


 Attachment # 4  
 Page 1 of 22

## Board of County Commissioners Agenda Request 13

Date of Meeting: May 8, 2007

Date Submitted: May 2, 2007

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator  
Lillian W. Bennett, Director of Human Resources

Subject: Acceptance of Status Report on Employee Participation in County Discretionary Match Program and Review of Leon County's 457 Deferred Compensation Program Vendors and Feasibility of Issuing a Request for Proposal for the 457 Deferred Compensation and 401(a) Discretionary Match Programs

**Statement of Issue:**

This agenda item provides the Board with a status report on employee participation in the new 401(a) Discretionary Match Program, a review of the investment options, fees, services and associated costs of the current 457 Deferred Compensation Program vendors, Nationwide (Attachment #1), AIG-VALIC (Attachment #2), and ICMA-RC (Attachment #3) and provides a recommendation as to the feasibility of Leon County issuing a Request For Proposal (RFP) for an exclusive (single source) provider for both the 457 Deferred Compensation and 401(a) Discretionary Match Programs. The scope of services for an RFP is included as Attachment #4.

**Background:**

In September 2006, staff contracted with Mercer Health and Benefits-DC Advisors/MMC Securities Corporation to analyze costs and investment options for the County's current deferred compensation vendors, AIG VALIC, ICMA-RC, and Nationwide Retirement Solutions, as well as, The Hartford in preparation for implementation of a new Discretionary Match Program for lower wage earning employees. Mercer's analysis showed that Leon County's current deferred compensation providers' investment options and business practices are similar to what other deferred compensation providers offer in the public sector. In addition, Mercer's report covered the pros and cons of having an exclusive, single source provider versus multiple provider arrangements for the County's deferred compensation program. Mercer's analysis indicated there is likely to be better economies of scale regarding administration and fees by only having one provider (Attachment #5).

At the November 21, 2006 meeting, a broker representing The Hartford requested Board approval to become an exclusive provider for the 457(b) Deferred Compensation and 401(a) Match Programs for Leon County. Due to the short timeframe for the implementation of Leon County's new Discretionary Match Program, the Board approved staff's recommendation to enter into agreements with the current deferred compensation vendors, AIG VALIC, ICMA-RC, and Nationwide Retirement Solutions (Attachment #6).

The Board also directed staff to review the investment options, fees, services and associated costs of each of the current 157 Deferred Compensation Program Vendors and recommend the feasibility of Leon County issuing a formal Request For Proposal for an exclusive (single) provider for both the 457 Deferred Compensation and 401(a) Discretionary Match Programs.

**Analysis:**

The new 401(a) Discretionary Match Program was implemented in January 2007 for employees with base salaries of less than \$50,000 annually as an additional benefit for retirement. Leon County matches 50% of employee contributions into the 457 Deferred Compensation Plan up to a maximum of 3% of base pay annually. Employer match contributions are posted to the employees account after each regular pay period.

Under the direction of the Board, the 401(a) Discretionary Match Program is very popular with County employees. There has been a significant increase in employee participation since the discretionary match program began in January 2007. Out of more than 589 eligible employees, 57% are currently participating in the deferred compensation program. In July 2006 only 27% of eligible employees participated. When reviewing the increase in the number of employees participating by salary range from July 2006 to March 2007, the percentage participation has more than doubled in some instances as reflected in the table below:

**Table #1  
Increase in Employee Participation in  
457 Deferred Compensation and Discretionary Match Program  
July 2006 – March 2007**

<b>Annual Base Salary Range</b>	<b># Employees Participating July 2006</b>	<b># Employees Participating March 2007</b>	<b>Increase in Employee Participation</b>	<b>Increase in % of Employee Participation</b>
> \$30,000	90	152	62	68%
\$30,000 - > \$40,000	45	126	81	180%
\$40,000 - > \$50,000	19	59	40	210%
<b>Total</b>	<b>154</b>	<b>337</b>	<b>183</b>	<b>118%</b>

As shown in the Table #1, Leon County has successfully enrolled those employees with the lowest wages to participate in the 457 Deferred Compensation Program through Board approval of the discretionary match. Staff will continue to promote the match program to employees as one of the tools to assist them with their retirement needs.

View Agenda '13'

At the request of the Board at the November 21, 2006 meeting, the remainder of this agenda item will review the following:

#### Current 457 Deferred Compensation Vendors

- Totals Employee Assets held in Leon County for each Vendor
- Types of Deferred Compensation Providers and Description of Fees and Charges
- Return and Expense Report for Current Vendors for all asset classes for the period ending December 31, 2006
- Comparison of Leon County's Deferred Compensation Vendor mutual funds fees and/or expenses to comparable funds invested directly with Open Market Mutual Funds.
- Results of Employee Satisfaction Survey regarding current Deferred Compensation Vendors

#### Exclusive Provider versus Multiple Provider Arrangement

- County Survey of Type and Number of Deferred Compensation Vendors
- Advantages and Disadvantages of an Exclusive Provider vs. Multiple Provider Arrangement
- Staff recommendation on feasibility of issuing a Request for Proposal for Exclusive Provider

Leon County currently contracts with Nationwide, AIG-VALIC and ICMA-RC for administration of both the 457 Deferred Compensation and 401(a) Discretionary Match Programs. As of December 31, 2006, Leon County employees have assets totaling \$9.2 million in the 457 Deferred Compensation and Discretionary Match Programs. A total of 425 employees participate in the program. A summary of the total assets, employee participation, investment options, annual fee expense range and restriction on transfers for each vendor is included in Table #2.

**Table #2**  
**Summary of Current Deferred Compensation Vendors**

	Nationwide	AIG-VALIC	ICMA-RC	Total
<b>Employee Assets Held -\$\$</b>	\$4,812,925	\$2,065,523	\$2,288,805	\$9,167,253
<b># Employees Enrolled</b>	227	122	76	425
<b># Investment Options</b>	49	60	49	158
<b>Annual Expense Range</b>	0.00% - 2.04%	.85%-2.43%	1.01-1.99%	
<b>Restrictions on In-Service Transfers to Other Vendors</b>	Yes. Fixed Account Only. Two transfers/exchanges totaling up to 20% of fixed account balance annually.	Yes. All funds. 5% surrender charge on most recent 60 months of contributions.	No transfer restrictions or fees/penalty between vendors.	

A summary of vendor plan design, fees and restrictions is included in Attachment #7.

Types of Deferred Compensation Vendors

There are basically four types of deferred compensation providers.

- Insurance companies which are popular among smaller plans, but their cost structures are usually obscure and considerably higher. Often these plans use annuities with "subaccounts" and management fees. Nationwide and AIG VALIC are insurance companies.
- Brokerages which often use an agent for an insurance product including a commissioned salesperson as a part of the equation. Other brokerage products include packaged plans from some larger mutual fund companies, typically with high purchase or redemption fees know as "loads". The representative from The Hartford is considered a broker.
- Third-Party Administrators which offer a wide variety of no-load mutual funds along with a transparent cost structure. However, these companies may not provide the level of personal service and local representation desired. ICMA-RC is considered a third party administrator.
- Direct No-Load Mutual Fund families which offer a wide variety of fund options. The larger the account the more economies of scale in fees and services that can be negotiated. Companies offering direct no-load mutual funds provide little or no services and are intended for the more savvy and knowledgeable investor.

Nationwide and AIG VALIC offer variable annuities while ICMA-RC acts as a third party administrator for mutual fund companies offered in its portfolio. Variable annuities are annuities that use stock, bonds and mutual funds as investment vehicles to build cash value for the annuity in a separate account. Unlike mutual fund companies, some variable annuities protect the principal of the annuity at annuitization or at the death of the participant regardless of the value of the annuity at that time. To protect the principal of the annuity, the insurance company usually charges a mortality expense and/or an administrative fee.

Variable annuity and mutual fund investments can have other expenses associated with them, such as management fees, 12B-1 fees, purchase fees, and account management fees. These fees are deducted from the participants' deferral amount before the money is invested, leaving a smaller amount to be invested. Other fees usually associated with mutual fund companies that impact the return on investments are redemption fees, wrap fees, low balance fees, custodial fees, and in the case of the variable annuities, a surrender charge and/or a market value adjustment. These additional fees mentioned are assessed after the investment options have been purchased. Attachment #8 contains definitions and descriptions of the types of fees and charges that may be assessed by deferred compensation vendors. Staff advises employees to choose funds with the lowest cost because lower cost funds can translate into a higher return. Over a period of time that may translate into significant savings as shown in Attachment #9.

Attachment # 4  
~~5~~ 221

Return and Expense Report as of December 2006

Staff requested return and expense reports from Nationwide, AIG VALIC, and ICMA-RC. The reports include investment options, average returns, and any fees and charges assessed to Leon County employees as of December 31, 2006, as shown in Attachments #1, #2 and #3. The average annual return and expenses are reflected for each fund offered. Average annual returns and expenses will vary for each employee depending on the earnings and expenses of the fund selected.

Staff researched the top 20 no-load mutual fund companies according to Mutual Funds Education Alliance (MFEA) to compare with Leon County's current deferred compensation vendors (Attachment #10). MFEA is a national trade association of mutual fund marketers and distributors that bring together the diverse organizations that serve the industry to help ensure its members stay informed about the latest trends and strategies in mutual fund marketing, sales and distribution. Organizations may invest directly into mutual funds companies in the open market without an insurance agent or third party administrator. In most instances, fees and charges assessed are significantly less, since no additional commissions are paid. However, these open market mutual fund companies provide little or no service or communications to employees. These types of direct mutual fund purchases are mainly for investment savvy and knowledgeable investors who understand mutual funds and fund prospectuses. Also, open market mutual funds may require minimum assets and number of participants prior to offering services to an organization.

A review of the top 20 no-load fund companies revealed that three of the mutual fund companies are also offered to County employees through the current deferred compensation vendors. Nationwide and ICMA-RC offer Fidelity and F. Rowe Price Funds. AIG VALIC offers Vanguard Funds. Staff compared the total cost of funds common in the County's deferred compensation plan with those of open market mutual fund companies as shown in Table #3 below:

**Table #3**

**Example of Current Vendor Fund and Open Market Mutual Fund Expenses**

<b>Fund Company</b>	<b>ICMA Fidelity Contrafund</b>	<b>Fidelity Contrafund</b>	<b>Fund Difference/ Savings</b>	<b>Nationwide Fidelity Contrafund</b>	<b>Fidelity Contrafund</b>	<b>Fund Difference/ Savings</b>
<b>Total Fund Expenses</b>	1.58%	0.90%	0.68%	1.78%	0.90%	0.88%
<b>Fund Company</b>	<b>AIG VAIC Vanguard L/S Growth Fund</b>	<b>Vanguard L/S Growth Fund</b>	<b>Fund Difference/ Savings</b>			
<b>Total Fund Expenses</b>	1.25%	0.27%	0.98%			

Attachment # 4  
 Date 6/22/13

The Fidelity Contrafund is an investment option in the County's deferred compensation plan for ICMA-RC and for nationwide. An investor can also purchase the fund directly from Fidelity. As shown in Table #3, there is a considerable cost difference for using Nationwide and ICMA Fidelity Mutual Funds as opposed to going direct with Fidelity. The total expense charge for the plan participant with ICMA-RC is 1.58%, with Nationwide it is 1.78%, and investing directly with the Fidelity, the expense is 0.90%. Investing directly with Fidelity can save from .68% to .88% annually. The total expense charge for investing with AIG-VALIC Vanguard fund is 1.25%; however, investing directly with Vanguard in the same fund, the expense charge is .27%. Investing directly with Vanguard can result in a savings of .98%. Adding a direct open market mutual fund company to the County's current line-up is also an option for the more experienced investor. Given this scenario, in addition to lower costs, the employee can take advantage of the pre-tax benefit which may not be available when investing outside of Leon County. Attachment #11 shows the detail of the current vendors' fees as compared to the open market.

There are other factors that also may impact pricing, such as, unbundled vs. bundled fees; multi-vendor relationships; plan demographics; plan's average account balance; number of participants; plan features, employee communication and servicing needs.

The services shown are the primary reasons the expense charges are higher with ICMA-RC, Nationwide and AIG VALIC than going directly with a mutual fund company:

- Conversion- process from changing from one service provider to another
- Recordkeeping- administration type services
- Trustee/ custodial- fees charged by the entity with fiduciary responsibilities for holding plan assets.
- Communication material- advertising and required plan information sent to participants
- Customer Service-toll free telephone number, websites and investment advice for day to day management of investment products
- Participants Statements- sent to investor showing the activities of the investments
- Investment advisor- local and at home office

In addition, services are provided for the Employer or Plan Sponsor as follows:

- Payroll deduction-participants money payroll deducted and sent to the company
- Customized communications- educational and communications material customized for the Plan Sponsor
- Plan Consulting- advice to Plan Sponsor on plan design, fund offerings and approved plan document
- Investment Advisors-local representation and home office support

Employee Survey

In February 2007, staff sent out an Employee Satisfaction Survey to current 457-Deferred Compensation participants to determine how satisfied employees were with their current provider (Attachment #12). Two-hundred seventeen (217) employees or 64% responded to the survey. Overall, employees were very satisfied with their deferred compensation provider and the investment options that Leon County provides. Table #4 highlights some of the results of the survey. In addition, Attachment #12 provides the full results of the survey for each statement as well as the responses sorted by vendor.

**Table #4**  
**Summary Results of Employee Satisfaction Survey**  
**Deferred Compensation Providers**

Survey Statement	Percent Responding Strongly Agree or Agree	Percent Responding Strongly Disagree or Disagree
I am pleased with the vendor as my plan provider	94%	6%
The fees & charges assessed by the vendor are reasonable	89%	11%

		Attachment # <u>4</u> Page <u>7</u> of <u>22</u>
The vendors investment lineup is comprehensive but not confusing	81%	19%
The vendors statement provides me with the information I need to understand how my retirement account is performing	92%	8%
I receive quality service from my vendor's local representative	81%	19%
I am satisfied with having a choice of multiple provider options to select from (ICMA, Nationwide, VALIC)	97%	3%
I would prefer a single provider if fees are significantly reduced and services greatly enhanced (may require changing from current vendor)	53%	47%
I would prefer that LC issue an RFP/bid to select a single vendor for all employees	44%	56%
I would prefer to retain the current 457 providers	90%	10%

Attachment # 4  
8 of 22Exclusive Provider versus Multiple Provider Arrangement  
Comparable County Survey

Staff conducted a survey of 15 Florida counties to determine which vendors these counties are using for their deferred compensation plans, and to determine the number of investment options offered to each county by these vendors. Also, the survey inquired as to the type of provider used by the counties. Results of the survey revealed that Leon County's current deferred compensation vendors, Nationwide, AIG VALIC, and ICMA-RC are located throughout Florida and specialize in deferred compensation for the public sector. All three companies appear to have a standard investment option package, with minor variations, that include similar benefits, fees, and charges. Nationwide is a provider in all 15 counties surveyed, ICMA-RC is a provider in 12 out of the 15 counties surveyed, and AIG VALIC is a provider in 3 of the 15 counties surveyed. Survey results show that most counties have a least two vendors with some having as many as four. The exceptions are Brevard, Polk, Volusia, and Palm Beach Counties which have an exclusive provider arrangement with Nationwide (Attachment #13). In Leon County, out of 421 employees, 53% are enrolled with Nationwide, 29% with VALIC, and 18% with ICMA.

Advantages and Disadvantages of Exclusive Provider versus Multiple Provider Arrangement

As stated previously, Mercer's report indicated better economies of scale regarding administration and fees by selecting an exclusive provider. Staff researched the pros and cons to having either an exclusive provider arrangement versus a multiple provider arrangement (Attachment #14). An exclusive provider arrangement would require total product replacement/consolidation for all participants or consolidation of future contributions only, and freezing existing products. This could result in additional cost for surrender charges or market value adjustments.

In the November 2006 agenda item, staff reported that The Hartford, one of the three companies reviewed, would lower fees and cost to be the exclusive provider for the County. The Hartford offered to buy out any surrender charges or market value adjustments if they were selected as an exclusive provider. However, the previous proposal submitted by the Hartford is no longer valid and a new proposal would be required if the Board desires to consider Hartford as an exclusive provider. An article written in the Journal of Retirement Planning titled "Healthcare Savings Plan Service Provider Consolidation: A Case Study" offers additional benefits for using an exclusive provider arrangement (Attachment #15).

There are other factors that also may impact pricing, such as, unbundled vs. bundled fees; multi vendor relationships; plan demographics; plan's average account balance; number of participants; plan features, employee communication and servicing needs. Hillsborough County, due to their large volume of participants and assets, was able to accomplish reduction of fees and expenses with the assistance of an independent consultant. They continued to negotiate with each of their current deferred compensation providers regarding plan investments, services, and fees.

Hillsborough was able to accomplish reductions in employee-paid administrative fees, new service standards, increased participant mailings, participant education, and financial planning support. Because of the large number of participants, approximately 12,138 and the large volume in assets of approximately \$228,189,000 in assets, Hillsborough County was able to save an estimated \$859,705. Table # 5 illustrates a comparison of average fund charges and total assets by vendor for Hillsborough and Leon County, and shows how large volume could impact fund charges (Attachment #16).

**Table #5  
Comparison of Average Fund Charges and Total Assets**

	<b>Hillsborough County</b>	<b>Leon County</b>	<b>Hillsborough County</b>	<b>Leon County</b>
<b>Provider</b>	<b>Average Total Fund Charge</b>	<b>Average Total Fund Charge</b>	<b>Assets</b>	<b>Assets</b>
<b>Nationwide</b>	.97%	1.46%-1.81%	\$ 83,541,663	\$4,812,925
<b>ICMA</b>	.74%	1.55%	\$ 11,933,074	\$2,288,805
<b>Hartford</b>	.82%	1.40%	\$132,714,454	NA
<b>VALIC</b>	NA	1.74%	NA	\$2,065,523
<b>Total</b>	.74% - .97%	1.40% - 1.81%	<b>\$228,189,191</b>	<b>\$9,167,253</b>

Based on staff review, it appears that the County's current deferred compensation vendors specialize in public entities throughout Florida. These companies appear to have a standard investment option package, with some variation, with similar benefits and fees they charge to all public entities. However, certain charges such as market value adjustments, surrender charges, and management fees can, and should be, negotiated with each vendor. Also, it should be noted that most of the counties surveyed had more than one provider. Most financial advisors recommend the exclusive provider arrangement for plans with large assets. Exclusive providers are better for the participant and plan sponsor by offering more leverage for cost reduction and ease of administration. However, plan sponsors still have to consider the impact to the employee regarding service disruption and satisfaction with the current arrangement. In addition, an exclusive provider creates one-size-fits all solution that may not necessarily meet the needs of an organization.

In summary, Leon County's Deferred Compensation Match Program was successfully implemented and employees are continuing to participate in the new program without contracting with an exclusive provider. The County's current Deferred Compensation providers Nationwide, AIG-VALIC, and ICMA-RC are utilized by counties throughout Florida and most have multiple providers. Based on the results of the employee survey, current participants seem to be satisfied with their current vendors and want the opportunity to have a choice in vendors.

Providers that provide deferred compensation plans are reluctant to reduce fees and eliminate restrictive surrender charges for deferred compensation plans with small assets and multiple providers such as Leon County. Instead, they offer packaged plans with little variation in plan design and fund selection.

Exclusive providers, such as The Hartford, may offer some reduction in fees and expenses; however, the broker representative is not an employee of the company. In addition, Leon County has not had a relationship with The Hartford. Additionally, employees, as noted in the survey, may not be receptive to the one-size fits all solution. The Board could consider adding a direct mutual fund option (Example: Fidelity, Vanguard) to the County's current line-up for employees in lieu of an exclusive provider. This option could result in reduced fees for the more knowledgeable investor, however little or no services will be provided.

Leon County may consider issuing an RFP for Deferred Compensation Services and include Constitutional Offices for increased assets and greater leverage; however, since staff is not licensed in mutual fund securities, an investment consultant will be required to review proposals, negotiate fees/expenses, and plan design of each Constitutional Office. Preliminary cost estimates for consultant services begin at \$75,000 and may be higher depending on the number of RFP responses received. Most importantly, the total cost or expense of hiring a consultant may exceed any potential savings realized by employees in reduced fees and expenses.

**Options:**

1. Accept status report on employee participation in the County's Discretionary Match Program.
2. Direct Staff to retain Nationwide Retirement Solutions, AIG VALIC, and ICMA-RC as the County's deferred compensation providers.
3. Direct staff to review the potential for adding a direct open market mutual fund company to the County's current deferred compensation program.
4. Direct staff to bring back a formal request for proposal for deferred compensation services (Multiple or Exclusive Provider) and include Constitutional Offices to increase assets and obtain greater leverage to enhance opportunity for fee and expense reduction. This option will require mutual fund consulting services starting at \$75,000.
5. Board Direction

**Recommendation:**

Options #1, #2, and #3.

Attachment # 4  
11.22

**Attachments:**

1. Return and Expense Report from Nationwide
2. Return and Expense Report from VALIC
3. Return and Expense Report from ICMA-RC
4. Draft Request for Proposal
5. Mercer Report
6. Follow-up and Agenda Request from November 21, 2006.
7. Summary of Current Vendor Plan Design, Fees and Restrictions
8. Investment Definitions and Descriptions
9. Illustration of Cost of Funds
10. Top 20 No-Load Mutual Funds
11. Expense Comparison for County Vendors
12. County Employee Satisfaction Survey for 457 Deferred Compensation Providers and Plans
13. Survey of Florida Counties Deferred Compensation Plans
14. Pros and Cons of Single Source Provider
15. Articles regarding Multiple Vendors v. Exclusive Vendor
16. Hillsborough County Consultant Analysis of Reduction in Fund Charges



**Board of County Commissioners**  
**Tuesday, May 08, 2007 Meeting - Follow-Up Memo**

**Date:** Wednesday, May 16, 2007  
**To:** Honorable Chairman and Members of the Board  
**From:** Parwez Alam, County Administrator  
**Subject:** Follow-up to County Commission Meeting of May 8, 2007

**Invocation and Pledge of Allegiance**

Commissioner Bill Proctor provided the Invocation and led the Pledge of Allegiance.

**Awards and Presentations**

- Ken Armstrong, Executive Director, United Way of the Big Bend, presented the United Way Excellence Award for Leon County's 2006 Employee Campaign to the Board.
- Commissioner Cliff Thael presented a Resolution to Steve Beasley congratulating him on his 65<sup>th</sup> birthday and recognized Mr. Beasley's contributions to the Leon County community.
- Commissioner Jane Sauls presented \$50 awards to Leah Langston, a fourth-grader at W. T. Moore Elementary, and Rachel Scarboro, a fourth-grader at Gilchrist Elementary, recognizing them as winners of the "One Community - Many Differences" Fair Housing Poster Contest, sponsored by the Florida Commission on Human Relations.

Item 1

**Presentation by the Council on Culture and Art (COCA) - "Progress Report on the Cultural Plan"**

(Mike Sheridan, Chairman of COCA; Peggy Brady, Executive Director; and, Marjorie Turnbull, Chair of the Cultural Plan Audit Committee)

1. Mr. Mike Sheridan, Chairman of the Council on Culture and Arts (COCA); introduced Peggy Brady, Executive Director, to present the "Progress Report on the Cultural Plan."
  - Marjorie Turnbull, Chair of the Cultural Plan Audit Committee, announced that the mission of the Audit Committee is complete and, therefore, the Committee is dissolved as of May 8, 2007.
  - Commissioner Dailey asked why the Tourist Development Council (TDC) is not administering cultural grants and, whether the \$38,000 appropriated to TDC could be provided directly to COCA. In addition, he asked if there is statutory language that appropriates the dollars to the TDC.
  - Without objection, Commissioner Dailey requested staff research the issue and bring back during budget discussions.

- Commissioner Thaelle requested the Chairman discuss the proposal for a Walmart grocery store on Gaines Street using space intended for Artspace.

Staff: County Administration – Leigh Root

**NOTE:** Effective Jan 1, 2003 all lobbyists appearing before the Board must pay a \$25 annual registration fee. For registration forms and/or additional information, please see the Board Clerk or visit the County website at [www.LeonCountyFl.gov](http://www.LeonCountyFl.gov)

### Consent

**ACTION TAKEN:** Commissioner Desloge moved, seconded by Commissioner Sauls, to approve staff recommendations on all Consent items. The motion passed 7-0.

- Item 2 Approval of Minutes: December 13, 2006 Joint City/County Adoption Hearing on Cycle 2006-2 Comprehensive Plan Amendments; January 22, 2007 Joint City/County Workshop on Cycle 2007-1 Comprehensive Plan Amendments; February 27, 2007 Workshop on Ramifications and Recommended Actions Related to the On-Going Property Tax Reform Efforts; March 27, 2007 Regular Board Meeting; and April 10, 2007 Regular Board Meeting  
(Clerk of the Courts/Finance – Bob Inzer/David Reid)  
**The Board approved Option #1: Approve the minutes of the December 13, 2006 Joint City/County Adoption Hearing on Cycle 2006-2 Comprehensive Plan Amendments; January 22, 2007 Joint City/County Workshop on Cycle 2007-1 Comprehensive Plan Amendments; February 27, 2007 Workshop on Ramifications and Recommended Actions Related to the On-Going Property Tax Reform Efforts; March 27, 2007 Regular Board Meeting and April 10, 2007 Regular Board Meeting.**
- Item 3 Approval to Issue a Request for Proposals for Professional Auditing Services  
(Clerk of the Courts/Finance – Bob Inzer/David Reid)  
**The Board approved Option #1: Approve the issuance of a Request for Proposals for Professional Auditing Services.**
- Item 4 Approval of Payment of Bills and Vouchers Submitted for May 8, 2007 and Pre-Approval of Payment of Bills and Vouchers for the Period of May 9 through May 21, 2007  
(Office of Management and Budget – Alan Rosenzweig)  
**The Board approved Option #1: Approve payment of bills and vouchers submitted for approval May 8, 2007, and pre-approve payment of bills and vouchers for the period of May 9 through May 21, 2007.**
- Item 5 Acceptance of the FY 2006/2007 Mid-Year Financial Report  
(Office of Management and Budget – Alan Rosenzweig)  
**The Board approved Option #1: Accept the FY06/07 Mid-Year Financial Report.**
- Item 6 Approval to Award Bid to United Collection Service, Inc. for the Collection of Delinquent Emergency Medical Services Accounts  
(Public Services/Emergency Medical Services – Vincent Long/Tom Quillin)  
**The Board approved Option #1: Approve the bid award to United Collection Service, Inc. for the Collection of Delinquent Emergency Medical Services Accounts and authorize staff to negotiate contract.**
- Item 7 Ratification of Board Actions Taken at the April 10, 2007 Workshop on the

Attachment #

4  
14 of 22

Evaluation of Increased Densities within District One  
(Planning – Vincent Long/Wayne Tedder)

**The Board approved Options #1 and #2:**

1. Ratify Board actions taken at the April 10, 2007 Workshop on the Evaluation of Increased Rural Densities within District One
2. Direct staff to research and bring back recommendations regarding the Policy 2.1.9 subdivision regulations and processes.

Item 8 Acceptance of Conservation Easement from Richard K. Barfield for the Lake Talquin Hardware and Supply Project

(Growth & Environmental Management/Environmental Compliance – Vincent Long/David McDevitt/John Kraynak)

**The Board approved Option #1: Approve and accept for recording the Conservation Easement from Richard K. Barfield for the Lake Talquin Hardware and Supply project.**

Item 9 Acceptance of Conservation Easement from Peggy Daffin for the Oak Down North Subdivision

(Growth & Environmental Management/Environmental Compliance – Vincent Long/David McDevitt/John Kraynak)

**The Board approved Option #1: Approve and accept for recording the Conservation Easement from Peggy Daffin for the Oak Down North Subdivision.**

Item 10 Approval of the Recording of the Plat of Hopkins Crossing South Subdivision  
(Public Works/Engineering – Alan Rosenzweig/Tony Park/Joe Brown)

**The Board approved Option #1: Approve the plat of Hopkins Crossing South for recording in the Public Records.**

Item 11 Request to Schedule a Public Hearing to Adopt an Ordinance Amending Chapter 18, Article II of the Code of Laws of Leon County, Florida, Relating to Water and Sewer Franchise Areas for May 22, 2007 at 6:00 p.m.

(County Attorney – Herb Thiele)

**The Board approved Option #1: Approve request to schedule a public hearing, to be held on May 22, 2007, at 6:00 p.m.**

### Consent Items Pulled for Discussion

#### Citizens to be Heard on Non-Agendaed Items (3-minute limit; non-discussion by Commission)

- Colonel Wilson Barnes expressed his concerns regarding the lack of diversity in County government.

### General Business

Item 12

Consideration of Funding Request for the Tallahassee Urban League Dinner  
(Office of Management and Budget – Alan Rosenzweig)

- Commissioner Thaeil moved, seconded by Commissioner Proctor, to approve  
**Option #1: Approve the funding request from the Tallahassee Urban League in the amount of \$1,200.**
- Commissioner Dailey asked if the Urban League receives Community Human Services Partnership (CHSP) funds. Mr. Alan Rosenzweig, OMB Director, responded yes and, therefore,

Attachment #

4

15 of 22

was not included in FY 06/07 budget.

- Commissioner Sauls requested staff bring to the Board, during budget cycle, a list of all organization sponsorships that the Board has done in the past.

**The motion failed 3-4, with Commissioners Dailey, DePuy, Desloge, and Rackleff opposed.**

Staff: OMB – Alan Rosenzweig

Item 13

Acceptance of Status Report on Employee Participation in County Discretionary Match Program, Review of Leon County's 457 Deferred Compensation Program Vendors, and Feasibility of Issuing a Request for Proposal for the 457 Deferred Compensation and 401(a) Discretionary Match Programs

(Human Resources – Lillian Bennett)

- Ms. Bennett provided a summary of the agenda item.
- Speakers: The following speakers represent the County's current 457 Deferred Compensation Program vendors and spoke in support of continuing the provision of Deferred Compensation services to the County:
  - Art Flattich, representing ICMA; John Lynn, NACo/Nationwide; and, Jerry Tyson, AIG Valic.
- **Commissioner Sauls moved, seconded by Commissioner Desloge to approve Options #1, #2, and #3:**
  1. **Accept status report on employee participation in the County's Discretionary Match Program.**
  2. **Direct staff to retain Nationwide Retirement Solutions, AIG VALIC, and ICMA-RC as the County's deferred compensation providers.**
  3. **Direct staff to review the potential for adding a direct open market mutual fund company to the County's current deferred compensation program.**

**The motion passed 7-0.**

Item 14

Acceptance of Status Report on the Council of Neighborhood Associations' Recommendations Regarding Residential Preservation

(Planning – Vincent Long/Wayne Tedder)

- Planning Director Wayne Tedder recommended the Board schedule a workshop to review the recommendations item by item.
- **Commissioner Desloge moved, seconded by Commissioner Dailey, to schedule a Workshop on CONA's recommendations regarding residential preservation, and include CONA as a participant.**

**The motion passed 7-0.**

Staff: Planning – Vincent Long/Wayne Tedder

Item 15

Approval of Allocation of Housing Finance Authority Funds for the Lutheran Social Services Magnolia Village Project

(Public Services/Health and Human Services – Vincent Long/Don Lanham)

9

- Speaker: Robert Brannan, Vice-Chair of the Housing Finance Authority (HFA), stated that the HFA unanimously approved a \$125,000 grant for the project.
- **Commissioner Thuell moved, seconded by Commissioner Dailey, to approve Options #1 and #2:**
  1. **Approve the Housing Finance Authority recommendation to support the Lutheran Social Services' Magnolia Village project in the amount of \$125,000.**
  2. **Direct staff to draft an agreement that restricts the land use for the purpose for which it was established in perpetuity.**

**The motion passed 7-0.**

Item 16 Consideration of a One-Year Time Extension to the Lake Carolyn Estates Homeowners Association, Inc. and Larry Block, Settlement Agreement for Completion of the Improvements to Lakes Anna, Carolyn, and Jeff  
(Public Works/Engineering – Alan Rosenzweig/Tony Park/Joe Brown)

- **Commissioner Desloge moved, seconded by Commissioner Thuell, to approve**  
**Option #1: Approve a one-year time extension to the Lake Carolyn Estates Homeowners Association, Inc. and Larry Block, Settlement Agreement for completion of the improvements to Lakes Anna, Carolyn, and Jeff, and authorize the Chairman to execute the amendment to the Settlement Agreement.**  
**The motion passed 7-0.**

**Scheduled Public Hearings, 6 p.m.**

Item 17 Joint City/County Adoption Hearing on Cycle 2007-1 Comprehensive Plan Amendments  
(Planning – Vincent Long/Wayne Tedder)

- **Speakers:**
  - Roy Knight stated his opposition to Comprehensive Plan (Comp. Plan) Amendment 2007-1-T-017 regarding the construction of the Red Hills Coastal Parkway – a toll road.
  - Commissioner DePuy stated that this issue will be taken up at the Capital Region Transportation Planning Agency (CRTPA).
  - Pamela Hall spoke in opposition of 2007-1-T-017.
  - Greg Burke, President of the Mid-town Neighborhood Association, spoke in support of 2007-1-M-014.
  - Commissioner Proctor directed staff to research the protocol on County employees speaking, as citizens, on issues before the Board.

Staff: County Attorney – Herb Thiele.

- The following speakers stated their opposition to County- 9

Only Comp. Plan Amendment 2007-1-T-015 – Special Development Zones Applied to Closed Basins:

- Joanne Kowal, C. Tomoka Brady, George Lewis (Friends of Lake Jackson), Bruce Ryan, Michael Brezin, Pamela Hall, Nancy McGrath (Friends of Lake Jackson), Susan Grossman, Perry Brown, Becky Subrahmanyam, C. B. Subrahmanyam, Karen Kugell, Manley Fuller, Patrick Wright, Ann Bidlingmaier, Dr. Tom Kwader, and Jeff Phipps.
- The following speakers spoke in support of Comp. Plan Amendment 2007-1-T-015:
  - Chris Barwick, Corrine Levine, Doug Hall (Carlton Fields, representing Arbor properties), and Nancy Linnan (Carlton Fields, representing Arbor properties).
- **Commissioner Dailey moved, seconded by Commissioner Rackleff, to deny Comprehensive Plan Amendment 2007-1-T-015.**
- There was lengthy and considerable discussion by Commissioners and staff.\*  
**The motion failed 3-4, with Commissioner DePuy, Desloge, Proctor, and Sauls opposed.**
- **Commissioner Proctor moved, seconded by Commissioner Desloge, to adopt Comprehensive Plan Amendment 2007-1-T-015.**  
**The motion passed 4-3, with Commissioners Dailey, Rackleff, and Thaell opposed.**
- **Commissioner Sauls moved, seconded by Commissioner Desloge, to adopt Cycle 2007-1 Comprehensive Plan Ordinances.**  
**The motion passed 4-3, with Commissioners Dailey, Rackleff, and Thaell opposed.**

*(For more detailed information on Agenda Item #17, please visit the County's website: [www.leoncountyfl.gov](http://www.leoncountyfl.gov), to view the Commission Meeting.)*

Item 18

First of Two Quasi-Judicial Public Hearings on a Proposed Ordinance Amending the Official Zoning Map to Change the Zone Classification From Residence 1, Residence 2, Residence 3, Residence 5, and M-1 Light Industrial to RP Residential Preservation

(Planning – Vincent Long/Wayne Tedder)

- **Commissioner Thaell moved, seconded by Commissioner Desloge, to approve Options #1 and #2:**
  1. **Conduct the first of two quasi-judicial public hearings on a proposed Ordinance amending the Official Zoning Map to change from Residence 1, Residence 2, Residence 3, Residence 5, and M-1 Light Industrial to Residential Preservation and schedule the second public**

hearing for May 22, 2007.

2. **Initiate an amendment to Section 2023 of the Land Development Code to provide that Standard Design Manufactured Homes may be allowed in the Residential Preservation zoning district under certain circumstances.**

**The motion passed 7-0.**

Item 19 First of Two Public Hearings Regarding a Proposed Proportionate Share Traffic Mitigation Agreement for DeSantis Property  
(Growth and Environmental Management/Development Services – Vincent Long/David McDevitt/Tony Biblio)

- County Administrator summarized item and stated that Beech Ridge Road will be extended - Bannerman Road to Kinhega Road.
- **Commissioner Desloge moved, seconded by Commissioner Sauls, to approve Options #1 and #2:**
  1. **Conduct the first of two Public Hearings required to adopt the Proportionate Share Traffic Mitigation Agreement for the DeSantis Property.**
  2. **Schedule the second of two Public Hearings required to adopt the Proportionate Share Traffic Mitigation Agreement for the DeSantis Property for May 22, 2007.**

**The motion passed 7-0.**

Item 20 First and Only Public Hearing to Adopt an Ordinance Amending the Leon County Code of Laws Chapter 4, Article II, Section 4-65, Relating to Animal Control Impoundment and Boarding Fees  
(Public Works/Animal Control – Alan Rosenzweig/Tony Park/Richard Ziegler)

- **Options #1 and #2:**
  1. **Conduct the first and only Public Hearing and adopt a proposed Ordinance amending Chapter 4, Article II, Section 4-65, 'Fees'.**
  2. **Adopt a proposed Resolution regarding the Leon County Fee Schedule.**

**The motion passed 7-0.**

Item 21 Second and Final Public Hearing to Adopt Proposed Moratorium Ordinance for the Approval of Applications for Certain Off-Site Sign Permits  
(County Attorney – Herb Thiele)

- **Speakers:** The following speakers supported the moratorium: Loyd Childree, Lamar Outdoor Advertising; Tom Morgan; and Rip Caleen.
- Commissioner Desloge reported that the appraisal of the billboard at Thomasville/Forsyth Roads is \$1,021,000.
- **Commissioner Desloge moved, seconded by Commissioner Sauls, to approve Option #1: Conduct the second and final public hearing and adopt proposed moratorium Ordinance for the approval of applications for certain off-site signs.**

**The motion passed 7-0.**

Item 22 First of Two Public Hearings Regarding an Ordinance Amending Chapter 10, Land

Development Code, Leon County Code of Laws, Florida

(County Attorney – Herb Thiele)

- County Attorney Thiele explained the purpose of the agenda item is to delete obsolete language.
- Speaker: George Lewis stated that the item on the County's Web site is 711 pages and that because it is in .pdf format, citizens cannot do a text search. In addition, he stated that the Ordinance had not gone to the Planning Commission for Ordinance review.
- **Commissioner Dailey moved, seconded by Commissioner ThaeLL, to continue the public hearing to June 26, 2007 at 6:00 p.m. and provide additional copies for Commissioners' review.**

**The motion passed 7-0.**Staff: County Attorney – Herb Thiele**General Business**

Item 23

Adoption of Proposed Revised Budget Workshop Schedule

(Office of Management and Budget – Alan Rosenzweig)

- County Administrator Alam stated the revised schedule is a result of the legislature scheduling a special session related to property tax reform for June 12-22, 2007; therefore, the County will be unable to determine the budget impact prior to that time. He stated that there are three issues to consider: Library MSTU, Joint Dispatch MSTU, and increases in stormwater and solid waste assessments.
- There was considerable discussion on the issue, including: whether the Board should schedule "Town Hall" meetings to provide citizens an opportunity to speak on the County's proposed budget, and if so, when; addressing MSTUs at the May 22<sup>nd</sup> budget discussion workshop; use of cash reserves; and looking at County expenditures.

*(For more detailed information on Agenda Item #23, please visit the County's website: [www.leoncountyfl.gov](http://www.leoncountyfl.gov), to view the Commission Meeting.)*

- **Commissioner Dailey moved, seconded by Commissioner Proctor, to approve Options #1, #2, #3, and #4, as amended:**
  1. **Schedule Budget Workshops for June 27 – 29, 2007 and, if necessary, for July 2 and July 3, 2007.**
  2. **Reschedule the "Green Building" Workshop on May 22, 2007 to 1:30 to 3:00 p.m.**
  3. **Cancel previously scheduled Budget Workshops for June and July.**
  4. **Schedule a Budget Workshop on May 22, 2007 at ~~12:00~~ 10:00 a.m. to 1:30 p.m. to discuss the approach to allowing the Board the option to consider raising**

~~solid waste and/or stormwater and consideration of the creation of a Library MSTU and a Joint Dispatch MSTU, as well as other issues regarding Joint Dispatch.~~

In addition, the Board directed staff to schedule District Town Hall meetings between July 15 and September 18, 2007.  
The motion passed 7-0.

Staff: OMB – Alan Rosenzweig      County Administration – Leigh Root

Public Services/Public Information Officer - Vincent Long/Jenn Meale

### Citizens to be Heard on Non-Agendaed Items (3-minute limit)

#### County Attorney

- Provided an update on status and success of the Georgia Clean Water Act lawsuits regarding the discharge of nutrients into tributaries and water bodies that flow into and affect Leon County/Florida water resources.
- Commissioner Desloge requested staff send out a press release regarding the County's efforts.

Staff: Public Services/Public Information Office – Vincent Long/Jenn Meale

#### County Administrator

### Discussion Items by Commissioners

#### **Commissioner Rackleff**

- Announced that he attended the 2007 Restoration Conference and stated that Leon County does not have a plan for recovery from a natural disaster.
- Requested a Resolution for Ion Sancho, Supervisor of Elections, commending his efforts toward voting machines having a "paper trail."

Staff: Commission Aide – Kate Brady

#### **Commissioner Thaeil**

- Requested staff assess the feasibility of conducting a water conservation study.

Staff: Management Services/Facilities Management – Alan Rosenzweig/Kim Dressel/Tom Brantley

#### **Commissioner Sauls**

- Requested a Resolution for County VFW Post 3308, Post of the Year for District 2, and recognizing Mark Alvarez as Florida's VFW Commander of the year.

Staff: Commission Aide – Linda Summerlin

Attachment #

4

Page 21 of 22

- Extended an invitation to an open house at Fort Braden Community Center on May 19, 2007. Requested the Public Information Officer put the event on the Board's general calendar.

Staff:      Public Services/Public Information Office – Vincent Long/Jenn Meale

- **Commissioner Sauls moved, seconded by Commissioner Desloge, to ratify the \$100 reimbursement from her office account for the two \$50 awards for the two students who were winners of the “One Community – Many Differences” Fair Housing Poster Contest.**

**The motion passed 7-0.**

Staff:      OMB – Alan Rosenzweig

**Commissioner Dailey**

- Commissioner Dailey moved, seconded by Commissioner Sauls, to authorize the expenditure of \$300 from his Commissioner account to purchase two tickets to the Tallahassee Urban League's 37<sup>th</sup> Annual Dinner.  
The motion passed 7-0.

Staff:      OMB – Alan Rosenzweig

- Commissioner Dailey moved, seconded by Commissioner Desloge, to agenda the TDC/COCA issue of funding for the arts.  
The motion passed 7-0.

Staff:      OMB – Alan Rosenzweig

**Commissioner Proctor**

- Requested staff provide information regarding the “carry-forward” budget process.

Staff:      OMB – Alan Rosenzweig

- Requested a posthumous Resolution for Thelma Crump Robinson for outstanding contributions to community; requested a Resolution for Ross McMillan, Maclay graduate, on acceptance to John Hopkins Medical School; and requested a Resolution for Travis Walker, heavyweight champ from Leon County.

Staff:      Commission Aide – Regina Glee

**Commissioner DePuy**

- Requested a Resolution for Ruth Martinelli, retiring from Leon County after 24 years.

Staff:      Commission Aide – Ron Safford

**Adjourn:**      **The meeting adjourned at 9:25 p.m.**

*The next Board of County Commissioners Meeting is scheduled for  
Tuesday, May 22, 2007 at 3:00 p.m.*