General Employee Retirement Board Meeting
Town Council Chambers
360 South County Road
Palm Beach, Florida 33480
MONDAY, MAY 23, 2011, 9:00 a.m.

I. CALL TO ORDER

The meeting of the General Employees Retirement Board was called to order by Chairman Alvin Parven at 9:00 am on Monday, May 23, 2011, in the Town Council Chambers. On roll call, Chairman Alvin Parven and Trustees Peter Elwell, Brett Madison, and Spencer Wilson were present. Also in attendance were Human Resources Director, Danielle Olson and Director of Finance, Jane Struder; Attorney John McCracken; Callan Associates representatives, Gwelda Swilley-Burke and John Carr; and Brad Armstrong of Gabriel, Roeder, Smith & Company.

II. APPROVAL OF AGENDA

Mr. Madison made a motion to approve the agenda, seconded by Mr. Elwell, passed unanimously.

III. GENERAL COMMENTS BY BOARD MEMBERS

IV. APPROVAL OF MINUTES OF QUARTERLY MEETING OF FEBRUARY 11, 2011

Mr. Madison made a motion to approve the February 11, 2011 minutes, seconded by Mr. Wilson, passed unanimously.

V. ADMINISTRATOR'S REPORT (Danielle Olson, Human Resources Director)

There were two General Employees that indicated retirement since the last Board Meeting: John Logan who officially retired and Marlene Rizzolo who entered into the DROP. There are a total of 166 participants as retirees and 180 participants as active employees. No other DROP participants are scheduled to leave before the next Board Meeting.

VI. ANNUAL ACTUARIAL VALUATION REPORT (Brad Armstrong, Gabriel, Roeder, Smith & Co.)

Mr. Armstrong discussed the Annual Actuarial Valuation Report, fiscal year ending September 30, 2010 and 175 active members as of that date from 203 the previous year.

Ms. Struder asked how the proposed changes to the plan would affect the funding ratio. Mr. Armstrong responded that he proposed changes to the pension plan will have a positive effect and push the funding back over 100%.

Although the Town contribution percentage went up, the overall aggregate dollar amount went down because there were fewer members. About 2% of the increase was due to the group size changing.

Senate Bill 1128 is a new reporting requirement to the State where the figure reported on the investment return assumption used by the Florida Retirement System is consistent across all groups, which would be 7.75%. This would be included in the back of future reports. The change in reporting is required but will not affect the administration and funding of the group.

Mr. Madison made motion to approve the GRS report, seconded by Mr. Elwell, passed unanimously.

VII. ASSUMPTIONS ASSOCIATED WITH SERVICE PURCHASE (Danielle Olson, Human Resources Director)

Mr. Armstrong stated that the current 5.5% salary projection within the service purchase calculation is inaccurate considering the potential upcoming plan freeze. Historically the 5.5% was used consistently with all three retirement systems. In order to provide the most accurate cost for service purchase elections, Mr. Armstrong recommended providing final calculations upon the first reading of the Ordinance adopting plan changes. GRS currently charges $400 for final service purchase calculations.

The administrative freeze was discussed and it would include no final calculations provided for service purchase elections until after the first reading of the ordinance for the new retirement plan. Discussion also occurred regarding the use of lump sum pre-tax payments, versus pre or after-tax installment payments for service purchase elections. The Finance Department found no concerns with any payment type. The IRS regulations would be reviewed to ensure proper reporting based on ones payment type election.

A motion was made by Mr. Wilson in favor of the administrative freeze while using the existing tool, altering the 5.5% salary assumption, to provide estimates on the service purchase for those currently interested. GRS advised they would review the estimating tool to ensure the assumptions considered provided close estimates to the purchase price. Following verification by GRS, Human Resources will use the tool to provide estimates as requested, and require all employees expressing interest to complete an "Intent to Purchase Service Credit" form which will include commitment of $400 payment to GRS. The transaction will be completed prior to the freeze date of the current pension plan. Seconded by Mr. Madison, passed unanimously.

VIII. QUARTERLY REPORT FROM CALLAN ASSOCIATES, INC. (Gwelda Swilley-Burke, Callan Associates, Inc.)

Ms. Swilley-Burke summarized Callan Associates' Quarterly Review ending March 31, 2011.

Ms. Swilley-Burke suggested that TSW be brought in to the next meeting. The Board agreed.

Ms. Swilley-Burke reviewed the graph chart supplement included in the meeting packet which includes: Returns for Various Periods and comparison of the General Employees' fund with Police and Firefighters.

IX. REPORT ON QUARTERLY EXPENDITURES (Jane Struder, Finance Director)

No transfers are required for this quarter but will probably be required next quarter.

X. ANY OTHER MATTERS

No other matters were discussed.

XI. ADJOURNMENT

Mr. Madison made a motion to adjourn at 10:19 am, seconded by Mr. Elwell, passed unanimously.

Respectfully Submitted,

Spencer Wilson, Secretary
Town of Palm Beach
General Employees Retirement Board