

# **Village of North Palm Beach Police and Fire Pension Fund**

## **MINUTES OF MEETING HELD**

**May 21, 2007**

Lew Steinberg called the meeting to order at 8:36 A.M. in the Council Chambers of the North Palm Beach Village Hall located at 501 US Highway One, North Palm Beach, FL. Those persons present were:

### **TRUSTEES PRESENT**

Lew Steinberg  
Robert DiGloria  
Salvatore Mattino  
Bobby Furey

### **TRUSTEES ABSENT**

Scott Freseman

### **OTHERS PRESENT**

Denise McNeill, Pension Resource Center  
Steve Palmquist, Gabriel, Roeder Smith & Co  
Various Members of the Public

### **ITEMS FROM THE PUBLIC**

No items from the public at this time.

### **GABRIEL ROEDER SMITH & CO**

Steve Palmquist presented a revised Actuarial Valuation Report for the fiscal year ending September 30, 2006 reflecting an employer contribution increase from 16.05% to 19.84% of payroll effective October 1, 2007. Mr. Palmquist reported that the increase in cost resulted from the five-year smoothing method; salary increases higher than the assumed 6% and a recognized return of below 8% due to lump sum distributions from the Plan. Mr. Palmquist advised that the accumulated excess of State revenue is \$257,221, however he reminded the Trustees that the funds could only be used to increase benefits.

Mr. Palmquist reviewed the arithmetic used to calculate the actuarial gain/loss of the plan, explaining that the loss of \$734,276 resulted from the final poor year of investment recognized in the smoothing method as well as lump sum distributions paid from the plan. He explained that the full loss from 2001 has now been recognized in the five year smoothing method which will be significant for the fiscal year ending 2007. Mr. Palmquist went on to review the report in detail noting that although the plan had done well in the past, the issue of lump sum distributions became a significant factor in the plan recently due to major losses in 2001 and 2002 as well as the impact of the interest rate being used to calculate the benefit. Mr. Palmquist explained that when the Fund does not earn what is expected, the employer is required to pay the difference. He further advised that virtually all pension plans in the country have experienced significant losses and this Plan's 11% loss in the last two years is good while most plans lost close to 20% for the same period. Mr. Palmquist advised that the plan's funded ratio of 80.7%

would have been closer to 88% had the plan not experienced the significant investment losses in 2001 and 2002.

Mr. Palmquist presented an actuarial impact statement relating to changing the normal retirement date to age 52 with 25 years of service and eliminating the one-year waiting period for eligibility to the Plan. He advised of a typo on the cover letter, as the changes would utilize nearly all of the \$257,221 in reserves as well as the additional chapter 175/185 revenue of \$95,441. Mr. Palmquist reviewed the annual required contribution related to the impact statement. The signed impact statement should be sent to the State's actuary, Charles Slavin, along with the actuarial valuation.

Mr. Palmquist will re-draft the cover letter with the correction that the change would utilize nearly "all" funds. The revised letter will be provided to the administrator.

- Robert DiGloria made a motion to accept the actuarial valuation report as presented. The motion received a second from Salvatore Mattino and was approved by the Trustees 4-0.
- Salvatore Mattino made a motion to accept the impact study with the amendment to the cover letter and for the Trustees to sign the impact statement. The motion received a second from Robert DiGloria and was approved by the Trustees 4-0.

### **DISBURSEMENTS**

Denise McNeill presented disbursements totaling \$1,052.60 for review and approval.

- Salvatore Mattino made a motion to approve the disbursements as presented. The motion received a second from Scott Freseman and was approved by the Trustees 4-0.

Lew Steinberg will provide a copy of the actuarial valuation, impact statement and the audit report directly to the Village Council at their next meeting.

There being no further business:

- Salvatore Mattino made a motion to adjourn at 9:23 A.M. The motion received a second by Bobby Furey and was approved by the Trustees 4-0.

Respectfully submitted,