MINUTES OF THE GENERAL EMPLOYEES' PENSION PLAN SPECIAL BOARD MEETING HELD ON TUESDAY MARCH 17, 2009 AT 1:30PM IN THE PROGRAM ROOM, LIBRARY, BOYNTON BEACH, FLORIDA

Trustees:	Jerry Taylor, Chair	**Others:**	Barry Atwood, Finance Director
	Lisa J Jensen		Bonni Jensen, Perry & Jensen
	Michael Low		Steve Palmquist, Gabriel, Roeder, Smith & Company
	Sue Kruse		Duane Howison, Gabriel, Roeder, Smith & Company
	Cathy McDeavitt		Dixie Martinez, Tegrit Plan Administrators
	Rob Eichorst		**Members of Public:**
	Kurt Bressner		Richard Stone
			Hanna Matuas

I. OPENINGS:

A. Call to Order – Mayor Gerald (Jerry) Taylor, Chairman

Chair Taylor called the meeting to order at 1:30 p.m.

II. AGENDA APPROVAL:

A. Additions, Deletions, Corrections

No additions, deletions, or corrections to the Agenda.

Motion

Mr. Low moved to approve the Agenda. Ms. McDeavitt seconded the motion that unanimously passed 7-0.

III. Actuary Report - Gabriel Roeder, Smith & Company: Steve Palmquist & Duane Howison

A. Presentation of five year projection.
B. Review of recommendations for assumptions.

Mr. Palmquist introduced Mr. Howison who is a member of his team and works for the Plan. Mr. Palmquist commented that last January the Board had requested that he prepare a five year projection of what the cost of the Plan will be over the next few years under different assumptions and, as to what the future investment earnings will be for the Plan. Mr. Palmquist referred to the cover page of his hand out and explained that on this page there was a table showing different scenarios that he had projected out. He pointed out that these are estimates of what may happen in the future with a wide range of possibilities so that the Board could get an idea of what might be expected.

Mr. Palmquist reviewed with the Board the different scenarios:

Scenario 1 – Mr. Palmquist explained that he had assumed for this fiscal year that the investment

earnings return would be -20.00%, and that each of the next four fiscal years the investment earnings return would be 8.00%. He explained that if the investment earning return for this fiscal year is

- 20.00% than the required employer contributions for the next fiscal year will be $1.6 M. Mr. Palmquist explained that right now the last valuation that he reviewed with the Board at their last Pension Board meeting showed the City cost of $4.8 M which is 17.25% of covered payroll. Therefore, if the 17.25% of current payroll is added to the 5.91% of the projected payroll, then this would bring the City to about 23.00% of covered payroll and it would also increase the City's cost to $6.4M in 2010. Mr. Palmquist explained that even though the assumption rate would be 8% for the next 4 years, the City's cost would keep increasing because of the 5 year gradual recognition of the losses from this last year as well as the current year. Mr. Palmquist explained that at the end of the 5 years under this scenario the cost of the Plan would be $3,859,667 or 13.45% of covered payroll, which is much higher than current.

Scenario 2 - Mr. Palmquist explained that he had assumed that this fiscal year the investment earning return would be - 25.00% then 0% for the next fiscal year and 8% for the next 3 years. He commented that this scenario is not as pessimistic as scenario 1, but once again there is a significant jump for the next fiscal year and also moderate increases for the years after.

Mr. Palmquist reviewed with the Board Scenario 3 and 4. He commented that considering where the Plans investments earnings are from October 1, 2008, until today, these scenarios are not likely to happen.

Mr. Palmquist explained that the scenarios are done on a relatively simplistic basis in the sense that the assumptions have no gains or loses from any other sources and they are only looking at the effect of the investment returns. Mr. Palmquist commented that what typically happens during this type of economy is that people do whatever they can to stay were they are and there are less chances that someone would leave their job. Therefore turnover is probably going to be very low and even retirements may be low. It's very typical for people to continue working longer and delaying their retirement. Mr. Palmquist explained to the Board that the frequency of having consecutive years with negative returns is very low.

Mr. Bressner asked Mr. Palmquist what are some of the things his other clients are doing in light of this economy. Mr. Palmquist explained that there was a wide range of options that some of his clients were looking at. Some of these options involved creating a deferred contribution plan for the new hires or moving over to FRS. Another option that some of his clients are considering is reducing the future accrual of benefits for the current members, or implementing lower tiers of benefits for new hires. Mr. Palmquist commented that there are very few of his clients that have actually implemented any changes so far. The Board had a discussion on the assumed rate of return.

Ms. Bonnie Jensen explained that there was a provision in the definition of their contributions that states that the City's contributions will be based upon the actuarially calculated return as approved by the City's Counsel.

Mr. Palmquist commented that about a year and a half ago when the experience study was done he had discussed the fact that the Plan has a built in increase because of the actuarial gains that the Plan experienced for several years in a row. He explained that the Plan has a credit against the contributions and that those credits are cycling out as they hit the 15 year point of each one of those years. He explained that the cost of the Plan was going to keep increasing for about 6 to 7 years as those credits were ending their useful life. Mr. Palmquist had recommended putting the entire unfunded liability basis together and having one amortization schedule for the entire Fund which would help the Plan in the future.

Mr. Palmquist explained that if the Board reduces the assumed rate return and does not make any other changes then the City's contributions would increase to make up the difference. He stated that if we assume the Plan is going to earn less, then the City and/or employees will need to pay more into the Plan because the anticipated earnings will be less. The Board had a discussion in regards to FRS.

IV. ADJOURNMENT

There being no other business and the next meeting having been previously scheduled for Friday, May 15 at 1:30 PM, the Trustees adjourned the meeting at 2:17 p.m.

MINUTES APPROVED: May 15, 2009

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Jerry Taylor, Chair
Boynton Beach General Employees' Pension Board

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J. Scott Baur, Administrator
Boynton Beach General Employees' Pension Board