

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES'
DEFINED BENEFIT RETIREMENT SYSTEM**

**MINUTES OF MEETING HELD
MARCH 25, 2014**

A regular meeting of the Board of Trustees was called to order at 1:36 by Chairman Robert Burd in Room 5.19 (5th Floor), 401 Clematis Street, West Palm Beach, Florida 33401.

Those Trustees present were:

Robert Burd, Chairman
Dorritt Miller, Secretary
Benny Rodgers, Trustee
Leon Pinder, Trustee
Michelle Sias, Trustee
Sylvia Gregory, Trustee

Also present were:

Audrey Ross, Administrator – Resource Centers
Denise McNeill, Administrator – Resource Centers (via teleconference)
Nancy Urcheck, Attorney - City of West Palm Beach
Brad Armstrong, Actuary – GRS

PUBLIC COMMENTS

N/A

**ADMINISTRATOR REPORT – DENISE MCNEILL (VIA
TELECONFERENCE)**

Ms. McNeill stated that she is joining the meeting today to discuss the general ledger issue that occurred during the fiscal year ending September 30, 2013 and was brought up during the presentation of the Audited Financial Statements. She explained the entire posting and balancing procedure that they go through when producing the financial statements. Ms. McNeill stated that this issue only applies to the GL of the bank account and does not have anything to do with the actual bank account or funds itself. Her office does not know how this issue came about and they have even addressed it with their software vendor directly. It was anomaly that occurred within the accounting software and unfortunately there is not a better explanation for it. Ms. McNeill emphasized that at no time was the actual account out of balance because when you manually tracked it, it was all inline and balanced out. Unfortunately PRC had to write off the (GL) out of balance in the system to be able to move forward and balance out the account; according to the software system. Ms. McNeill explained that her office, her staff, and even the auditor spent a lot of time looking into this issue and they came to an agreement that since it was a small amount, they could write it off and it wouldn't even be considered a material weakness in regards to the audit. She concluded by letting everyone know that this was an isolated situation and it has no occurred again since. The Trustees discussed and noted that it made a lot more sense to them now, knowing it was just a system error and that the actual account was not out of balance at anytime.

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**PRESENTATION OF THE 9/30/2013 ACTUARIAL VALUATION REPORT
– GRS (PRESENTED BY: BRAD ARMSTRONG)**

Mr. Armstrong introduced himself to the new Trustees and reviewed the history of the Plan and AIG. He reported on the Actuarial Valuation for the fiscal year ending September 30, 2013 and commented that on September 30, 2013 the City made a large (additional) contribution to the pension plan, which paid off the Plan's unfunded liability balance as of the last valuation. Mr. Armstrong explained that this additional contribution is considered deferred revenue and he set up a contribution revenue account, which is basically like a savings account for the Plan. This deferred revenue money that the City contributed will be held in this account and each year Mr. Armstrong will withdrawal the City's money from it to pay their required minimum contribute. The plan is that when this account reaches zero, then the Pension Plan will be fully funded. Mr. Armstrong noted that for the fiscal year beginning October 1, 2014 the City will not need to make any payments because they will deduct the amount due from the deferred revenue account. The Trustees had a lengthy discussion on why GRS is setting up the account like this and not just showing the Plan fully funded now since the City made the full contribution amount. Mr. Armstrong stated that the Valuation piggy backs off the Financial Statements and the Auditor didn't want to consider the extra contribution as a required contribution, because then there can be a short fall of contributions in the near future and then the City would be held accountable for making up that difference. The Trustees discussed the calculation and Mr. Armstrong stated that he would not recommend changing the practice, but he could if that is what the board wants to do. Ms. Miller stated that she will check with the City on their intent and Mr. Armstrong stated that all intents are still in place and agreed on, its just a matter of how it is being reflected in the report.

Lastly Mr. Armstrong reviewed his recommendation to establish a new amortization policy to address the potential experience of impacting the future City contributions. He explained that if the City does need to make future contributions into the Plan (because of bad markets, etc.) then the board needs to have a plan of how they are going to made. There should be some kind of guidelines or restrictions that are put in place to help cover the cost of future retiree payments because soon there will not be any active members left in the plan that will be contributing. The Trustees discussed this issue and noted that this is something very important that they need to think about and that they will continue to discuss this down the road.

A motion was made by Michelle Sais to approve and accept the September 30, 2013 Actuarial Valuation Report as presented. The motion was seconded by Dorritt Miller and carried 6-0.

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MINUTES

The Board reviewed the minutes from the regular meeting held on February 25, 2014.

A motion was made by Dorritt Miller to approve the minutes from the regular meeting held on February 25, 2014 as amended. The motion was seconded by Michelle Sias and carried 6-0.

ADMINISTRATIVE REPORT – RESOURCE CENTERS (PRESENTED BY: AUDREY ROSS)

• **DISBURSEMENTS**

The Board reviewed the disbursement list presented through March 12, 2014.

A motion was made by Dorritt Miller to approve the disbursements through March 12, 2014. The motion was seconded Leon Pinder and carried 6-0.

• **FINANCIAL STATEMENTS**

Ms. Ross presented the Board with the statement of income and expense and the balance sheet through the end of February 2014.

The Board received and filed the financial statements through the end of February 2014.

The Trustees' updates the Salem Trust authorized signors form because of all the new recent positions.

ATTORNEY REPORT –CITY OF WEST PALM BEACH (PRESENTED BY: NANCY URCHECK)

N/A

OTHER BUSINESS

Mr. Pinder explained why he had asked for Ms. Ross to obtain the auto insurance quote. He noted that the purpose of this is when you are traveling to and from Trustees conferences and are using your own personal vehicle. Mr. Pinder heard about this coverage at one of the recent Trustee conferences and he thought it was something that the Board should look into, as a lot of other pension boards do carry this kind of coverage. The Trustees discussed and stated that they don't think it is necessary to purchase this type of insurance converge at this time.

ADJOURN

There being no other business, and the next regular meeting having been scheduled for May 27, 2014 the meeting was adjourned at 2:50PM.

Note the April 22, 2014 meeting was canceled

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Dorritt Miller, Secretary