

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

## **MINUTES OF MEETING HELD**

**July 16, 2010**

Chairman, Robert DiGloria called the meeting to order at 9:06 AM in the conference room of the North Palm Beach Village Hall located at 501 US Highway One, North Palm Beach, FL. Those persons present were:

### **TRUSTEES PRESENT**

Robert DiGloria  
Michael Piotrowski  
Jacob Stone  
Steve Brandt

### **TRUSTEES ABSENT**

Henry Maki

### **OTHERS PRESENT**

Bonni Jensen; Law Office of Perry & Jensen  
Denise McNeill; Pension Resource Center  
Brad Heinrichs & Douglas Lozen; Foster and Foster  
Mary Kay McGann; Village

### **ITEMS FROM THE PUBLIC**

The Chairman, Robert DiGloria, invited those present to address the Board with public comments. There were no public comments at this time.

### **2008 AND 2009 ACTUARIAL VALUATION REPORTS**

Brad Heinrichs and Doug Lozen appeared before the Board to present valuation reports for fiscal years ending 2008 and 2009. Mr. Heinrichs explained that, as mentioned in the prior meeting, the revision to the 2008 report slightly increased the employer contribution requirement for the 2010 plan year. Mr. Heinrichs then went on to review the 2009 report in detail, noting the City has a prepaid amount of \$111,329 to be used toward any year the Village desires. The employer contribution requirement increased from 17.15% of payroll for the current year to 17.86%. Mr. Heinrichs noted the actual salary increases were 3.5% versus the assumed 6%. Discussion followed regarding the assumptions used in the calculation. It was noted that the actuary used the same assumptions used by the previous actuary which included higher payroll and the 1983 mortality table. Mr. Heinrichs advised if the assumption rates are not accurate, they may be not be providing accurate expectations. The Board discussed the unfunded liability of the Plan and how the information is reflected in the report. Mr. Heinrichs noted the Plan's funded ratio was 84.15%. Mr. Heinrichs reviewed the smoothing method used in the calculation process and how it affects the report. He explained that he is not recommending the Board change the process used for the report, he only wants to be certain the Trustees understand how the information is calculated and reported. Trustees inquired into the potential impact to the Plan if contributions are increased. Bonni Jensen advised that in order to increase the employee contribution, some sort of corresponding benefit increase must be purchased. Mr. Heinrichs advised, at a quick glance, if looking to increase the multiplier to 3%, he recommended increasing employee cost 7% to 10%.

- Jake Stone made a motion to accept the revised 2008 valuation report and the new 2009 valuation reports as presented. The motion received a second from Michael Piotrowski and was approved by the Trustees 4-0.

Brad Heinrichs and Doug Lozen departed the meeting at 9:55 AM.

Denise McNeill presented the revised 2009 audited financial report received from Cherry Bekaert and Holland. Discussion followed regarding the numerous changes made to the report when only one page was initially expected to be changed in relation to the revised valuation for 2008. Mrs.

McNeill explained that upon further review by the auditor, they realized the person who had handled the field work had allocated amounts to the wrong general ledger accounts and while the overall plan assets are correct, the expense allocation needed correction. Mrs. McNeill explained she had addressed the matter with the audit manager prior to the draft report being presented to the Board earlier in the year, however the difference was not a material loss and therefore she had not pressed the matter further at the time. She further explained the changes made by the auditor had an impact on the overall plan expenses requiring the information be updated on several pages throughout the audit report. Mrs. McNeill noted the annual report submitted to the State will need to be revised to include the changes as well; otherwise it will not be accurate in relation to the audit and therefore the state will not approve the report.

- Michael Piotrowski made a motion to accept and approve the revised 2009 audit report. The motion received a second from Jake Stone and was approved by the Trustees 4-0.

Mrs. McNeill informed the Trustees of an email received from the auditor advising that due to the extra time spent in conference with the actuary and revising the audit report, an additional fee of \$1,000 will be charged to the Plan.

### **BUYBACK REQUEST**

Denise McNeill presented a request from a member to buyback firefighter service time from another fire department. The matter had been tabled from the prior meeting. The member requested to be allowed to buyback a total of twenty-four months of service from the Village of Royal Palm Beach Fire Department; the first nine months of which the employee was listed as a temporary employee filling in while another firefighter was out on leave and another fifteen months when the member was not eligible to participate in the Village of Royal Palm Beach pension plan. The administrator had received confirmation from the Village of Royal Palm Beach of all details related to the matter. Lengthy discussion followed regarding the request.

- Steve Brandt made a motion to approve for the member to be allowed to buyback up to twenty-four months of prior firefighter service time from the Village of Royal Palm Beach. The motion received a second from Jake Stone for discussion. After further discussion, the motion was withdrawn. The matter was tabled for discussion until the August meeting.

The member will be invited to address the Board at the August meeting.

The Trustees discussed the date of the August meeting. Two trustees advised of a scheduling conflict. The meeting was rescheduled from August 17<sup>th</sup> to August 24<sup>th</sup>.

### **ATTORNEY REPORT**

No further updates are available at this time.

### **ADMINISTRATIVE REPORT**

Denise McNeill presented a letter from the pension funds custodian, Salem Trust, advising of a fee increase. Mrs. McNeill will forward to the investment manager, requesting details on the number of trades expected in an effort to get a clear picture of the overall impact of the pending fee increase. Mrs. McNeill will also inform the custodian that the matter has been tabled to be addressed at the August meeting.

Mrs. McNeill then reported the Village had responded to a Florida Local Government Retirement Plan Survey in June confirming the North Palm Beach Police and Fire Pension Fund is in compliance with the State's mandated reporting requirements.

### **INCOME AND EXPENSE, DISBURSEMENT REVIEW**

**Disbursements:** Mrs. McNeill reviewed the Plan's disbursements in detail. Mrs. McNeill answered questions regarding the administrative invoice, explaining that shipping costs incurred for overnight delivery packages are always passed through to the respective pension clients.

- Jake Stone made a motion to approve all disbursements as presented. The motion received a second from Michael Piotrowski and was approved by the Trustees 4-0.

There being no further business:

- Michael Piotrowski made a motion to adjourn the meeting at 10:36 A.M. The motion received a second by Jake Stone and was approved by the Trustees 4-0.

Respectfully submitted,

Henry Maki