

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD
AND POLICE RETIREMENT BOARD MEETING
HELD IN THE CONFERENCE ROOM AT CITY HALL ON
WEDNESDAY, JANUARY 25, 2012 at 1:30 PM**

I. ROLL CALL: 1:37 PM

A. Employees' Retirement Board:

A meeting was called to order at 1:37 PM.

Those persons present included:

Trustees: Robert Kahant, Chair
Steve Carr
Alexis Copeland
Pam Triolo

Others: Ken Harrison, Sugarman & Susskind
Scott Baur, Resource Centers
Dixie Martinez, Resource Centers
Steve Palmquist, GRS
Pete Strong, GRS
Steve Gordon, Steve Gordon, CPA
Members of Public:

B. Police Retirement Board:

A meeting was called to order at 1:37 PM.

Those persons present included:

Trustees: Lt. Davis Moss
Karri Casper
Steve Carr
Pam Triolo

Others: Ken Harrison, Sugarman & Susskind
Scott Baur, Resource Centers
Dixie Martinez, Resource Centers
Steve Palmquist, GRS
Pete Strong, GRS
Steve Gordon, Steve Gordon, CPA
Members of Public:

II. ADDITIONS/ DELETIONS/ REORDERING:

A. Employees' Retirement Board:

No additions, deletions or reordering.

B. Police Retirement Board:

No additions, deletions or reordering.

III. UNFINISHED BUSINESS:

A. Employees' Retirement Board:

B. Police Retirement Board:

1. Letter from Brenda Koonce McMullen:

Ms. Martinez explained that the Board had reviewed Ms. Koonce's letter at the last Pension Board meeting. In the letter Ms. Koonce McMullen stated that years ago she had been granted a disability pension from the Lake Worth Police Officers' Pension Plan but due to medical circumstances she had decided to give up her pension. She reported that in 1997 Ms. Koonce asked the Board to stop her pension. At that time the Board granted her request and her pension was stopped. Mr. Harrison reported that now it is up to the Board if they want to reinstitute her pension. He recommends that Ms. Koonce be sent for a re evaluation. Mr. Harrison reported that if the Board grants her disability again she will receive the same monthly benefit that she was receiving in the past. The Board had a lengthy discussion regarding Ms. Koonce's request.

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to have Ms. Brenda Koonce McMullen re evaluated to confirm that her disability still exists.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Mr. Harrison reported that he will have to send Ms. Koonce new release forms so that she can be re evaluated.

IV. NEW BUSINESS:

A. Employees' Retirement Board:

1. Benefit Approval

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Application for Refund of Contributions for Rafael Guzman, David Trinidad, Michelange Lormeus, Joseph Nicholls, Christine Campel, Mario Knowles, Thomas Rutherford, Mary Areson-Gardner, Dwight Miller, Carlos Reyes and William Morton; Application for Distribution of DROP Account Balance for Robert Reitano and Roy Ayala; Application for Retirement for Martin Cylbuski, Jeff Keehn, John Sammons, Silvia Woods and Joel Morganstern.

Action: A motion was made by Ms. Copeland and seconded by Mr. Carr to approve the following benefit applications for approval: Application for Refund of Contributions for Rafael Guzman, David Trinidad, Michelange Lormeus, Joseph Nicholls, Christine Campel, Mario Knowles, Thomas Rutherford, Mary Areson-Gardner, Dwight Miller, Carlos Reyes, and William Morton.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: A motion was made by Ms. Copeland and seconded by Mr. Carr to approve the following benefit applications for approval: Application for Distribution of DROP Account Balance for Robert Reitano and Roy Ayala.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: A motion was made by Ms. Copeland and seconded by Mr. Carr to approve the following benefit applications for approval: Application for Retirement for Martin Cylbuski, Jeff Keehn, John Sammons, Silvia Woods, and Joel Morganstern

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

B. Police Retirement Board:

1. Benefit Approval

Ms. Martinez presented to the Police Officers' Pension Board the following benefit applications for approval: Application for Retirement for Peter Hussey and Ralph Brillinger.

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to approve the following benefit applications for approval: Application for Retirement for Peter Hussey and Ralph Brillinger

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

C. Employees' and Police Retirement Boards:

1. Presentation by Steve Gordon, CPA – Steve Gordon

a. Audited Financial Statement Report as of October 1, 2011

Employees' Retirement Board:

Mr. Steve Gordon appeared before the Board to present the audit report for the fiscal year ending September 30, 2011. Mr. Gordon reviewed in great detail the financial statements of the Plan and issued the Board a clean unqualified opinion letter on the financial statements. He noted that no material weaknesses in the financial statements had been discovered and also that no deficiencies were identified with internal controls and procedures. The Plan's net assets, as of September 30, 2011, were in the amount of \$54,414,756, which was 11% lower from last year. This decrease was mainly due to the net investment loss and excess of deductions over contributions. Mr. Gordon reviewed the funding progress of the Plan.

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to accept the 2011 auditor's report and financial statements.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Police Retirement Board:

Mr. Steve Gordon appeared before the Board to present the audit report for the fiscal year ending September 30, 2011. Mr. Gordon reviewed in great detail the financial statements of the Plan and

issued the Board a clean unqualified opinion letter on the financial statements. He noted that no material weaknesses in the financial statements had been discovered and also that no deficiencies were identified with internal controls and procedures. The Plan's net assets, as of September 30, 2011, were in the amount of \$20,879,348, which was 9% lower than last year. This decrease was mainly due to net investment loss plus excess of deductions over contributions. Mr. Gordon reviewed the funding progress of the Plan. Mr. Gordon will revise page 7 of the report. He will clarify the language to reflect the change in the Pension Plan and the change again that reverted the Plan to the way it was before the change. He will also clarify the language describing the amount of Chapter 185 Revenue transfer.

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to accept the 2011 auditor's report and financial statements.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

2. Presentation by GRS – Steve Palmquist

a. Actuarial Valuation Report as of October 1, 2011

Mr. Palmquist reported that for the General Employees the City's required contributions for FYE 9/30/13 will be \$3,982,877 compared to \$3,293,953 from FYE 9/30/12, an increase of \$688,924. He reported that there was a net actuarial loss of \$4,979,890 for the year which means that actual experience was less favorable than expected. The loss is primarily due to a lower expected return of investments. Based on the actuarial value of assets, the net return was 0.7% versus an expected return of 8.20% while the return on market value was -1.2%. The actuarial experience translates into a cost increase of 3.89% of covered payroll. He reported that there had been no revisions to the benefits since the last valuation. He explained that as initiated in 2009, the assumed investment return has been reduced by 0.15% from 8.20% per year to 8.05% per year. New mortality rates, employment termination rates, retirement rates and salary increase rates are also being phased in over five years. These changes raised the required contribution by 1.76% of covered payroll.

Mr. Palmquist reported that for the Police Officers' the City's required contributions for FYE 9/30/13 will be \$1,565,292 compared to \$1,244,058 from FYE 9/30/12, an increase of \$321,234. The required Palm Beach County Sheriffs Contributions are estimated to be for FYE 9/30/13 \$303,897 compared to \$287,337 from FYE 9/30/12, an increase of \$16,560, also the amount of Chapter 185 Revenue is assumed to be \$202,000 which makes a total required contribution for FYE 9/30/2013 \$2,071,189. He noted that the amounts required by the City and Sheriff are estimated based on FRS contribution rate effective July 1, 2011. The final Sheriff contribution will also depend on the FRS rate effective July 1, 2012 and 2013. He reported that the actual employer contribution for the year ending September 30, 2011 was \$1,569,833 which exceeded the funding requirement of 54.40 % of payroll. This amount is net of prepaid employer contribution of \$64,883 which will be applied to the fiscal year ending 2012 as requested by the City. He reported that there had been no revisions to the benefits since the last valuation. He explained that as initiated in 2009, the assumed investment return has been reduced by 0.15% from 8.20% per year to 8.05% per year. He reported that there was a net actuarial loss of \$2,928,207 for the year which means that actual experience was less favorable than expected. The loss is primarily due to a lower expected return of

investments. Based on the actuarial value of assets, the net return was 0.6%. The market value rate of return was -0.8%. The actuarial experience translates into a cost increase of 17.38% of covered payroll.

Mr. Palmquist reported that for both Pension Plans the money that is coming out of the Plans is much greater than what is coming into the Plan. Therefore there is a chance that the Police Plan could run out of money in 10 years. It is not as critical for the General Employees Plan because they are still an open Plan. He believes that the Plans should do something now so that they do not run into serious problems in the future. He is not recommending any changes today but he is encouraging the Police Board to change the one year reduction to something else because they are a closed Plan. Mr. Palmquist reported that he will think of other options for both Plan and he will send a letter to both Boards for their consideration.

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to accept the Actuarial Valuation Report as of October 1, 2011.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to accept the Actuarial Valuation Report as of October 1, 2011.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to direct the administrator to send a letter of annual determination of rate of return to the State of Florida.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to direct the administrator to send a letter of annual determination of rate of return to the State of Florida.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

D. Board Attorney's Report:

Mr. Harrison reported that at the last Pension Board meeting the Board had reviewed a request to purchase Military time from participant Richard Collier. The Board had denied the request because he did not receive an honorable discharge. Mr. Harrison explained that Mr. Collier had raised an interesting point as he had explained the Ordinance provides that you can purchase prior military service credit provided that the participant did not receive a dishonorable discharge from the armed forces. Mr. Collier in fact did not receive a dishonorable discharge. He received something less than honorable but it wasn't a dishonorable discharge. Therefore by our ordinance Mr. Collier meets that requirement. Mr. Harrison reported that the ordinance does have conflicting language with USERRA. He reported that under USERRA language in order to receive credit for the time served the person can not receive a discharge that is for other than honorable conditions. He recommends an ordinance amendment using USERRA language.

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to allow Mr. Collier to request the purchase of Military Service.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to approve the ordinance change that complies with USERRA language and to forward the ordinance change to the Commission.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to approve the ordinance change that complies with USERRA language and to forward the ordinance change to the Commission.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

The administrator will forward the ordinance amendment to the actuary for an impact statement. Once the impact statement is received she will forward both documents to the City.

Mr. Harrison reported that at the Special Pension Board meeting on January 11, 2012 both Boards had approved the settlement with Merrill Lynch. He reported that at this time they are in the process of getting all of the documents in place. He will keep the Board up to date.

Mr. Harrison reported that they had received an acknowledgement of receipt form the IRS regarding the IRS determination letter.

Mr. Harrison reminded the Board that if they attend the FPPTA Conference they have to keep in mind that they have to comply with the State's and the County's Code of Ethics.

Mr. Harrison reported that the Florida Legislature is back in session and they have a pre filed Bill that addresses Pension Plans in the State of Florida.

Lt. Moss asked Mr. Palmquist to look and see what the impact to the Plan would be if the Police Officers Pension Plan changed the DROP rules as the General Plan has done already.

E. ADMINISTRATORS REPORT:

Ms. Martinez reported that at the last Pension Board meeting Mr. Kahant had asked her to confirm if the Aletheia invoice was correct. She confirmed that the invoice was correct. She reported that the invoice had been prorated for 20 days as they had been terminated on October 20, 2011.

Mr. Baur briefly reported on the outcome of the client survey that his firm had sent out to his clients. He reported that the overall rating was very good.

V. CONSENT AGENDA:

A. Employees' Retirement Board:

1. Warrant for Accounts Payable

Action: A motion was made by Ms. Copeland and seconded by Mayor Triolo to approve the Warrant for Invoices.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

B. Police Retirement Board:

1. Warrant for Accounts Payable

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to approve Warrant for Invoices.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

C. Employees' and Police Retirement Boards:

1. Approval of Minutes: October 26, 2011

Ms. Copeland reported that Ms. Faye Fornah's name had to be corrected. Ms. Martinez will correct Faye Fornah's name on the October 26, 2011 Minutes.

2. Approval of Minutes: December 7, 2011

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to approve the Minutes of the Regular meeting on October 26, 2011 as corrected and the Minutes of the Regular meeting on December 7, 2011.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: A motion was made by Mr. Carr and seconded by Ms. Casper to approve the Minutes of the Regular meeting on October 26, 2011 as corrected and the Minutes of the Regular meeting on December 7, 2011.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

VI. ADJOURNMENT:

There being no other business and the next meeting having been previously scheduled for Wednesday, February 22 at 1:30 PM, the General Employees' and Police Officers' Pension Board adjourned the meeting at 4:00 p.m.

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MINUTES APPROVED: February 22, 2012

Robert Kahant, Chairman Employees' Retirement Board

Lt. David Moss, Chairman Police Retirement Board

Dixie Martinez, Administrator
Employees' & Police Retirement Boards