

Palmetto City Commission
July 24, 2006 4:00 p.m.

Elected Officials Present:

Larry Bustle, Mayor
Mary Lancaster, Vice Mayor
Eric Ball, Commissioner
Tamara Cornwell, Commissioner
Brian Williams, Commissioner

Elected Officials Absent:

Tambra Varnadore, Commissioner

Staff and Others Present:

James R. Freeman, City Clerk
Chris Lukowiak, Public Works Director
Frank Woodard, Deputy Public Works Director
Chief Garry Lowe
Deputy Chief Mike Mayer
Tanya Lukowiak, CRA Executive Director
Ric Hartman, Planning Supervisor/Zoning Administrator
Michele Hall, City Attorney
Diane Ponder, Deputy Clerk-Administration

Mayor Bustle called the meeting to order at 4:05 p.m. A moment of silence was observed for our military personnel serving overseas, followed by the Pledge of Allegiance.

1. APPROVAL OF WORKSHOP AGENDA

MOTION: Mrs. Lancaster moved, Mr. Williams seconded and motion carried 5-0 to approve the July 24, 2006 4:00 pm agenda.

2. POLICE OFFICERS' PENSION PLAN PROPOSED BENEFIT CHANGES

Attorney Scott Christiansen discussed the September 2005 Commission meeting where he presented proposed benefit changes to the Police Officers' Plan, and Commission request that the Plan's Board of Trustees also consider an increase to current retirees. Attorney Christiansen explained the Board of Trustees was recommending the proposed changes to be more competitive with the Florida Retirement System. The proposed changes are believed to be a better recruitment and retention tool for the Police Department. Attorney Christiansen presented the revised proposed changes to the Police Officers' Pension Plan, as follows:

- Normal retirement date from 55 and 10 years of service (YOS) or 25 YOS changed **to** 55 and 6 YOS or 20 YOS
- Early retirement date from 50 and 10 YOS **to** 50 and 6 YOS
- Vesting requirement from 10 YOS **to** 6 YOS
- Minimum connected disability benefit changed from 42% of annual final compensation **to** 62% of annual final compensation
- Ad hoc COLA for current retirees of 2% per year of retirement to a maximum 10% increase

Attorney Christiansen stated that to fund the entire package of proposed benefit changes, State Chapter contributions of \$108,732 would be used in full and an additional City contribution of \$27,683 would be required. He also explained that because of the Board of Trustees' reduction in the expected rate of return to 8.25% from 8.5%, and a good investment experience, the

required employer contribution including the proposed benefit changes would be 8.98% for 2007 vs. 9.23% for 2006.

Commission discussed the following topics with Attorney Christiansen:

- State Chapter funds may only be used for benefit improvements
- The portion of the additional required employer contribution is an annual expense, but any State Chapter contribution increases may be used to offset the additional funding expense
- State Chapter contributions may be reduced or be eliminated; the City Commission has the power to then reduce benefits
- City can convert the Plan to the Florida Retirement System; may not withdraw, current employer funding requirements are approximately 20% of payroll

Mr. Freeman confirmed the proposed benefit expense to the City has not been factored into the FYE 2007 budget.

Commission remanded the proposed ordinance back to the Police Officers' Pension Plan Board of Trustees with instructions to break out the costs associated with the proposed normal retirement date and to use only State Chapter monies to fund the recommended benefits package.

3. GENERAL EMPLOYEES' PENSION PLAN PROPOSED BENEFIT CHANGES

Attorney Christiansen presented the proposed benefit changes for the General Employees' Pension Plan. The Board of Trustees is recommending an Ad Hoc COLA for current retirees; the last COLA occurred in 1995. The Board of Trustees is also recommending an annual COLA to all current and future retirees. The cost of the proposed benefit changes is as follows:

Plan Change	Increase in Required Contribution as a Dollar Amount	Increase in Required Contribution as a Percent of Covered Payroll
Annual 2% COLA beginning one year after retirement for current and future retirees	\$177,555	6.03%
Ad hoc COLA of 2% per year of retirement up to a maximum of 10%	\$20,906	0.71%
Total if both plan changes are adopted	\$201,994	6.86%

Attorney Christiansen explained the City will bear the entire cost associates with the proposed benefit changes.

Commission discussed the proposed changes. Mr. Freeman stated the proposed benefit expenses have not been factored into the FYE 2007 budget.

Commission requested that the proposed ordinance for the General Employees' Pension Plan be brought back to Commission with the revised benefit changes for the Police Officers' Pension Plan.

4. 2006 DR420 CERTIFICATION OF TAXABLE VALUE

Commission discussed the proposed aggregate tentative millage rate of \$5.1645 per \$1,000. No changes were made to the proposed rate. Commission also concurred on the August and September meeting schedule. The topic was forwarded to the 7:00 agenda for action.

Meeting adjourned at 5:50 pm.

Minutes approved: August 7, 2006 **Corrected to reflect Ms. Varnadore was in attendance.**



James R. Freeman
City Clerk