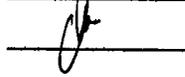


**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
June 24, 2009**

Approved _____



Approved _____



CITY HALL

Chairman Schinder called the meeting to order at 8:35 AM.

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| 1. <u>Roll Call</u>
Barry Schinder - present
Bruce Loucks – present
Brad Sicari - present
Jerry Whaley – present
Bob King - present | <u>Guests</u>
Horacio Montes de Oca
Stephen Palmquist, GRS |
|---|---|

Chairman Schinder advised members of the public that the Board will first address items on the agenda. The Board will then allow for public comments, limited to 5 minutes per speaker.

2. Approval of Minutes Summary for Meeting of March 25 and April 22, 2009.
The minutes were unanimously approved as submitted by the Recording Secretary.
3. Report on Fund Activity for the Month Ended April 30 and May 31, 2009.
Horacio Montes de Oca
Mr. Montes de Oca reported on the performance for the month of April.

Portfolio Composition

Cash and equivalents	5.45%
Equities	48.17%
Fixed income	46.39%
Carrying value	\$14.5 million
Market value	\$13.29 million
Unrealized GAIN/(LOSS)	\$583,965.00
Total Income	\$ 58,707.00
Realized GAIN/(LOSS)	\$ 34,631.00
Investment Income	\$ 24,076.00
Contributions	\$ 49,540.00
Employer contributions	\$ 7,357.00
Employee contributions	\$ 42,183.00

Mr. Montes de Oca reported on the performance for the month of May.

Portfolio Composition

Cash and equivalents	4.03%
Equities	57.55%
Fixed income	38.43%
Carrying value	\$14.42 million

Market value	\$13.56 million
Unrealized GAIN/(LOSS)	\$358,879.00
Total Income	\$ 31,341.00
Realized GAIN/(LOSS)	\$ 5,283.00
Investment Income	\$ 26,058.00
Contributions	\$ 48,338.00
Employer contributions	\$ 6,537.00
Employee contributions	\$ 41,800.00

4. Bills and Warrants

A. Gabriel, Roeder, Smith & Co. – Preparation of 5-Year Projection - \$1,995

Motion was made by Mr. King to approve item A. The motion was seconded by Mr. Sicari and passed by unanimous voice vote.

5. Presentations

A. None

6. Old Business

A. Joint & Survivor Pop-Up Option

Ms. Alvarez reminded the Board that this option was adopted by the Police Pension Board approximately 1 year ago so the Employee Advisory Committee requested that the General Employees Pension Board consider adopting the same option for the GE Plan. Mr. Palmquist's firm was asked to provide an impact statement, which confirmed that this option would not result in any increased cost to the plan. At this point, moving forward would require the drafting of an ordinance and approval by the City Commission (2 readings). The ordinance must be filed with the State Board of Retirement, but does not require approval before second reading.

For the record, it was clarified that this option would allow for the retiree, who has selected the survivor option, to opt for a reduced payout, which will then transfer to the survivor in the event that the retiree predeceases the survivor. If the survivor predeceases the retiree, then the reduced payout would revert back to the normal benefit amount that it would have been without a survivor benefit. Under the "pop-up" option, if a retiree selects one of the joint & survivor options, the reduction in benefit would be a little bit more to cover the cost of the "pop-up" option (approximately 1%). This election must be made at the time that the retiree selects their original option. This will allow for the pension amount to revert back to the normal amount effective on the date that the survivor predeceases the retiree. This increase is not retroactive to the date of retirement. Mr. Palmquist advised the Board that they can automatically include the "pop-up" option in all joint & survivor options, or they can be offered separately on the election form.

There was a discussion about whether a grace period is given to the retiree, if they change their mind about their election. Mr. Palmquist confirmed that the retiree may change their mind up to the time that their first check is issued. Ms.

Alvarez advised that this time period can be anywhere from 1 day to 1 month depending on the time between the date that the forms are executed and the date of the next meeting of the Pension Board. Mr. Palmquist advised that inclusion of these additional calculations for each retiree would increase the cost of the final benefit calculation approximately \$50.

Mr. King made the motion to adopt the "pop-up" option and to include this calculation as an automatic part of the joint & survivor options, rather than as a separate option. The motion was seconded by Mr. Sicari and passed by unanimous voice vote.

B. FPPTA Annual Conference

Ms. Alvarez reminded the Board that the FPPTA Annual Conference will be held June 28 through July 1st in Boca Raton. If any Board members wish to attend, she must send registrations to them today.

7. New Business

A. Actuarial Soundness of the Pension Fund – Bruce D. Loucks, City Manager

Mr. Loucks advised the Board that Mr. Palmquist, the Plan's actuary and Mr. John McCann, the Plan's consultant, both attended a recent City Commission meeting to answer questions from the Commission. The Plan's 8% assumption rate was a topic of discussion. Mr. Loucks invited Mr. Palmquist to this meeting to offer his insight on this issue.

Mr. Sicari reminded the Board that Mr. Palmquist had recommended that the Board, a couple of years ago (when market returns were much higher), to consider reducing the assumption to 7.5%. Mr. Palmquist stated that a reduction of 1% (from 8% to 7%) is a very large reduction, which would result in a City cost increase of \$320,000 above the amount stated in the annual valuation report. BSO's cost would increase by approximately \$53,000.

A discussion followed about the funded ratio of the Plan. Mr. Palmquist advised that 70% is normal in the current environment. In 2000 before the previous market downturn, 90% of the pension plans were over 100% funded. Today, only 2-3% of plans are 100% funded. It's been a "horrendous decade" that has hurt everyone. Mr. Palmquist advised the Board that the funded ratio for a pension fund typically increases 1-3% per year, but the ratio is bound to go down during a year of poor market returns. Mr. Palmquist would be alarmed if the Plan did not have enough money to pay retiree benefits, but that is not even a consideration in this case. For example, last year the Plan paid out \$900,000 for retiree benefits and all expenses and the fund currently has a value of \$14 million. There is no issue of solvency. In Mr. Palmquist's definition of "soundness", the required contributions are being made and reasonable assumptions are being used to determine those contributions. It's not necessary for the Plan to be 100% funded because not everyone is going to retire this year. 8% is still the most common assumption, but many plans are looking at lower their assumption.

Mr. Palmquist referred the Board to page 12 of the Actuarial Valuation Report, asking if the assumed rate of salary increases could be reduced by .5%, which would help to mitigate the effect of lowering the assumption rate.

Mr. Loucks made the motion that the 2009 Actuarial Valuation Report shall reflect a 7.5% actuarial assumption rate and a reduction of the salary increase assumption to 6%, dependent on the action of the Commission during upcoming budget reviews. The motion was seconded by Mr. King and passed by unanimous voice vote.

B. Future impacts and Liability of the Pension Fund – Bruce Loucks, City Manager

In reviewing projections for future increases and impact on the City budget, the numbers are increasing dramatically up to as much as 40% of payroll. Mr. Loucks asked if this might be the time to consider closing the Plan to new participants and investigating alternative options for new employees. The cost of FRS is only 13-14% with no employee contributions. In a discussion about the level of benefits paid out by FRS, the statement was made that a 2.5% factor with 20 years of service, compared to 1.6% with a 3% annual COLA may equal out over time. Mr. Loucks emphasized that this would not result in any changes to the Plan or benefits for existing employees. A discussion followed about considerations for a tiered plan, which may end up eventually bringing the new employees from the lower tier, back into the original plan. An advantage to the FRS plan is portability. Ultimately, this decision would be made by the City Commission, but Mr. Loucks feels that it is beneficial to include the Pension Board in the conversation.

8. Board Members Concerns

A. None

Chairman Schinder invited public comments at this time.

Chairman Schinder recognized Mr. Ed Wooley (11038 Nashville Drive)

Mr. Wooley stated that he is very concerned that the City will not be able to "keep their word" to the employees if they do not properly fund the General Employees Pension Plan. He shared a number of statements that he has read about the stock market, unemployment, foreclosures and the impact on international markets. Mr. Wooley stated that he believes the City has money in "reserves" that may be utilized to bring the funded ratio to 75-80%.

9. Adjournment

There being no further business before the Board, motion was made and seconded, and the meeting was adjourned at 9:30 AM.