MINUTES OF THE TOWN OF PALM BEACH
RETIREMENT SYSTEM
FIREFIGHTER BOARD OF TRUSTEES
SPECIAL MEETING
MEETING OF NOVEMBER 30, 2009

I. Call to Order

In Attendance:

TRUSTEES:	***ALSO PRESENT:***
Wilbur Ross, Chairman	Bonni Jensen, Attorney
Mike Hays, Chairman Pro Tem	William Hanes, Administrator
Jayson French, Secretary	Jose Fernandez (telephone participation)
Carol Rathborne (telephone participation)	

The meeting began at 9:20 a.m. Chairman Ross discussed that Ms. Rathborne will be participating telephonically. Mr. French made the motion to allow Ms. Rathborne to participate telephonically. Mr. Hays seconded the motion. The trustees unanimously approved the motion.

II. Approval of Agenda

Mr. Hays made the motion to approve the agenda. Mr. French seconded the motion. The trustees unanimously approved the motion.

III. Comments by Trustees

There were no comments by the trustees.

IV. Approval of Minutes

Mr. Hays made the motion to approve the minutes of November 11, 2009. Mr. French seconded the motion. The trustees unanimously approved the motion.

V. Review of the Consultant Report

Mr. Fernandez discussed the matters that were left outstanding from the November 11, 2009 meeting. He discussed returns needed to recover from recent losses in market valuation.

Mr. Fernandez discussed the matter of extending the smoothing method with the trustees. He said that he recommends that the trustees not change the method of smoothing, but suggested that there be a temporary removal of the corridor. He discussed that extending the period does very little for the present and causes the rate to be much higher long term.

Mr. Fernandez addressed the issue of hurricanes, and its experience impact on the town's costs. The actuary, Mr. Brad Armstrong, discussed with the trustees. Mr. Armstrong stated that he is not separately identifying hurricanes in setting the assumption. The trustees discussed that the higher experiences with pay increases from past years was less attributed from hurricanes than it was about the concerns of Town Council to increase salaries to catch up with the top quartile of pay necessary to make Firefighters competitive. Mr. Armstrong stated that the impact of hurricanes is very modest. Mr. French volunteered that management has imposed an overtime cap of 144 hours. He discussed that once you hit that threshold, you go to the bottom of a list for future overtime. It was discussed that there is no overtime limit by law.

The trustees discussed the weaker historical performance of the Florida Retirement System than that of the Firefighter plan.

Mr. Fernandez stated that he assumes that if the Town were to begin participation with the Florida Retirement System, only the newly hired people would participate. He stated that if given an option to participate, one reason the current employee would not voluntarily go to the Florida Retirement System is that the current employee would not get the same benefit as under the current system for purchasing of the member's past service. Mr. Fernandez stated that the Town's cost would initially go up if this alternative is chosen by the Town. Ms. Rathborne stated her thought that she didn't see any benefit for the Town to switch to the Florida Retirement System.

Mr. Armstrong discussed the concept of "fresh start." This is also called "stop and start." Mr. Armstrong discussed that the plan would cut back to the minimum benefits under Chapter 75, and on the same day you would reinstate the benefits to where they would be if you had not cut the benefits. This would allow you to use the Share fund monies to offset contribution costs to the Town. Mr. Hanes stated that the Share account monies for 2009 that were paid by the state was $171,000 that went to accounts set up for Firefighters. These monies would have been available for the Town under the plan. Mr. Armstrong stated that there was a .25 % increase in the multiplier that was inacted by the Town as a benefit for Firefighters in 1999 that was approximately $125,000 in annual cost that reduced the Chapter 175 Share account monies paid to Firefighters. He stated that the Town currently pays approximately $30,000 for year for that benefit increase. Ms. Jensen added that the individual Firefighters would need to vote in favor of the change in order for this to occur.

Mr. Hays discussed his study of mortality for Firefighters, and sited statistical evidence that indicates a high mortality for that class of public employments. Mr. Hanes stated that the 1983 mortality table that is being used by the Town of Palm Beach is based on a high mortality experience. Mr. Armstrong stated that he felt that the mortality assumption used is appropriate.

Mr. Joe Bryer, Executive Vice President for Palm Beach County local union, presented a report on the contract negotiations with the City of West Palm Beach. He stated that there were only changes to the medical contributions with a slight change. The Firefighters have a one year agreement.

The trustees discussed the pay increase assumptions. Mr. Armstrong stated that the assumption, based on the age of the group, is roughly 7.5% to 8.0% in total to all active members. Mr. Armstrong stated that if you were to cut the wage assumption by one percent, it would lower the contributions by $400,000. Mr. Ross stated that if we are assuming 8% salary increase and 8% investment return, then there is no net return out of the portfolio, even if we make 8% with the portfolio return. Mr. Armstrong noted that the retirees increase is the result of the COLA increase only 2%.

Mr. Ross stated that he will plan on reporting to the Town Council on December 3, 2009 on the various matters discussed, but does not intent to provide an opinion about what the Town Council should do.

VI. Adjournment

Mr. French made the motion to adjourn. Mr. Hays seconded the motion. The trustees unanimously approved the motion.

Attested by ______________________ 2/19/10

______________________ 2/19/10
Jayson French, Secretary