

City of Fort Lauderdale
 Budget Advisory Board
 Date: October 20, 2005

<u>Attendance:</u>	<u>Absent/ Present</u>	<u>Cumulative from 10/20/05</u>		<u>Mandatory Meetings Missed</u>
		(P)	(A)	
Curtiss Berry	A	0	1	1
Elizabeth Hernandez	A	0	1	1
Garry Johnson	A	0	1	1
Michael McFarland	A	0	1	1
Delores McKinley	P	1	0	0
William Nielsen, Chairperson	P	1	0	0
Ken Strand	P	1	0	0
Joseph Welsch	P	1	0	0
Don Winsett	A	0	1	1

Ex-officio Members

George Gretsas, City Manager-Absent
 Bernard Wray, Finance Director
 Shonda Singleton-Taylor, Deputy Director, OMB

Others

Allyson C. Love, Director, OMB
 Joanne Rizi, Controller
 Pat Rupprecht, Assistant Budget Director-Absent

Chairperson Nielsen called the meeting to order at 6:35 p.m. A roll call confirmed that a quorum was not present, so approval of the minutes was deferred and the Chair moved on to the discussion of the General Employees Pension System (GERS). Bruce Larkin, Chairman of the GERS Board of Trustees, John Le Bucci, Vice Chairman of the GERS Board of Trustees, David Desmond, GERS Plan Administrator, Stephen Palmquist, Plan Actuary provided an in depth discussion and answered questions from the Budget Advisory Board members. Mr. Larkin distributed a GERS information sheet.

Mr. Welsch asked if an actuarial model was used for the actuarial computation. Mr. Palmquist said that no particular models are used. However, actuarial assumptions are used to determine what will happen in the future. He also said that he has about 70 or 80 plans like our plan and has over 35 years experience and has seen nothing like what's happened over the past 4 or 5 years. The fund ratio for the plan went down about 30% from 100 to 70. Almost all clients have the same types of decline in funded ratios over a period of time. It's not just the City of Fort Lauderdale. According to Mr. Larkin, the Board of Trustees reviews all of the assumptions.

Mr. Welsch mentioned that an advisory board member wanted to know when do you expect to get to 90% to 100% funded? Mr. Palmquist said somewhere between 10 and 15 years would be a rough guess. It depends. Mr. Welsch asked that even though it may take 10 –15 years, will there ever be a shortfall in the pension plan? Mr. Palmquist responded no because we do not pay as we go, but we pre fund. Mr. Bucci indicated that we have enough benefits to cover us for sixty years.

Mr. Strand asked who was involved in negotiating the Pension benefits when they were increased? Mr. Larkin responded that they were ultimately all approved by the City Commission. They were negotiated by management and labor at that time as well.

Mr. Strand said that first of all he thinks that the taxpayers got stuck with bad decisions by City Staff. He commented that he may be way off base, but that's his feeling and it seems as though the taxpayers always get stuck when staff makes errors. And he said that he doesn't like it. Mr. Strand asked if we have the same investment managers that we had in 2000 – 2002? Mr. Larkin responded that we still have some of the investment managers. He indicated that we hire and fire investment managers as necessary. Mr. Strand asked, "Why should we pay for bad advice?" Mr. Larkin responded that the Administrators of the Plan and Board of Trustees do not negotiate labor contracts nor do we set the benefit levels. Mr. Larkin indicated that their job is to take what the plan is, manage it, make the most money we can and pay the bills. The investment managers/advisors have nothing to do with any decisions that are made through benefits.

Mr. Strand said "So but you're not saying that the pension benefits that were excessive in my opinion and retroactive which is ridiculous in my opinion, that's not the only reason for the \$100 million loss?" Mr. Larkin said, "No, I explained that there were 2

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things that happened: 1) Improvement in benefits and 2) Unprecedented collapse of the equity market that cost \$100 million. Mr. Wray indicated that 99% of municipal plans in the country lost between 25-30% of their assets no matter who managed the assets. The presentation concluded at 7:40 p.m.

The Chair asked for comments on the August Monthly Financial Report. Mr. Welsch asked how do we go back to the Departments for remedial action when they are off budget? Ms. Love responded that during the 2005-year we were aware of the overtime issues because there were many vacancies and in order to continue with the same level of service, there was a rationale for being over budget.

Mr. Welsch asked how many new employees did we hire last month? Ms. Love indicated that she was not sure, however, the vacancy rate is now 8%.

Mr. Nielsen asked if there were any other questions on the financials. Mr. Nielsen asked if there were any action items. Ms. Love passed out the Action Items on the Union Agreements and the Election Costs. Ms. Love also gave Mr. Welsch a copy of the Monthly Trend Analysis for several departments from previous months. Ms. Love indicated that the monthly trend analysis includes our analysis of the their budget as well as our concerns along with their comments to our concerns.

Mr. Wray also provided information on Employee Pension Plans – Comparative Schedule of Funding Progress to show how we compare to other cities regarding unfunded pension liabilities.

Mr. Strand mentioned that he attended the District II meetings with Commissioner Tantalos and there was quite a discussion about the lack of information on the Commission Agenda. Mr. Strand asked who is responsible for that? Mr. Welsch asked doesn't he bring backup? Mr. Strand responded that's not the point. Mr. Strand said that the consensus is that the General Public shouldn't have to go on the Internet to obtain the information. Ms. Love indicated that the backup is available online. Mr. Welsch asked where do they get the agendas? Mr. Strand indicated that the agendas should provide a little more detail information on the agenda items. Mr. Nielsen indicated that he would mention this issue to Commissioner Hutchinson.

The meeting adjourned at 8:00 p.m.

Prepared By: Shonda Singleton-Taylor, Deputy Director, Office of Management and Budget