

**TOWN OF DAVIE
WORKSHOP MEETING
JULY 26, 2007**

The meeting was called to order at 5:03 p.m. and was followed by the Pledge of Allegiance.

Present at the meeting were Mayor Truex, Vice-Mayor Caletka, and Councilmembers Crowley, Luis and Starkey. Also present were Town Administrator Shimun, Town Attorney Cherof, and Assistant Town Clerk McDaniel recording the meeting.

Robert Klausner, the attorney for the General and Managerial Employees Pension Plan, mentioned that Mr. Shimun had received a letter in May outlining issues that the Plan members had.

Mr. Klausner explained that over time, disparities had arisen between the management and the rank and file participants in the plan. He stated that changes in the plan must be made by the legislative branch of the government. Mr. Klausner explained that benefits paid to the Plan's participants were actually at the lower end of what was paid to non-public safety employees in the State of Florida.

Mr. Klausner wanted to share a summary of the concerns that came from the participants in the plan and indicated that the Board of Trustees was not an advocate for or against any benefit changes. He advised that the Board of Trustees was responsible for asset management and administration of the system.

Mr. Klausner indicated that one of the biggest concerns was retirement healthcare. Once the employees retired and left employment of the Town, they lost the Town's subsidy on health care. He said that the average cost of maintaining healthcare until the onset of Social Security or Medicare eligibility was approximately 50% of the after-tax value of retirement, and most people who retired lost approximately half their pensions. Mr. Klausner noted that the impact on the Town's retirees was even greater than the average.

Mr. Klausner stated that he had spoken with Human Resources Director Mark Alan and discovered that many employees had lost credited service when the plans were converted, with some senior employees lacking pension credit for their early years with the Town due to the way benefits had transferred. Mr. Klausner noted that in his experience, early employment records were hard to come by and he hoped that someone who worked for the Town Administrator could help identify the history.

Another concern, was vesting, which had recently increased from five to six years, which could be significant for second-career employees.

Mr. Klausner thought the greatest concern among both management and rank and file employees was equality in the benefits structure. Employees recognized that salaries would be different based on different levels of responsibility, but it seemed that their retirement structure should be uniform. He noted that State law required that the benefit structure be uniform for public safety employees.

Mr. Klausner said the point the employees wanted him to make was that retirement was the most valuable benefit a public employee received. Many of the Town's employees at the lower end of the pay scale received the lowest benefit and were most affected by fixed income issues. Mr. Klausner mentioned that not only was the benefit plan something on which the Town's workers relied, but it also was a recruiting tool, and noted the number of firefighters coming to Florida because pensions were better. He said people went to work for government in order to have a secure retirement.

Mr. Klausner informed Mayor Truex that employees had come to the Board of Trustees and expressed their concerns, and Mr. Klausner was tasked by the Board to speak to the Town. Mr. Klausner stated that some employees were unionized and some were not. Mr. Klausner informed Mayor Truex that the management employees were in this pension as well, and they had a management representative Board of Trustees.

Mr. Klausner explained to Vice-Mayor Caletka that changes could be made at Council's discretion and added that there was no constitutional time period.

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Mr. Klausner explained that under State law, all police officers, except the chief, must be in the police plan and the same was true for firefighters. Councilmember Crowley thought they should concentrate on making the plan for general employees more consistent with other Town employees.

Councilmember Starkey indicated that it would be helpful to know what the cost would be. Mr. Klausner advised that the Board had retained the services of an actuary who would perform the study and provide it to Mr. Shimun for distribution to Council.

Councilmember Crowley wanted to know what benefit was expected from uncovering historical records. Mr. Klausner explained that the intent was "simply to answer people's questions." Councilmember Crowley asked Mr. Shimun if he saw a benefit in obtaining this history. Mr. Shimun noted that some employees stated they were not at the level of benefits that they should be based on their length of service. Assistant Town Administrator Ken Cohen did not believe it would take an extreme amount of resources and agreed to locate the information. Mr. Klausner informed Councilmember Crowley that the actuary study would take about 10 weeks and would be paid for by the Plan.

Councilmember Crowley said, and Mr. Klausner agreed, that the goals that they were trying to accomplish were: a change to the way healthcare was handled for retirees; an increase in the level of contribution for general to management; a change in the number of years for vesting from six to five; and a check into records that were ambiguous. Councilmember Crowley took exception to the change in vesting dates. He believed that six years was the standard and he would like to see numbers on healthcare before a policy decision was made.

Councilmember Crowley recalled an ordinance passed in 2005 that allocated \$850,000 for benefits. Mr. Cohen said this ordinance had been denied at its first reading. The \$850,000 was to have come from the endowment fund, which was still available if Council wanted to utilize it for any of the benefits. Councilmember Crowley requested the minutes from the meeting when the ordinance had been denied. He wanted to know how many employees were in the management plan and the benefits for the employees in the management plan.

Mr. Klausner informed Councilmember Luis that the Fire Department had 175 funds and the Police Department had 185 funds, and explained that this was the insurance premium rebate money.

Betty Gibson, Recreation Coordinator, noted that the defined benefit plan was implemented October 1, 2003 and this was the first time employees were able to discuss making changes. She would like a middle percentage considered for mid-managers, between the 2% and 3% and possibly a reduction of the age from 60. Ms. Gibson explained that on the benefits web page there were differences between the FOP plan and the non-represented union plan. She did not believe it was the Town's intention for the pension plan to be a recruiting tool for mid-level management, as Mr. Klausner believed it was for Police and Fire.

Timothy deCarion, Chief Mechanical Inspector, said he had been a representative for the original union the Town had before it went to the FOP and said he favored a defined benefit plan. He did not think the amount the Town was placing into the 401 was adequate because he was only able to purchase 7 of his 12 years. Since then he had taken his personal money and bought an additional three or four years. Mr. deCarion would like to see the multiplier increase at least for the employees who were not able to get their years back.

Herb Hyman, Procurement Manager, said he had had issues with the 2% and 3% multiplier idea when the plan was adopted in 2003. He expressed his concerns to his supervisor at that time but was told the important thing was to get the plan approved and changes could be made afterwards. After learning that the Board of Trustees did not make changes to the plan, Mr. Hyman was advised by Mr. Klausner he should send a memo to the Town Administrator and let him present this to the Council, but Mr. Hyman felt since the employees were not a represented group, it was a hopeless cause.

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Mr. Hyman said the pension plan did not mirror the pay classification plan. Even though his title was manager, he was not in the management pension plan. Since there was confusion with the plan, he strongly supported the idea of the same multiplier for everyone.

Mr. Shimun said he would gather the information to bring back to Council. He advised Councilmember Crowley it would be at least 10 weeks to get the actuary completed and in the meantime, he would be researching the information.

Councilmember Crowley wanted to know which employees were ready for retirement or qualified for retirement. Mr. Cohen said he would meet with the Finance Director and the Board of Trustees to get more specifics before he gave direction to the actuary.

There being no further business to discuss and no objections, the meeting was adjourned at 5:56 p.m.

Approved _____

Mayor/Councilmember

Town Clerk