse: So you want me to set them forward? Alright. What I have is the addition of .35% multiplier back for all current employees. I also have forward the addition of .35% multiplier for all current and future employees. We also have included all retirees, current retirees and dependents of retirees and to have what would be their pensions recalculated at .35 back and 2.75 back. Additionally we have requested to take the 2.75 back for all current employees. That's what I have.

Mr. Wearn: Yes, five elements as I see it. Does anyone have any additional elements? May we have a motion put on the floor.

Mr. Garvy: Let me ask one question if I might. Bill, the distinction of past employees, what is the distinction between the 2.75 and the .35?

Mr. Crouse: Prior to October of 1990, the multiplier was 2.0. So the .35 would be 2.35, the 2.75 would be 2.75 for that period of time, so there would be an additional .40 to everything prior to October 1, 1990.

Mr. Boggs: To do the study, will they not have to differentiate between pre-1990 and post 1990, because the percentage of the costs of the multiplier would be different for those years?

Mr. Crouse: They will automatically, because they're aware of that. However, they will not break the cost down separately, and that would be different. Well, because you're asking them to go back with a .35 across the board, and they're  not, unless I specifically request, they will not break that cost down October, '90.

Mr. Elwell: I think effectively we will get that information though, because if they're going to do a forward looking analysis and a backward looking analysis, the backward looking analysis that, the two different backward looking analyses, the one that's just for the .35 versus the one that would be all the way to 2.75 regardless of when the year, which year of service we're talking about. We're going to come out with two backward looking numbers. The difference between those will be in fact, the number that would otherwise be generated if they did their analysis differently. I think we will get the information that we need if we do the five components that Mr. Crouse recited, we'll get the information we need, and I would move that we approve the study on that basis for those five components at a cost not to exceed $5,000.

Mr. Garvy: Second.

Mr. Wearn: We have a motion and a second on the floor, is there any discussion?

Mr. Boggs: Just one point of discussion, if $5,000 is not enough, I would like to have you amend the motion to allow the administrator to go to whatever amount, expense that is necessary to get those studies done. I mean it may be $6,500.

Mr. Crouse: My estimate is simply that. Based upon what Denise told me of the forward and back study in the original letter, we have increased that by approximately three additional studies. So we're just guessing $5,000, it could easily be a little bit more than that. I highly doubt it will be much more than

$5,000 if it goes over five.

Mr. Wearn: I'd like to suggest that that's a very good idea, to rely upon the negotiating skills of our administrator, but, to give sufficient leeway so that we have the studies back in time for our consideration, and don't get cut short on the information that we need in order to make a timely decision. So I'd like to suggest maybe a $7500 figure. If the movant would accept that as an amendment and would the seconder?

Mr. Elwell: Absolutely.

Mr. Garvy: Yes.

Mr. Wearn: Let the record then reflect that Mr. Elwell amends his motion to a $7500 figure, and Mr. Garvy amends his second to reflect that. Does everyone understand what we have on the floor now? We have an amended motion. Is there any other discussion about the amended motion, hearing none, I'll call the question, all those in favor please say aye, all said aye, opposed like sign, (silence). Motion carries unanimously. I think that's a very good matter that has been raised for us. Mr. Boggs, I appreciate it very much, and I'm glad that we were able to get together and have this discussion for the purposes of this meeting in order to address an important matter that you've raised at the August meeting. Thank you very much.

Mr. Boggs: I'd just like to express our appreciation on behalf of all the general employees to the board for this quick action, and I appreciate the scheduling this special meeting for this purpose. Thank you very much.

Mr. Wearn: Is there anything else to come before the meeting?

Mrs. Zamecnik: Just to make it clear to the actuary, with regard to retro for retirees, we're not looking for any retro dollars, there's an inception date, a beginning for this benefit, so they're not reaching back and paying any dollars retroactively, that this benefit just begins now. That would make a big difference in their cost. The other thing is, does the Board want to see the retro in dollars as opposed to percent of payroll.

Mr. Wearn: Yes, I think we've chosen dollars.

Mr. Crouse: Yes, if I may. I just want to update the Board with the council meeting that we had this month. The council did pass on first reading the change in the ordinance. If you'll remember, the ordinance increased equities to 60% in the investments, it also was the addition of the supplemental distribution to the general retiree group. They did however come up with some concerns from the Mayor with regards to the upcoming meeting that they will have in July, with regards to our resolution on the investment policy. The Mayor, when she was on the board, very conservative, and very iffy with the CMO's, IPO's, and Yankees, and things of this nature, and she did voice concern that the Board might be moving in a direction that better be carefully considered. The reason I bring it up is she would be looking to possibly hear from a board member, of course Peter is there because of the nature of his position as the Town Manager, but, I thought it might be helpful, in particular Mr. Garvy, with your background, or Mr. Wearn, that if it were possible at the July 10th meeting, if it were possible, and we would try to give you an idea of about when this issue would come up, to be able to help address that issue. My other option would be to try to get Jeanne Valcik to fly in, but, that would cost us money, and I thought it might be helpful if one or more of the board members may be there to discuss. I just want to bring that up because I know that will be an issue that will be on the agenda, and they'll want to discuss it.

Mr. Wearn: I'll be happy to try to do that personally, myself. Perhaps Mr. Garvy also depending on obviously getting copy of the notice of the meeting and maybe the agenda faxed in advance so that we can have an idea of, whether... It would appear in the morning I assume, sometime before they break for lunch.

Mr. Crouse: Yes.

Mr. Garvy: My schedule is clear right now on the 10th, I'd be happy to appear, and believe we can present sufficient safeguards that her fears, hopefully, can be allayed in that regard.

Mr. Crouse: That would be terrific. I will inform you as to the agenda and what we would anticipate, of course believe me that's guess work, but, it definitely is, as Mr. Wearn is aware, this will be a morning issue before lunch, and so we'll try and give you some idea so that you're not sitting in council chambers for hours.

One other thing I just wanted to let you know. To the best of my ability John McCracken, I had talked to John this morning, and he's in the process right now of working the contract with State Street with regards to the custodial agreement. He has been in contact with State Street and their attorneys. There are a couple of points that Mr. McCracken and Skip Randolph, the Town Attorney, are having some concern with, and they are trying to iron out this issue with State Street attorneys. They have ironed out one of them, readily agreed to, which had to do with indemnifying State Street with anything that may do. Well they basically put a caveat on that, that that indemnification would not be just a blanket indemnification, that they would work something out that would be agreeable to both sides. However, they're having a little more difficulty with a provision that they have in all their contracts, that accepts the Massachusetts law, with regards to any lawsuits concerning anything that would come up with regards to their company and their work as the custodian. This bothers both John McCracken and Skip Randolph. They are pretty much right now at a stand still, they are trying to iron out this issue. But, John told me this morning that their standing pretty strong on this, but, they don't want to lose the business. So, I just wanted to let you know that John and Skip are trying to work this out with one of their attorneys and he tends to believe that if it meant losing their business, that they would probably bend on this issue, but, it is something that they're holding pretty hard and fast.

Mr. Wearn: Chairman's prerogative to make an observation. They are authorized or must be authorized to do business in Florida for them to be doing that here. We are a Florida municipality, bound by Florida law, I think there is no possible way that I, as a fiduciary, could ever vote to approve any contract that would apply the law of a different state of this nation, other than Florida law in a contract such as that. That's just one person's view. I'd be happy for you take that back.

Mr. Crouse: I will do that, and by the way that is the view of both John McCracken and Skip. As they told me, that if they can't get them to bend, then it will be the Board and the Council to basically sever any contract and go on to another client.

Mr. Wearn: Hopefully you'll be able to advise us of that as soon as you know.

Mr. Crouse: I will do that, yes.

Mr. Wearn: And then before the August meeting, because we would like to arrive at some decision if we have to go in a different direction.

Mr. Garvy: Yes, I mean Northern Trust is next in line, and we want to move on this whole process. So perhaps that should be an agenda item, if we are unable to reach an agreement with State Street.

Mr. Crouse: In fact it may even require a special meeting, because we were directed to contract with State, and you're right, we do want to get this done before the August meeting so, if there is a, if we can't settle this issue soon, we're probably going to have call a special meeting and probably have that a joint meeting so that the two boards can be informed of this. I just learned this five minutes before this meeting, so that's why I'm sharing it with you.

Mr. Garvy: What's the date of the August meeting again?

Mr. Crouse: It is the 10th, yes. We're by the way, so far, I haven't gotten to talk to Mrs. Wiener but, we are making the flip flop there, so I want to make sure that everyone is in agreement with the Public Safety.

Mr. Boggs: Nine a.m. on the 10th?

Mr. Crouse: Yes.

Mr. Garvy: And the 1:30 on the 9th is no longer?

Mr. Crouse: I'm almost sure that there will be no problem with Mrs. Wiener agreeing to this, but, I haven't had a chance yet to get her verbal approval.

Mr. Wearn: Good. Anything else to come before our board, then a motion to adjourn would be in order.

Mr. Elwell: So moved.

Mr. Garvy: Second.

Mr. Wearn: I have a motion and a second, all those in favor please say aye, all said aye, opposed like sign (silence), motion carries unanimously. We're adjourned.

Approved:

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Vernon Richards, Secretary