

**TOWN OF DAVIE
WORKSHOP MEETING
APRIL 19, 2005**

The meeting was called to order at 7:02 p.m. and was followed by the Pledge of Allegiance.

Present at the meeting were Mayor Truex, Vice-Mayor Hubert, Councilmember Crowley, Councilmember Paul and Councilmember Starkey. Also present were Interim Town Administrator Kovanes, Attorney Parke and Town Clerk Muniz recording the meeting.

Finance Director William Underwood presented several options for the \$850,000 allocated to enhance the general management pension plan. He gave a brief overview of 10 possible options pertaining to the Defined Benefit Plan. Mr. Underwood also spoke of some 39 employees who were forced out of the plan after changes were made in 1985 and 1993.

Mayor Truex referred to an option outlined in the backup, indicating an additional cost of \$209,000 more than appropriated. Mr. Underwood indicated that this option would involve 1.5 years of acquisition.

Vice-Mayor Hubert asked what the employees wanted. Mr. Underwood advised that the Town had a Pension Board that would meet to discuss these options. Mayor Truex asked for input from employees.

Councilmember Crowley asked which options would help those employees impacted by the past changes. Mr. Underwood explained how Options 5 and 7 would affect those employees. Assistant Town Administrator Ken Cohen explained that Options 2, 3, and 7 would "give employees one year." He felt Option 5 would not be the best first choice.

Grace Hall, a 26-year employee of the Town, voiced her disappointment that nine employees were not being considered in the proposal. Mr. Cohen explained that those employees were not chosen based on promotions received. Ms. Hall felt those nine employees were being penalized for being promoted and asked that Council include the nine employees in the proposal as she felt this would be a fair process. She added that the proposals were unrealistic.

Councilmember Starkey stated that she had wanted to see the nine employees included in the options. Councilmember Paul asked how the figures would change if the nine employees were added. Mr. Underwood indicated that if the nine employees were included, \$132,000 needed to be added for one year.

Terry Roberts, former Chair of the Pension Board in 1993, advised that at that time, everyone had voted to dissolve the defined benefit plan. He felt that middle management employees in the Town should be better considered and given more benefit incentives.

Bette Gibson thanked Council for allocating the \$850,000 and for their efforts in offering the opportunity to buy back into the Pension. She spoke in favor of Option 7.

Richard Boyhan stated that employees who had worked in the Town the longest should receive maximum benefits.

Dennis Andresky felt the \$850,000 should be used to benefit those impacted in 1985 when the pension plan had been a condition of employment. He felt that the 39 older employees should benefit the most, as this would be a fair approach.

Sandy Lukowski, a 23-year employee, spoke of the 1993 dissolution of the Plan. She advised that at the time, she had received her contribution but not the Town's contribution. Ms. Lukowski asked that the Town not take away the 401K plan, as there was no guarantee the Pension funds would be available at the time of her retirement.

Bruce Bernard spoke of past discussions to address the older 39 employees who had lost their money not by their choice. He was pleased that the Town was doing something to recognize those older employees who had put in their time to the Town.

Councilmember Starkey spoke of the past exodus from the pension plan when 401K plans tended to pay off higher percentages in the economic climate of the 1980s. She asked if employees had chosen to

**TOWN COUNCIL WORKSHOP
APRIL 19, 2005**

be taken out of the plan at that time because of favorable market conditions or because they had no choice. Mr. Bernard explained that in 1985, the employees' plan had been switched without their choice. He added that in 1993, some employees likely felt the 401K plan was a better investment.

Dan Lutzke summarized employees' costs for the options provided. He pointed out that the Town had to satisfy both general employees and the 39 employees being discussed. Mr. Lutzke suggested that with Option 8, a provision be made to specifically address funding for the 39 employees separately. He felt Option 8 or Option 4 were the best based on the employees' perspectives.

Barbara McDaniel indicated that she had worked for the Town for 21 years and was only able to buy back 11 years with the new plan. She stated that in 1985, employees were not given an option other than to roll over their contributions or take a payout. Ms. McDaniel added that generally, issues that affected management and non-union employees were usually presented to employees after the fact. She stated that the issue was an emotional one and voiced the employees' desire to be treated fairly.

Ms. Hall spoke of the need to examine the formulas and actual dollars presented, as the fund belonged to many employees, not only the 39 employees being discussed. She asked that any further changes in the Plan go before the Defined Benefit Pension Board. Ms. Hall thanked Council for its efforts.

Mayor Truex asked about the Pension Board and when the Board would meet. Ms. Hall advised that a meeting was scheduled but had been postponed. Mayor Truex asked who was on the Pension Board. Ms. Hall advised that she, Town Clerk Muniz, Mr. Underwood, John Phillips and Mr. Kovanes were on the Board.

Councilmember Crowley asked Mr. Kovanes why there was urgency for the ordinance. Mr. Kovanes explained that the actuarial figures changed every 90 days. He advised that the longer the Town waited, the more money it would cost.

Mayor Truex asked that the Pension Board be given an opportunity to review this matter. Mr. Kovanes felt this would be appropriate, but wanted to exhaust this within 10 days. Mayor Truex asked if the Town would only benefit if it was locked into the actuary advertised on the agenda. Mr. Underwood responded in the negative. Mayor Truex asked about the Pension Board's rules with regard to employee participation. Mr. Kovanes advised that there was an open forum for presentation. He also spoke of employees who were concerned about the vestiture period with respect to employees of five-plus years.

Councilmember Starkey reiterated her request for all 39 employees to be factored in the estimate, and for Mr. Lutzke's options to be presented before the Pension Board and brought back for consideration.

Vice-Mayor Hubert felt the employees should not have to lose what they had in the 401K to take the new proposal. Mr. Underwood advised that employees within the government could not hold a 401K plan and a defined benefit plan, but could have one or the other. Mr. Cohen advised that not all employees had chosen the defined benefit plan.

Michael Hall spoke of the origins of the money in the Community Endowment Fund.

Councilmember Crowley wanted the Pension Board to discuss this issue further. He spoke in support of the employees who had invested many years of their career to the Town. Councilmember Paul agreed with Councilmember Crowley with regard to acknowledging the older employees the fair and equitable way.

Mr. Cohen suggested an option of taking monies in the Community Endowment Fund and allocating them back to employees based on their years of service. Mayor Truex advised that Council would request the Pension Board consider this option.

Councilmember Starkey commended employees for presenting their views and for discussing the history of the Pension Plan's issues before Council. Mayor Truex felt the Option that was closest to the \$850,000 would be best.

**TOWN COUNCIL WORKSHOP
APRIL 19, 2005**

Councilmember Starkey asked about employees currently in the white and blue-collar union and how this affected their next contract negotiations. Mr. Underwood indicated this would be discussed in an Executive Session. Councilmember Crowley did not want to tamper with existing employees' terms.

Judy Nesbitt referred to a list of 53 employees who were hired before 1991. She voiced the desire of union employees who wanted to be included in the Defined Benefit Plan.

Ms. Lukowski spoke of the allocation of \$2 million left over from the Pension Plan dissolution, which had been applied to the Community Endowment Fund for parks and other projects. She spoke of the loss of her 401K benefit and stated she was not yet in the union as there was no contract. Ms. Lukowski stated that the Pension had to be done one time for all employees as a whole.

Councilmember Paul spoke of instances where monies used for parks were to be replaced as they were only used until grant monies were received. Councilmember Starkey advised that the Town felt it was better to have the monies in reserve work for the Town on a park, knowing they would be reimbursed by a grant. She also spoke of the \$200,000 portion of interest from the Community Endowment Fund, which was allocated for charitable organizations. She requested that this figure be addressed by the Pension Board.

Mr. Kovanes asked Mr. Underwood to indicate which amount of money needed to go back to the Community Endowment Fund. Mr. Underwood indicated that money for land acquisition had come from the Water and Sewer Fund. Mr. Kovanes requested the final dollar amount in the Endowment Fund. Mr. Underwood advised it was \$1.3 million.

Shirley Taylor-Prakelt asked for clarity on the focus of the workshop. She spoke of employees who were hired post-1993 and of those who might be covered under collective bargaining and asked how they would be affected. Ms. Taylor-Prakelt also asked how employees who were not in the group of 39 would be affected.

Councilmember Starkey asked for the exact number of employees involved in union negotiations and whether these employees were precluded from the proposal being discussed. She indicated that if these employees had in fact bargained out the benefit, she still wanted to see the resulting dollar amounts. Mr. Kovanes advised that the various employees covered by collective bargaining might change the number presented before Council. He indicated that this would be researched further.

Town Clerk Muniz asked if Council's position was to only address the 39 employees or the 39 employees plus all other employees in the Defined Benefit Plan. Councilmember Starkey believed that some of the employees had a negotiating union. Town Clerk Muniz indicated that there were approximately 100 not covered by a union. Councilmember Crowley stated that the employees would be those covered by item 6.3 on the April 20th agenda. Mayor Truex indicated that the employees were those on the "list".

There being no further business to discuss and no objections, the meeting was adjourned at 8:46 p.m.

Approved _____

Mayor/Councilmember

Town Clerk